BLUE LAGOON RESOURCES INC.

Consolidated Financial Statements

For the four-month period ended March 31,

2020 and 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 statements of financial position as at March 31, 2020 and November 30 2019, and the consolidated statements of loss and comprehensive loss, changes in equity (deficit), and cash flows for the four month period ended March 31, 2020 and for the year ended November 30, 2019, 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 March 31, 2020 and November 30, 2019, and its financial performance and its cash flows for the four month period ended March 31, 2020 and for the year ended November 30, 2019 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits 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 audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1of the financial statements, which indicates that as at March 31, 2020, the Company's total deficit was $1,103,572. 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 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

July 29, 2020

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

	Note		**March 31, 2020**		November 30, 2019
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**1,248,567**	**$**	790,539
Receivables			**55,585**		17,968
Prepaid expenses			**37,621**		-
Total current assets			**1,341,773**		808,507
Non-current assets					
Reclamation deposits	6		**635,000**		-
Security deposits			**10,000**		-
Exploration and evaluation assets	6		**27,581,864**		4,957,354
Total Assets		**$**	**29,568,637**	$	5,765,861
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payables and accrued liabilities		**$**	**239,014**	**$**	60,879
Due to related parties	10		**132,280**		132,280
Total Current Liabilities		**$**	**371,294**		193,159
Long-term accounts payable	5 & 16		**5,548,030**		**-**
Asset retirement obligation	7		**585,977**		**-**
		$	**6,505,301**		**-**
Equity					
Share capital	11	**$**	**19,606,023**	**$**	6,212,681
Reserves	11		**2,096,081**		80,665
Deficit			**(1,103,572)**		(720,644)
Equity attributable to owners of parent			**20,598,532**		5,572,702
Equity attributable to non-controlling interests	8		**2,464,804**		**-**
			23,063,336		5,572,702
Total Liabilities and Equity		**$**	**29,568,637**	$	5,765,861

Nature of operations and going concern (Note 1)
Subsequent events (Note 16)

Approved for issuance on behalf of the Board of Directors on July 29, 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 LOSS AND COMPREHENSIVE LOSS
For the four-month period ended March 31, 2020 and year ended November 30, 2019
(Expressed in Canadian dollars)

	Note		**Four-month period ended March 31, 2020**		Year ended November 30, 2019
Expenses					
General and administrative expenses		$	46,665	$	139,843
Consulting fees			122,929		219,683
Exploration expenses			52,848		116,546
Professional fees			177,557		120,644
Stock-based compensation	11		15,793		80,665
Total Operating Expenses			**415,792**		677,381
Other Items					
Write-off of investment	9		**(50,000)**		(25,000)
Write off of exploration and evaluation asset	6		**(25,000)**		-
Interest income			**1,615**		-
Net loss and comprehensive loss		**$**	**(489,177)**	$	(702,381)
Net loss attributable to:					
Owners of the Company			**(382,928)**		(702,381)
Non-controlling interests	8		**(106,249)**		-
			(489,177)		(702,381)
Basic and diluted loss per share		**$**	**(0.01)**	$	(0.05)
Weighted average number of common shares outstanding			**33,888,669**		13,285,770

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

BLUE LAGOON RESOURCES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
For the four-month period ended March 31, 2020 and year ended November 30, 2019
(Expressed in Canadian dollars)

	Number of shares	Amount	Special Warrants	Reserves	Accumulated Deficit	Total shareholders' equity (deficit)	Non-controlling interest	Total equity (deficit)
		$	$	$	$	$	$	$
Balance, November 30, 2018	**4,000,800**	**20,020**	**358,050**		**(18,263)**	**359,807**	**-**	**359,807**
Special warrants issued for cash	-	-	45,000	-	-	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	-	20,000
Shares issued for the acquisition of subsidiary	11,600,000	4,640,000	-	-	-	4,640,000	-	4,640,000
Shares issued for property acquisition	50,000	69,500	-	-	-	69,500	-	69,500
Shares issued for cash	1,100,000	1,100,000	-	-	-	1,100,000	-	1,100,000
Share issue cost	-	(39,889)	-	-	-	(39,889)	-	(39,889)
Share based compensation	-	-	-	80,665	-	80,665	-	80,665
Net loss	-	-	-	-	(702,381)	(702,381)	-	(702,381)
Balance, November 30, 2019	**33,072,800**	**6,212,681**	**-**	**80,665**	**(720,644)**	**5,572,702**	**-**	**5,572,702**
Shares issued for acquisition of Metal Mountain	12,153,651	11,059,822	-	-	-	11,059,822	5,819,196	16,879,018
Shares and options issued for interest in Gavin Mines	1,372,000	1,248,520		1,999,623	-	3,248,143	(3,248,143)	-
Shares issued for cash	666,667	1,000,000	-	-	-	1,000,000	-	1,000,000
Option payment	50,000	85,000	-	-	-	85,000	-	85,000
Stock-based compensation	-	-	-	15,793		15,793	-	15,793
Net loss	-	-	-	-	(382,928)	(382,928)	(106,249)	(489,177)
Balance, March 31, 2020	**47,315,118**	**19,606,023**	**-**	**2,096,081**	**(1,103,572)**	**20,598,532**	**2,464,804**	**23,063,336**

