MARINER RESOURCES CORP.

Financial Statements

For the year ended October 31, 2019 and the period from May 28, 2018 to October 31, 2018

Expressed in Canadian Dollars

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mariner Resources Corp.

Opinion

We have audited the financial statements of Mariner Resources Corp. (the "Company"), which comprise the statement of financial position as at October 31, 2019, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year ended October 31, 2019, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2019, and its financial performance and its cash flows for the year ended October 31, 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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 is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has incurred losses as at October 31, 2019 and the Company's ability to continue its operations is dependent on its ability to raise additional equity financing and to generate operational cash flow. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 Matter

The financial statements of the Company for the period ended October 31, 2018, were audited by another auditor who expressed an unmodified opinion with an emphasis of matter paragraph on those statements on April 30, 2019.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the 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 financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. 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 Financial Statements

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

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 David Goertz.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

February 27, 2020

MARINER RESOURCES CORP.
Statements of Financial Position
Expressed in Canadian Dollars

As at		October 31 2019		October 31 2018
Assets				
Current				
Cash	**$**	**219,889**	$	34,410
Accounts receivable		-		4,550
Goods and services tax receivable		**1,896**		1,007
		221,785		39,967
Exploration and evaluation property (note 4)		**88,079**		25,000
Total assets	**$**	**309,864**	$	64,967
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**52,450**	$	12,075
Shareholders' equity				
Share capital (note 5)		**402,779**		80,625
Option and warrant reserve		**15,400**		-
Deficit		**(160,765)**		(27,733)
		257,414		52,892
Total liabilities and shareholders' equity	**$**	**309,864**	$	64,967

Going Concern (note 1)

Approved by the Board of Directors

Director (signed by) *"John Williamson"*

Director (signed by) *"Justin Bourassa"*

The accompanying notes form an integral part of these financial statements

MARINER RESOURCES CORP.
Statements of Loss and Comprehensive Loss
Expressed in Canadian Dollars

For the years(*) ended		**October 31 2019**		**October 31 2018**
Expenses				
Initial listing expenses	**$**	**79,273**	$	-
Management fees (note 6)		**8,000**		16,000
Office and administration		**7,053**		4,219
Professional fees		**14,282**		7,514
Property evaluation		**7,611**		-
Regulatory and filing fees		**9,398**		-
Investor relations		**9,107**		-
		(134,723)		(27,733)
Other				
Interest income		**1,691**		-
Net loss and comprehensive loss	**$**	**(133,032)**	$	(27,733)
Basic and diluted loss per common share	**$**	**(0.03)**	$	(0.01)
Basic and diluted weighted average number of common shares outstanding (note 5)		**4,910,274**		3,009,804

**The 2018 period(s) referenced in the table above are from the date of incorporation (May 28, 2018) to October 31, 2018.*

The accompanying notes form an integral part of these financial statements

Expressed in Canadian Dollars

	Share capital	Option and warrant reserve	Deficit	Total equity
Balance at May 28, 2018	**$ -**	**$ -**	**$ -**	**$ -**
Shares issued for cash (note 5)	80,625	-	-	80,625
Net loss	-		(27,733)	(27,733)
Balance at October 31, 2018	**$ 80,625**	**$ -**	**$ (27,733)**	**$ 52,892**
Shares issued for cash (note 5)	412,500	-	-	412,500
Share issuance costs - cash	(74,946)	-	-	(74,946)
Share issuance costs – non-cash (note 5)	(15,400)	15,400	-	-
Net loss	-	-	(133,032)	(133,032)
Balance at October 31, 2019	**$ 402,779**	**$ 15,400**	**$ (160,765)**	**$ 257,414**

The accompanying notes form an integral part of these financial statements

MARINER RESOURCES CORP.
Statement of Cash Flows
Expressed in Canadian Dollars

For years(*) ended		**October 31 2019**	**October 31 2018**
Cash provided by (used in):			
Operating activities			
Net loss	$	**(133,032)**	(27,733)
Changes in non-cash working capital:			
Goods and services tax receivable		**(889)**	(1,007)
Accounts payable and accrued liabilities		**(704)**	12,075
Cash used in operating activities		**(134,625)**	(16,665)
Investing activities			
Exploration and evaluation property acquisition payments (note 4)		**-**	(25,000)
Exploration and evaluation exploration expenditures (note 4)		**(22,000)**	-
Cash used in investing activities		**(22,000)**	(25,000)
Financing activities			
Proceeds from private placement		**412,500**	80,625
Share subscription receivable		**4,550**	(4,550)
Share issuance costs		**(74,946)**	-
Cash provided by financing activities		**342,104**	76,075
Net increase in cash		**185,479**	34,410
Cash, beginning of year(*)		**34,410**	-
Cash, end of year(*)	$	**219,889**	34,410

As at October 31, 2019, $41,079 (2018 - $nil) of the exploration and evaluation expenditures are included in accounts payable.

