

GOLDEN LAKE EXPLORATION INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED AUGUST 31, 2019
(UNAUDITED – PREPARED BY MANAGEMENT)

Notice of No Auditor Review of Interim Financial Statements

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

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

GOLDEN LAKE EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

| | August 31, 2019 | November 30, 2018 |
|---|--------------------|----------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 17,809 | \$ 76,113 |
| Amounts receivable | 15,609 | 864 |
| | 33,418 | 76,977 |
| DEFERRED FINANCING COSTS | - | 10,000 |
| EXPLORATION AND EVALUATION ASSET (Note 5) | 182,714 | 91,285 |
| | \$ 216,132 | \$ 178,262 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 25,812 | \$ 13,766 |
| SHAREHOLDERS' EQUITY | | |
| SHARE CAPITAL (Note 6) | 494,337 | 242,001 |
| CONTRIBUTED SURPLUS | 76,104 | 22,500 |
| DEFICIT | (380,121) | (100,005) |
| | 190,320 | 164,496 |
| | \$ 216,132 | \$ 178,262 |

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)

Approved and authorized for issue on behalf of the Board on October 18, 2019

"Michael England" Director"John Masters" Director

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

GOLDEN LAKE EXPLORATION INC.
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

| | Three Months Ended, August 31, 2019 | Three Months Ended, August 31, 2018 | Nine Months Ended, August 31, 2019 | Period May 17, 2018 to August 31, 2018 |
|--|--|--|---|---|
| Expenses | | | | |
| Advertising and promotion | \$ 3,455 | \$ 3,418 | \$ 6,642 | \$ 3,418 |
| Consulting fees | 10,075 | 9,850 | 10,075 | 9,850 |
| Management fees (Note 7) | 25,500 | 9,000 | 48,500 | 12,000 |
| Office and miscellaneous | 2,551 | 6,276 | 11,773 | 6,276 |
| Professional fees (Note 7) | 26,365 | 6,806 | 126,670 | 6,806 |
| Rent | 6,332 | 5,150 | 18,601 | 5,150 |
| Share-based payments | - | 22,500 | 32,940 | 22,500 |
| Income tax expense (recovery) | (1,266) | - | (1,266) | - |
| Transfer agent and filing fees | 5,506 | - | 26,181 | - |
| NET LOSS AND COMPREHENSIVE LOSS | \$ (78,518) | \$ (63,000) | \$ (280,116) | \$ (66,000) |
| LOSS PER SHARE (basic and diluted) | \$ (0.01) | \$ (0.02) | \$ (0.03) | \$ (0.02) |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARE OUTSTANDING | 12,350,001 | 3,772,175 | 10,216,424 | 3,273,963 |

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

GOLDEN LAKE EXPLORATION INC.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

| | Common Shares | | Contributed Surplus | Deficit | Total |
|--|-------------------------|---------------|----------------------------|----------------|--------------|
| | Number of Shares | Amount | | | |
| | | \$ | \$ | \$ | \$ |
| Balance, November 30, 2018 | 8,650,001 | 242,001 | 22,500 | (100,005) | 164,496 |
| Shares issued for cash | 3,500,000 | 232,336 | – | – | 232,336 |
| Shares issued for corporate finance fee | 100,000 | 10,000 | 20,664 | – | 30,664 |
| Shares issued for exploration and evaluation asset | 100,000 | 10,000 | – | – | 10,000 |
| Share-based payments | – | – | 32,940 | – | 32,940 |
| Net loss for the period | – | – | – | (280,116) | (280,116) |
| Balance, August 31, 2019 | 12,350,001 | 494,337 | 76,104 | (380,121) | 190,320 |
| Balance, May 17, 2018 | 1 | 1 | – | – | 1 |
| Shares issued for cash | 2,590,000 | 59,000 | – | – | 59,000 |
| Shares issued for cash (flow-through) | 4,000,000 | 80,000 | – | – | 80,000 |
| Share-based payments | – | – | 22,500 | – | 22,500 |
| Net loss for the period | – | – | – | (66,000) | (66,000) |
| Balance, August 31, 2018 | 6,590,001 | 139,001 | 22,500 | (66,000) | 95,501 |