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

BLUE LAGOON RESOURCES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the four-month period ended March 31, 2020 and year ended November 30, 2019
(Expressed in Canadian dollars)

		Four month period ended March 31, 2020		Year ended November 30, 2019
Cash flows used in operating activities				
Net loss	$	**(489,177)**	$	(702,381)
Items not involving cash:				
Write-off of investment		**50,000**		-
Write-off of exploration and evaluation asset		**25,000**		25,000
Stock-based compensation		**15,793**		80,665
Changes in non-cash working capital:				
Receivables		**7,220**		(6,774)
Prepaid Expenses		**-**		15,000
Accounts payable and accrued liabilities		**(3,172)**		(56,756)
Due to related parties		**-**		132,000
Net cash used in operating activities		**(394,336)**		(513,246)
Cash flows used in investing activities				
Exploration and evaluation assets		**(100,000)**		(157,687)
Investment in Mag One		**(50,000)**		
Cash acquired from acquisition of subsidiaries		**2,364**		23,069
Net cash used in investing activities		**(147,636)**		(134,618)
Cash flows used in financing activities				
Proceeds from issuance of special warrants		**-**		45,000
Proceeds from issuance of shares		**1,000,000**		1,100,000
Share issue cost		**-**		(39,889)
Net cash provided by financing activities		**1,000,000**		1,105,111
Change in cash and cash equivalents		**458,028**		457,247
Cash and cash equivalents, beginning		**790,539**		333,292
Cash and cash equivalents, ending	**$**	**1,248,567**	$	790,539

Non-cash transactions:				
Shares issued for acquisition of subsidiary (note 5)	$	11,059,822	$	4,640,000
Shares issued for 27.44% interest in Gavin Mines Inc. (note 11)		1,248,520		-
Shares issued for option payment (note 6)		85,000		89,500
Conversion of special warrants to common shares		-		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 $1,103,572 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 except for certain financial instruments measured at fair value. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. 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.

The Company has changed its fiscal year end from November 30 to March 31 to align with the fiscal year ends of recently acquired subsidiaries (note 5). As such, the period ended March 31, 2020 is a stub year comprised of four months. The comparative audited year ended November 30, 2019 is a full twelve-month year.

2. BASIS OF PREPARATION (Continued)

These consolidated financial statements incorporate the accounts of the Company and its controlled subsidiaries, from the date of acquisition, Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company's wholly owned subsidiaries include, ASIC Mining Inc. ("ASIC") (a Canadian corporation), and Metal Mountain Resources Inc. (a Canadian corporation), which holds 100% interest in Lloyd Minerals Inc. (a Canadian corporation) and 78.28% interest in Gavin Mines Inc, a Canadian corporation whose principal place of business is British Columbia. The functional currency of the Company and its wholly owned subsidiaries is the Canadian dollar.

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of the acquisition. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

3. SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash balances and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at March 31, 2020, the Company held cash of $148,567 (November 30, 2019 - $790,539) and cash equivalents of $1,100,000 (November 30, 2019 - $nil).

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.

Impairment of Long-lived Assets

At the end of each reporting period, the Company reviews the carrying amounts of its equipment and finite life intangible assets, including deferred evaluation and exploration expenditures, to determine whether any indication exists that any of those assets have suffered an impairment loss. If any such indication exists, it estimates the asset's recoverable amount to determine the extent of the impairment loss (if any). Where it is not possible to estimate an individual asset's recoverable amount, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Where it can identify a reasonable and consistent basis of allocation, it also allocates corporate assets to individual cash-generating units, or otherwise allocates them to the smallest group of cash-generating units for which it an identify a reasonable and consistent allocation basis.