During the year ended October 31, 2019, the Company received interest totaling $1,691 (2018 – nil) relating to operating activities.

The Company did not pay interest or dividends, nor did it receive any dividends, in the years ended October 31, 2019 and 2018.

**The 2018 period referenced in the table above is from the date of incorporation (May 28, 2018) to October 31, 2018.*

1. Nature of operations and going concern

Mariner Resources Corp. ("Mariner" or the "Company") was incorporated under the Business Corporations Act (British Columbia) on May 28, 2018 as "1165847 B.C. Ltd." The Company changed their name on May 29, 2018 to "Mariner Resources Corp." The Company's head office is at 250 Southridge, Suite 300, Edmonton, AB, T6H 4M9. The Company is focused on evaluating, acquiring, and exploring mineral properties with significant potential for advancement from discovery through to production, in Canada and abroad. On May 30, 2019, the common shares of the Company were listed on the Canadian Securities Exchange (the "Exchange" or "CSE") and commenced trading on June 3, 2019 under the trading symbol "RNR".

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and liquidation of liabilities during the normal course of operations. As at October 31, 2019, the Company had working capital of $169,335 and an accumulated deficit of $160,765. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, and at the current stage of the Company's development, the ability of the Company to continue as a going concern is dependent upon its ability to acquire additional means of financing. These material uncertainties related to certain adverse conditions and events that may cast significant doubt on the validity of this assumption.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses, and the classifications on the statement of financial position. Such adjustments may be material.

2. Basis of presentation

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

These financial statements were authorized for issue by the Board of Directors of the Company on February 27, 2020.

These financial statements are presented in Canadian Dollars, unless otherwise noted and have been prepared on a historical cost basis. The Canadian dollar is the functional and presentation currency of the Company.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated.

a) Management estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the amounts reported and disclosed in its financial statements and related notes. Those include estimates that, by their nature, are uncertain and actual results could differ materially from those estimates. The impacts of such estimates may require accounting adjustments based on future results. Revisions to accounting estimates are recognized in the period in which the estimate is revised.

The areas which require management to make significant estimates, judgments and assumptions in determining carrying values include:

Judgments

Exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation assets requires judgment in determining whether it is likely that costs incurred will be recovered through successful exploration and development or sale of the asset under review. Furthermore, the assessment as to whether economically recoverable reserves exist is itself an estimation process. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

b) Cash

Cash is comprised of cash on hand and cash on deposit with the Company's financial institution on which it earns variable amounts of interest.

c) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. On initial recognition, all financial assets and liabilities are recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as fair value through profit or loss ("FVTPL"). Transaction costs of financial assets and liabilities classified as at FVTPL are expensed in the period in which they are incurred.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivable that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

In order for a financial asset to be classified as measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets at amortized cost (debt instruments)

The Company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial 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 on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Company's financial assets at amortized cost include its cash and cash equivalents.

Derecognition

A financial asset is primarily derecognized when:

- The 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 to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all 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.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Company could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and accrued liabilities.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

d) Income taxes

Income tax expense or recovery is comprised of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current 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 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 which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit and loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to the instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period 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 the future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

e) Exploration and evaluation properties

Exploration and evaluation property acquisition costs and exploration costs directly related to specific properties are deferred, commencing on the date that the Company acquires legal rights to explore a property, until technical and economic feasibility of extracting a mineral resource is demonstrable, or until the properties are sold or abandoned. Exploration costs may include costs such as materials used, surveying costs, drilling costs, payments made to contractors, analysing historical exploration data, geophysical studies, and depreciation on equipment used during the exploration stage. All other costs, including administrative overhead are expensed as incurred. If the properties are put into commercial production, the acquisition and exploration expenditures will be depleted using the units of production basis based upon the proven reserves available. If the properties are sold or abandoned, these expenditures will be written off.

Where the Company's exploration commitments for an area of interest are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the area of interest to the extent of costs incurred. The excess, if any, is credited to operations.