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

GOLDEN LAKE EXPLORATION INC.
CONDENSED INTERIM STATEMENT OF CASH FLOWS

(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

| | Nine Months Ended, August 31, 2019 | Period May 17, 2018 to August 31, 2018 |
|---|---|---|
| CASH PROVIDED BY (USED IN): | | |
| OPERATING ACTIVITIES | | |
| Net loss for the period | \$ (280,116) | \$ (66,000) |
| Items not involving cash: | | |
| Share-based payments | 32,940 | 22,500 |
| Changes in non-cash working capital balances: | | |
| Accounts receivable | (14,745) | - |
| Accounts payable and accrued liabilities | 12,046 | (43,806) |
| Cash used in operating activities | (249,875) | (87,306) |
| INVESTING ACTIVITIES | | |
| Exploration and evaluation expenditures | (81,429) | - |
| Cash used in investing activities | (81,429) | - |
| FINANCING ACTIVITIES | | |
| Proceeds from share issuance | 360,000 | 139,000 |
| Share issuance cost | (117,664) | - |
| Deferred finance costs | 30,664 | - |
| Cash provided by financing activities | 273,000 | 139,000 |
| CHANGE IN CASH DURING PERIOD | (58,304) | 51,694 |
| CASH, BEGINNING OF PERIOD | 76,113 | - |
| CASH, END OF PERIOD | \$ 17,809 | \$ 51,694 |
| SUPPLEMENTAL DISCLOSURES | | |
| Shares issued for | | |
| Exploration and evaluation asset | \$10,000 | \$ - |
| Corporate finance fee | \$20,664 | \$ - |

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

GOLDEN LAKE EXPLORATION INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR NINE MONTH PERIOD ENDED AUGUST 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

1. NATURE OF OPERATIONS

Golden Lake Exploration Inc. (the “Company”) was incorporated on May 17, 2018 under the laws of British Columbia. The address of the Company’s corporate office and its principal place of business is Suite 1240 – 789 West Pender Street, Vancouver, V6C 1H2, British Columbia, Canada.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. As at August 31, 2019, the Company had not yet determined whether the Company’s mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

The Company had a deficit of \$380,121 as at August 31, 2019, which has been funded by the issuance of equity. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

These condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on October 18, 2019.

b) Basis of presentation

The condensed interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements.

GOLDEN LAKE EXPLORATION INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR NINE MONTH PERIOD ENDED AUGUST 31, 2019

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Basis of consolidation

These condensed interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Pinot Gold Inc. 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. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the financial statements.

d) Cash equivalents

Cash equivalents include short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of August 31, 2019, the Company held no cash equivalents.

e) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

f) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

GOLDEN LAKE EXPLORATION INC.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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(Expressed in Canadian dollars)
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Share-based payments (continued)

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

g) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

h) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of loss and comprehensive loss.

i) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

GOLDEN LAKE EXPLORATION INC.
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(Expressed in Canadian dollars)
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Decommissioning, restoration and similar liabilities (continued)

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

j) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

k) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the period end date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each period end date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At August 31, 2019, the Company has not classified any financial assets as loans and receivables.

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(Expressed in Canadian dollars)
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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial assets (continued)

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At August 31, 2019, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

m) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At August 31, 2019, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Significant accounting estimates

- i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;
- ii. the measurement of deferred income tax assets and liabilities; and
- iii. the inputs used in accounting for share-based payments.

Significant accounting judgments

- i. the determination of categories of financial assets and financial liabilities; and
- ii. the evaluation of the Company's ability to continue as a going concern.

4. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new accounting standards and interpretations have been adopted during the period.

IFRS 9, Financial Instruments

IFRS 9, *Financial Instruments* replaces the current standard IAS 39, *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. Adoption is not anticipated to have a material impact on the Company's financial statements.