Recoverable amount is the higher of fair value less costs to dispose and value in use. In assessing value in use, the Company discounts estimated future cash flows to their present value using a pre-tax discount rate.

This rate reflects current market assessments of the time value of money and also reflects the risks specific to the asset (unless these risks are reflected in the estimates of future cash flows). If the Company estimates an asset or cash-generating unit's recoverable amount to be less than its carrying amount, it reduces the carrying amount to the recoverable amount, recognizing an impairment loss immediately in profit or loss. Where an impairment loss subsequently reverses, the Company increases the asset or unit's carrying amount to the revised estimate of its recoverable amount, without exceeding the carrying amount that would have existed if no impairment loss had been recognized in prior years. It recognizes a reversal of an impairment loss immediately in profit or loss

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.

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. As at March 31, 2020 a decommissioning liability of $585,977 (November 30, 2019 - $nil) has been recorded.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Financial Instruments

Financial assets

<u>Initial recognition and measurement</u>
A financial asset is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

A financial asset is measured at amortized cost if it meets the conditions that:

i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows;
ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
iii) is not designated as fair value through profit or loss.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss
Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in the statement of loss and comprehensive loss.

Financial assets measured at amortized cost
A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance, if:

- the asset is held within a business whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Derecognition
A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Financial liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities subsequently measured at amortized cost. All interest-related charges are reported in profit or loss within interest expense, if applicable.

Fair value hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:
Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Inputs for assets or liabilities that are not based on observable market data.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Effective December 31, 2019, the following standards were adopted:

IFRS 16 'Leases' ("IFRS 16")

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. Under IFRS 16, as a lessee, the Company is required to recognize all leases in the statement of financial position as a "right-of-use" asset and a lease liability unless the lease term is 12 months or less or the underlying asset has a very low value. The asset is subsequently accounted for in accordance with the cost or revaluation model in IAS 16 Property, Plant and Equipment or as Investment Property under IAS 40 Investment Property. The liability is unwound over the term of the lease giving rise to an interest expense. The Company completed an assessment and concluded that there is no material impact on the financial statements from the adoption of this standard because the Company does not have any lease agreements.

IFRIC 23, Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (the "Interpretation"). The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments.

The Interpretation requires:

- an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The Company adopted the Interpretation in its financial statements for the period beginning on December 1, 2019. The adoption of the Interpretation did not have a material impact on the Company's financial statements.

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>Share-based compensation</u>

The fair value of share-based compensation is subject to the limitations of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices and forfeiture rates, changes in subjective input assumptions can materially affect the fair value estimate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (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.

Asset retirement obligation

Liabilities for asset retirement obligations are recognized at the time of environmental disturbance, in amounts equal to the discounted value of expected future mine reclamation and closure costs. The provision for asset retirement obligations represents management's best estimate of the present value of the future cash outflows required to settle the liability.

Factors that affect the final cost of remediation include estimates of the extent and costs of rehabilitation activities, the expected timing, technological changes, cost increases and changes in discount rates. Changes in the above factors can result in a change to the asset retirement obligation. This liability is reassessed and re-measured at each reporting date.

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.

Asset Acquisition

Estimates are made as to the fair value of assets and liabilities acquired. The Company measures all the assets acquired and liabilities assumed at their acquisition-date fair values. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received (except for the costs to issue debt or equity securities which are recognized according to specific requirements). The excess of the aggregate of the consideration paid to obtain control, and the amount of any non-controlling interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed (net assets), is recognized as intangible assets (for an asset acquisition) or goodwill (for a business combination) as of the acquisition date.

(Expressed in Canadian dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Judgments

Asset acquisition versus business combination

Management had to apply judgment with respect to whether the acquisition of Metal Mountain Resources Inc. was an asset acquisition or business combination. The assessments required management to assess the inputs, processes and outputs of the companies acquired at the time of acquisition. Pursuant to the assessment, Metal Mountain Resources Inc. was considered to be an asset acquisition (note 5).

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. ACQUISITION OF METAL MOUNTAIN RESOURCE INC.