Mineral properties are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may exceed the recoverable amount. Where there is evidence of impairment, the net carrying amount of the asset will be written down to its recoverable amount. Title to resource 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 conveyance history characteristic of many resource properties.

f) Comprehensive income (loss) and equity

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) ("OCI"). OCI represents changes in shareholders' equity during a period arising from transactions and other events with non-owner sources. When applicable, components of OCI are recorded net of related income taxes. Cumulative changes in OCI are included in accumulated other comprehensive income ("AOCI"), which is presented as a category of equity in the statements of changes in equity.

g) Income (loss) per share

Income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the period. In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments. In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

h) New accounting standards and recent pronouncements

Accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company does not anticipate any material changes to the financial statements upon adoption of these new revised accounting pronouncements.

IFRS 16 – Leases, eliminates the classification of leases as either operating or finance leases and requires the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less, or the underlying asset has a low value. The amended standard is effective for annual periods beginning on or after January 1, 2019.

4. Exploration and evaluation property

Silver Dollar Property

On August 14, 2018, the Company entered into an option agreement (the "Option Agreement") with Explorex Resources Inc. ("Explorex") whereby the Company was granted an option (the "Option") to acquire a 75% interest in 28 claims known as the Silver Dollar Property (the "Property"), located in the Revelstoke Mining District of British Columbia, subject to an existing 1.0% net smelter royalty held by Happy Creek Minerals Ltd, beginning upon commencement of commercial production on the Property. The Option Agreement was amended on January 21, 2019.

Expressed in Canadian Dollars

To exercise the Option, the Company made a cash payment of $25,000, and additionally must:

- On or before the first anniversary of the Effective Date (June 3, 2020), incur exploration expenditures on the Property of not less than $75,000;

- On or before the second anniversary of the Effective Date (June 3, 2021), incur additional exploration expenditures on the Property of not less than $150,000, issue and deliver 100,000 common shares of the Company; and make a payment of $50,000 in cash or common shares of the Company at management's discretion;

- On or before the third anniversary of the Effective Date (June 3, 2022), incur additional exploration expenditures on the Property of not less than $350,000, issue and deliver an additional 300,000 common shares of the Company; and make an additional payment of $100,000; and

- On or before the fourth anniversary of the Effective Date (June 3, 2023), incur additional exploration expenditures on the Property of not less than $425,000, issue and deliver an additional 500,000 common shares of the Company; and make an additional payment of $250,000 in cash.

All of the above payments, share issuances, and property expenditures may be accelerated at the Company's discretion. The per-share value of any common share issued as payment in lieu of cash will be equal to the five-day volume weighted average price of the common shares of the Company on the principal stock exchange on which the shares are then listed, subject to a minimum price of $0.05 per share.

In the event that the Company exercises the Option by completing all of the above requirements and acquires a 75% interest in the Property, the Company and Explorex shall enter into a single purpose joint venture within 30 days for the purpose of proceeding with the continued exploration and, if warranted, development of the Property on a joint venture basis and the Company and Explorex will negotiate an agreement on the basis of the interest of the parties in the Property and the joint venture, which will be: the Company (75%) and Explorex (25%).

Total costs incurred by the Company on the Silver Dollar Property are summarized as follows:

	Acquisition	Exploration	Total
Balance, May 28, 2018	**$ -**	**$ -**	**$ -**
Acquisition costs	25,000	-	25,000
Balance, October 31, 2018	**$ 25,000**	**$ -**	**$ 25,000**
Acquisition costs	-	-	-
Fieldwork	-	7,000	7,000
Geological consulting	-	7,079	7,079
Geophysics	-	49,000	49,000
Balance, October 31, 2019	**$ 25,000**	**$ 63,079**	**$ 88,079**

Expressed in Canadian Dollars

5. Share capital

a) Common shares

The Company's articles authorize an unlimited number of common shares without par value and an unlimited number of preferred shares.

A summary of changes in common share capital in the period is as follows:

	Number of shares		Amount
Balance at May 28, 2018	**-**	**$**	**-**
Shares issued for cash on May 28, 2018	1,625,000	$	8,125
Shares issued for cash on July 15, 2018	1,750,000		35,000
Shares issued for cash on August 14, 2018	375,000		37,500
Balance at October 31, 2018	**3,750,000**	**$**	**80,625**
Shares issued for cash on May 30, 2019	2,750,000		412,500
Share issuance costs (cash)	-		(74,946)
Share issuance costs (non-cash)			(15,400)
Balance at October 31, 2019	**6,500,000**	**$**	**402,779**

Initial Public Offering

On May 30, 2019, the Company completed its initial public offering ("IPO") of 2,750,000 common shares of the Company at a price of $0.15 per share for aggregate gross proceeds of $412,500. The common shares of the Company were listed on the CSE on May 30, 2019 and commenced trading on the Exchange on June 3, 2019 under the trading symbol "RNR".