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

Effective for annual periods beginning on January 1, 2019

New standard IFRS 16, Leases

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The extent of the impact of adoption of this standard on the financial statements of the Company is not expected to be material.

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(Expressed in Canadian dollars)
(Unaudited – Prepared by Management)

5. EXPLORATION AND EVALUATION ASSET

| | Acquisition Costs | Exploration Costs | Total |
|----------------------------|----------------------|----------------------|---------|
| | \$ | \$ | \$ |
| Balance, incorporation | - | - | - |
| Additions | 5,000 | 86,285 | 91,285 |
| Balance, November 30, 2018 | 5,000 | 86,285 | 91,285 |
| Additions | 15,000 | 76,429 | 91,429 |
| Balance, August 31, 2019 | 20,000 | 162,714 | 182,714 |

Golden Lode Project

Pursuant to an option agreement dated July 4, 2018 (the “Agreement”), with Rich River Exploration and Craig A. Lynes, collectively, the “Optionors”, the Company was granted an option to acquire a 100% undivided interest in the Golden Lode Project (the “Property”) located north of Christina Lake area in Nanaimo, British Columbia.

In accordance with the Agreement, the Company has the option to acquire first 51% undivided interest (earned) in the Property by paying \$5,000 (paid) in cash upon execution of the Agreement. The Company has the option to earn the remaining 49% interest in the Property by issuing a total of 600,000 common shares of the Company to the Optionors, making cash payments totaling \$155,000, and incurring a total of \$500,000 in exploration expenditures as follows:

| | Common Shares | Cash | Exploration Expenditures |
|--|------------------|---------|-----------------------------|
| | # | \$ | \$ |
| Upon execution of the Agreement (paid) | - | 5,000 | - |
| Upon listing of the Company’s common shares on a Canadian Stock Exchange (the “Listing”) (paid and issued) | 100,000 | 5,000 | - |
| On or before May 8, 2020 | 100,000 | 20,000 | 100,000 |
| On or before May 8, 2021 | 100,000 | 30,000 | 100,000 |
| On or before May 8, 2022 | 300,000 | 100,000 | 300,000 |
| Total | 600,000 | 160,000 | 500,000 |

The Property is comprised of five mineral claims.

The Optionors will retain a 3% Net Smelter Returns royalty on the Property. The Company has the right to purchase the first 1% of the royalty for \$750,000 and the remaining 2% for \$1,000,000 at any time prior to the commencement of commercial production.

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6. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At August 31, 2019, there were 1,350,000 common shares held in escrow.

c) Issued and Outstanding:

During the nine month period ended August 31, 2019, the Company:

- (i) issued 3,500,000 common shares at a price of \$0.10, pursuant to a prospectus offering to net \$230,336.
- (ii) issued 100,000 common shares as a corporate finance fee.
- (iii) issued 100,000 common shares for the exploration and evaluation asset.

During the period from incorporation on May 17, 2018 to November 30, 2018, the Company:

- (i) issued an incorporation share for \$1.
- (ii) issued 1,500,000 common shares at a price of \$0.005 per share for gross proceeds of \$7,500. The fair value of the 1,500,000 common shares was estimated to be \$30,000. Accordingly, the Company recorded share-based payments of \$22,500 and a corresponding increase to contributed surplus.
- (iii) issued 4,000,000 flow-through common shares at a price of \$0.02 per share for gross proceeds of \$80,000. For the purposes of the calculating the tax effect of any premium related to the issuance of the flow-through shares, the Company reviewed recent financings and compared it to determine if there was a premium paid on the shares. As a result of the review the Company did not recognize any premium on the flow-through shares issued.
- (iv) issued 100,000 common shares at a price of \$0.02 per share for gross proceeds of \$2,000
- (v) issued 3,050,000 common shares at a price of \$0.05 per share for gross proceeds of \$152,500.