On March 27, 2020, the Company completed the acquisition of all the issued and outstanding shares of Metal Mountain Resources Inc. ("Metal Mountain") in exchange for a total of 12,153,651 common shares of the Company. Metal Mountain Resources Inc. is a private Canadian company. 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% of Lloyd Minerals Inc., which holds a 100% interest in the Big Onion porphyry copper project. Both projects are located in northwest British Columbia.

The Company has determined that Metal Mountain 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 Metal Mountain.

The Company considered the Metal Mountain transaction an asset acquisition with details as follows:

Consideration		
Fair value of 12,153,651 common shares	$	11,059,822
Settlement of intercompany balances		43,493
		11,103,315
Non-controlling interests		5,819,196
	$	**16,922,511**

(Expressed in Canadian dollars)

5. ACQUISITION OF METAL MOUNTAIN RESOURCE INC. (Continued)

The cost of the acquisition was allocated to assets and liabilities as follows:		
Cash	$	2,364
Receivables		44,837
Deposits		645,000
Prepaid expenses		37,621
Exploration and evaluation asset – Dome Mountain Project		16,405,396
Exploration and evaluation asset – Big Onion		6,059,114
Asset retirement obligation		(585,977)
Accounts payable and accrued liabilities		(137,814)
Long-term accounts payable		(5,548,030)
Net assets acquired	$	**16,922,511**

Long-term accounts payable is unsecured, non-interest bearing, and payment is due within 30 months from the commencement date of commercial production at the Dome Mountain Mine. The payments will be made in quarterly payments from the available proceeds from the eventual sale of any gold and other metals or minerals mined and processed from the Dome Mountain mine.

6. EXPLORATION AND EVALUATION ASSETS

	Lac Gainsmoor Gold Project	*Golden Wonder Project*	*Pellaire Gold Property*	*Gordon Lake Project*	*Dome Mountain Mine*	*Big Onion Project*	*Total*
	$	*$*	*$*	*$*	*$*	*$*	*$*
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**
Acquisition cost – cash	-	-	-	25,000	75,000	-	**100,000**
Acquisition - shares	-	-	85,000	-	16,405,396	6,059,114	**22,549,510**
Write off of exploration and evaluation asset	-	-	-	(25,000)	-	-	**(25,000)**
Balance, March 31, 2020	-	45,000	4,997,354	-	16,480,396	6,059,114	**27,581,864**

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 March 31, 2020, the Company had no further obligations to fulfill the above terms.

6. EXPLORATION AND EVALUATION ASSETS (Continued)

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.

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. 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.

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 during the year ended November 30, 2019, 50,000 shares issued during the period ended March 31, 2020);
- 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 asset acquisition 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.

On February 27, 2020, 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 $85,000.

Subsequent to period end, the Company re-negotiated the above payment terms which resulted in a decrease in overall consideration owing to the vendor (note 16).

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

Gordon Lake Gold Property

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; ($25,000 paid)
- 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.

As at March 31, 2020, the Company decided to terminate the Gordon Lake Option Agreement. On May 22, 2020, subsequent to period end, the Company gave formal notice to cancel the option agreement. As the decision was made prior to period end, the Company recognized a write off of exploration and evaluation assets of $25,000.

Dome Mountain Mine and Big Onion Project

On March 27, 2020, the Company acquired Dome Mountain Mine and Big Onion Project, both located near the town of Smithers in northwest British Columbia. from the Metal Mountain Acquisition (note 5) by:

- Issuance of 12,153,651common shares of the Company (issued).

In addition, the Company acquired a 0.25% net smelter royalty in the Dome Mountain project in consideration for $75,000 (paid).

The Company holds reclamation deposits of $600,000 and $35,000 related to the Dome Mountain Mine and Big Onion Project, respectively.

7. ASSET RETIREMENT OBLIGATION

The following table shows the movement for the asset retirement obligation:

Balance, November 30, 2019 and 2018	$	-
Additions		585,977
Balance, March 31, 2020	$	**585,977**

The Company's asset retirement obligation consists of costs associated with the mine reclamation and closure activities on the Dome Mountain Mine (note 6). These activities, which are site specific, include costs for earthworks, re-contouring, re-vegetation, water treatment and demolition. In calculating the fair value of the Company's asset retirement obligations, the Company used a risk-adjusted rate of 10%. The expenditures are expected to occur in 2032 and go on for a five-year period.

(Expressed in Canadian dollars)

8. NON-CONTROLLING INTEREST ("NCI")

The following table presents the summarized financial information for Gavin Mines Inc. the Company's subsidiary that have NCI's. This information represents amounts before intercompany eliminations.

		March 31, 2020
Current assets	$	70,818
Non-current assets		24,078,436
Current liabilities		5,872,171
Non-current liabilities		585,977
Revenues for the period ended March 31, 2020		-
Net loss for the period ended March 31, 2020	$	(531)

The net change in non-controlling interest is as follows		Total
Balance, November 30, 2019 and 2018	$	-
Acquisition of Metal Mountain Resources Inc.		5,819,196
Change in ownership interest (note 5)		(3,248,143)
Share of loss for the year		(106,249)
Balance, March 31, 2020	**$**	**2,464,804**

Concurrently with the acquisition of Metal Mountains Resources Inc. (note 5), the Company issued 1,372,000 common shares of the Company and 840,000 stock options to AGC Investments Inc. to acquire an additional 27.44% interest in Gavin Mines Inc. The fair value of the common shares and stock options were determined to be $1,248,520 and $511,006, respectively. As the Company previously controlled Gavin Mines, the transaction resulted in a change to the Company's ownership interest and was accounted for an equity transaction. The difference of $1,488,617 between the non-controlling interest acquired of $3,248,143, and the fair value of consideration paid of $1,759,526, was recognized in reserves.

As at March 31, 2020, the Company held a 78.28% ownership interest in Gavin Mines with $2,464,804 NCI balance.

9. MAG ONE AGREEMENT

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 Company 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.

On April 15, 2020, the Company entered into a mutual termination agreement and release with MOPI and Mag One to terminate the agreement. As a result, $50,000 paid in connection with the Agreement was expensed during the period ended March 31, 2020.

10. 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.

(Expressed in Canadian dollars)

10. RELATED PARTY TRANSACTION (Continued)

		For the period ended March 31, 2020		For the year ended November 30, 2019
Management and consulting fees	**$**	**37,800**	$	132,000
Share-based compensation		**15,793**		80,655
	$	**53,593**	$	212,665

As at March 31, 2020 there was $132,280 (2019 - $132,280) owing to the officers or directors of the Company.

11. 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 period ended March 31, 2020

On January 21, 2020, the Company closed the first tranche of a non-brokered private placement for proceeds of $850,000 and issued 566,667 non-flow-through common shares.

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.

On February 27, 2020, the Company issued 50,000 shares in connection with the Pellaire Gold Property option agreement. The shares have a fair value of $85,000.

On March 27, 2020, the Company issued 12,153,651 common shares in connection to the Metal Mountain transaction (note 5). The shares have a fair value of $11,059,822.

The Company issued 1,372,000 common shares in exchange for purchasing an additional 27.44% ownership interest in Gavin Mines (note 5). The shares were determined to have a fair value of $1,248,520.

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. The Company is committed to spend $100,000 in Qualifying Canadian Exploration Expenditure (“CEE’) by December 31, 2020. None of the Qualifying CEE will be available to the Company for future deduction from taxable income.

11. SHARE CAPITAL AND RESERVES (Continued)

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. The Company is committed to spend $450,000 in Qualifying Canadian Exploration Expenditure ("CEE') by December 31, 2020. None of the Qualifying CEE will be available to the Company for future deduction from taxable income.

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).

SPECIAL WARRANTS

During the four-month period ended March 31, 2020

The Company did not issue any special warrants during the four-month period ended March 31, 2020.

During the year ended November 30, 2019

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.

(Expressed in Canadian dollars)

11. SHARE CAPITAL AND RESERVES (Continued)

The term and vesting conditions 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

During the four-month period ended March 31, 2020

The Company issued 840,000 stock options, with an exercisable price of $1.50 per option to AGC in consideration for an additional 27.44% ownership interest in Gavin mines (note 6). The options vest immediately on grant. The fair value of the stock options were determined to have a fair value of $511,006 using the Black-Scholes option pricing model determined using the following assumptions: estimated volatility of 100%, risk free interest rate of 0.62%, expected life of 1.5 years, exercise price of $1.50 and a share price of $0.91.

During the year ended November 30, 2019

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. $15,943 has been included in share-based payments related to the portion vested during the four-month period ended March 31, 2020.