d) Stock options

The Company adopted a Stock Option Plan (the "Plan"). Under the Plan, the Company can issue up to 10% of the issued and outstanding common shares as incentive stock options to directors, officers, employees and consultants to the Company. The Plan limits the number of stock options which may be granted to any one individual to not more than 5% of the total issued common shares of the Company in any 12 month period. The Plan also limits the stock options which may be granted to any one individual if the exercise would result in the issuance of common shares more than 2% in any 12 month period. The number of options granted to any one consultant or a person employed to provide investor relations activities in any 12 month period must not exceed 2% of the total issued common shares of the Company. As well, stock options granted under the Plan may be subject to vesting provisions as determined by the Board of Directors.

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(Expressed in Canadian dollars)
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6. SHARE CAPITAL (continued)

d) Stock options (continued)

On December 14, 2018, the Company granted 400,000 stock options to certain directors and officers of the Company at an exercise price of \$0.10 for a period of five years from the date of grant. The fair value of these options was calculated to be \$32,940. The remaining expected life as at August 31, 2019 is 4.29 years.

A continuity of the options outstanding as at August 31, 2019:

| | Number | Weighted average exercise price \$ |
|---|---------|------------------------------------|
| Balance, May 17, 2018 and November 30, 2018 | – | – |
| Issued | 400,000 | 0.10 |
| Balance, August 31, 2019 | 400,000 | 0.10 |

A listing of options outstanding as at August 31, 2019 is as follows:

| | Number | Exercise price | Weighted average years outstanding |
|-------------------|---------|----------------|------------------------------------|
| December 14, 2018 | 400,000 | \$0.10 | 4.29 |

The inputs used in the Black-Scholes calculation for the August 31, 2019 and 2018 stock options are as follows:

| | Nine months ended August 31, 2019 | Period May 17, 2018 to August 31, 2018 |
|--------------------------|-----------------------------------|--|
| Share price | - | \$0.10 |
| Risk-free dividend rate | - | 2.04% |
| Expected life of options | - | 5 years |
| Dividend rate | - | 0.00% |
| Annualized volatility | - | 120% |

e) Warrants

A continuity of the warrants outstanding as at August 31, 2019 is as follows:

| | Number | Weighted average exercise price \$ |
|---|---------|------------------------------------|
| Balance, May 17, 2018 and November 30, 2018 | - | - |
| Issued | 350,000 | 0.10 |
| Balance, August 31, 2019 | 350,000 | 0.10 |

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(Expressed in Canadian dollars)
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6. SHARE CAPITAL (continued)

d) Warrants (continued)

A listing of warrants outstanding as at August 31, 2019 is as follows:

| | Number | Weighted average exercise price | Weighted average years outstanding |
|-------------|---------|---------------------------------|------------------------------------|
| May 7, 2021 | 350,000 | \$0.10 | 1.68 |

The inputs used in the Black-Scholes calculation for the August 31, 2019 and 2018 warrants are as follows:

| | Nine months ended August 31, 2019 | Period May 17, 2018 to August 31, 2018 |
|---------------------------|-----------------------------------|--|
| Share price | - | \$0.15 |
| Risk-free dividend rate | - | 1.58% |
| Expected life of warrants | - | 2 |
| Dividend rate | - | 0.00% |
| Annualized volatility | - | 156% |

7. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

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

| | Nine months period ended August 31, 2019 | Period May 17, 2018 to August 31, 2018 |
|----------------------|--|--|
| | \$ | \$ |
| Management fees | 12,500 | - |
| Professional fees | 5,000 | - |
| Share-based payments | 32,940 | 22,500 |
| Total | 50,440 | 22,500 |

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

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8. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and is classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's condensed interim statements of financial position as at August 31, 2019 are as follows:

| | Fair Value Measurements Using | | | Total |
|------|---|---|---|--------|
| | Quoted Prices in Active Markets For Identical Instruments (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
| | \$ | \$ | \$ | \$ |
| Cash | 17,809 | – | – | 17,809 |

Fair value

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

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short - term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

10. COMMITMENTS

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