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	-	-
Granted	1,310,000	0.20
Balance, November 30, 2019	1,310,000	0.20
Granted	840,000	1.5
Balance, March 31, 2020	2,150,000	0.65

Details of the share options outstanding and exercisable as at March 31, 2020 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	50,000	1.20
March 27, 2025	840,000	840,000	1.5
Balance, November 30, 2019	2,150,000	2,100,000	

As of March 31, 2020, the weighted average remaining life for outstanding options was 2.75 years.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment – mineral exploration. The Company's resource properties are all located in Canada and its corporate assets are located in Canada. The Company is in the exploration stage, and accordingly, has no reportable segment revenues.

13. 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 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 four-month period ended March 31, 2020.

14. 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:

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 current financial liabilities are assumed to approximate their carrying values due to their short-term nature. The fair value of the Company's long-term accounts payable is assumed to approximate their carrying value, due to the nature of the item and are classified as long term as the Company is not expected to reach commercial production within the next 12 months (note 5).

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 March 31, 2020, the Company had cash and cash equivalents of $1,248,567 to settle current liabilities of $371,294 . 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.

(Expressed in Canadian dollars)

14. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

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 March 31, 2020, the Company does not have any interest-bearing loans or liabilities outstanding. All accounts payable and accrued liability balances as at March 31, 2020 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.

Currency Risk

Currency risk is the risk that changes in foreign exchange rates may have an effect on future cash flows associated with financial instruments. As at March 31, 2020, the Company does not hold any financial instruments denominated in foreign currencies, as such the Company is not exposed to currency risk.

15. 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 March 31, 2020		**For the year ended November 30, 2019**
Net loss	$	(489,177)	$	(702,381)
Statutory rate		27%		27%
Expected income tax expense (recovery)		(132,000)		(190,000)
Tax effect of:				
Permanent differences		7,000		11,000
Share issuance costs		-		(11,000)
Other		(219,000)		1,000
Change in unrecognized deferred income tax assets		344,000		189,000
Income tax provision	**$**	–	**$**	**-**

(Expressed in Canadian dollars)

15. INCOME TAXES (Continued)

The significant components of deferred income tax assets at March 31, 2020 and November 30, 2019 are as follows:

	March 31, 2020		November 30, 2019	
Non-capital losses carried forward	$	1,388,000	$	146,000
Allowable capital losses		136,000		
Property and equipment		659,000		
Exploration and evaluation assets		2,153,000		39,000
Share issuance costs		6,000		9,000
Unrecognized deferred income tax assets		(4,342,000)		(194,000)
	$	**-**	**$**	–

As at March 31, 2020, the Company has non-capital losses carried forward of $978,000, which are available to offset future years' taxable income that expire between 2037 to 2040.

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.

16. SUBSEQUENT EVENTS

- On May 13, 2020, the Company entered into an agreement to amend a debt assignment agreement with AG Partner Holdings Ltd., initially entered into on March 27, 2020. The Company has agreed to pay $3,818,096, which is included in long-term accounts payable, by way of issuance of 1,909,048 common shares of the Company, on the date of the commencement of commercial production from the Dome Mountain Mine. The shares will be subject to a hold period which will expire in accordance with the following schedule:
    - 10% on each of 12 and 15 months of the date of issuance
    - 15% on each of 18 and 24 months from the date of issuance; and
    - 25% on each of 30 and 36 months from the date of issuance

- In May of 2020 Blue Lagoon exercised its option to acquire a 100% interest in the Pellaire gold project after having re-negotiated improved terms with the vendor. The improved terms included a reduction in the remaining cash payments from US $200,000 to CAD $35,000, and a reduction in the remaining consideration shares from 700,000 shares to 600,000 shares, which the Company issued on May 26, 2020. The consideration shares are subject to a release schedule that allows for the shares to be released in equal installments of 50,000 shares every 3 months over a 36-month period. In addition, the right to repurchase a 2% NSR royalty from the vendor was reduced from US $2 million to US $1 million, which if exercised would leave the vendor with a 0.5% NSR royalty.

- On June 2, 2020 the Company issued 200,000 stock options with an exercise price of $1.20, vesting immediately on grant, expiring on June 2, 2025.

- On June 9, 2020 the Company entered into an agreement with Fundamental Research Corp.("Fundamental") whereby Fundamental agrees to prepare research reports to the Company in consideration for $19,500 plus GST, of which $17,500 was paid by the issuance of 17,500 common shares of the Company.

- On July 13, 2020, the Company granted 237,500 employee stock options under the Company's incentive stock options plan, with an exercise price of $0.50, vesting immediately on grant date, expiring on July 13, 2025.