In connection with the IPO, the Company paid a cash commission of 7% of the gross proceeds of the IPO, a corporate finance fee of $25,000, plus the agent's legal fees incurred pursuant to the IPO totaling $24,587. The Company also issued 192,500 non-transferable agent warrants at a purchase price of $0.15 per agent warrant, expiring 24 months from the date of issuance, of which the fair value was $15,400.

Escrowed Common Shares.

Upon closing of the IPO, 2,765,000 common shares of the Company outstanding at October 31, 2018 will be subject to an Escrow Agreement. Under the Escrow Agreement, 10% of the escrowed common shares will be released from escrow on the date the Company's common shares are listed for trading (the "Initial Release") and an additional 15% will be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release. As of the date of these financial statements, 2,488,500 common shares remained in escrow.

Expressed in Canadian Dollars

b) Warrants

A summary of the warrants outstanding and exercisable is as follows:

October 31, 2019			October 31, 2018			
Exercise Price	Number of warrants	Remaining contractual life (years)	Exercise Price	Number of warrants	Remaining contractual life (years)	
$ 0.15	192,500	1.5	$ -	-	-	i

i In connection with the IPO, 192,500 agent warrants were issued to the agent. The estimated fair value of the agent warrants of $15,400, or $0.08 per agent warrant, has been recorded as a decrease to share capital as a cost of share issuance and an increase to option and warrant reserve. The fair value was calculated using the Black Scholes Option Pricing Model with the following grant-date assumptions: grant date stock price $0.20; expected life, 2 years; expected volatility, 50%; risk free rate, 1.38%; expected dividends, 0%.

Financial instruments and risk management

Fair value of financial instruments

IFRS requires disclosures about the inputs to fair value measurements for financial assets and liabilities recorded at fair value, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of hierarchy are:

- Level 1 - Quoted prices 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.

The Company's cash and cash equivalents are classified as Level 1, whereas accounts receivable and prepayments, and accounts payable and accrued liabilities are classified as Level 2. As at October 31, 2019, the Company believes that the carrying values of cash, accounts payable and accrued liabilities approximate their fair values because of their nature and relatively short maturity dates or durations.

Financial instruments risk

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counter party limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is defined as the risk of loss associated with counterparty's inability to fulfill its payment obligations. The maximum exposure to credit risk is the carrying amount of the Company's financial assets.

Expressed in Canadian Dollars

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle its obligations as they come due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds available to meet its short-term business requirements by taking into account the anticipated cash expenditures for its exploration and other operating activities, and its holding of cash and cash equivalents. The Company will pursue further equity or debt financing as required to meet its commitments. There is no assurance that such financing will be available or that it will be available on favourable terms.

As at October 31, 2019, the Company's financial liabilities consist of its accounts payable and accrued liabilities, which are all current obligations.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is minimal.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

	October 31 2019	October 31 2018
Financial asset at amortized cost		
Cash	**$ 219,889**	$ 34,410
	$ 219,889	$ 34,410

Financial liabilities included in the statement of financial position are as follows:

	October 31 2019	October 31 2018
Non-derivative financial liabilities		
Accounts payable and accrued liabilities	**$ 52,450**	$ 12,075
	$ 52,450	$ 12,075

Capital management

The Company monitors its equity as capital.

The Company's objectives in managing its capital are to maintain a sufficient capital base to support its operations and to meet its short-term obligations and at the same time preserve inventor's confidence and retain the ability to seek out and acquire new projects of merit. The Company is not exposed to any externally imposed capital requirements.

Expressed in Canadian Dollars

6. Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

For the year(*) ended	**October 31 2019**	**October 31 2018**
Management fees paid to key management and directors	**$ 8,000**	$ -
Management fees paid to former key management and directors	**-**	12,000
Professional fees paid to a corporation controlled by key management	**9,382**	-
Investor relations paid to corporation controlled by key management	**7,500**	-
Rent fees paid to corporation controlled by key management	**6,744**	-
	$ 31,626	$ 12,000

**The 2018 period referenced in the table above is from the date of incorporation (May 28, 2018) to October 31, 2018.*

7. Income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the combined statutory income tax rate of approximately 27.00% (2018 – 27.00%) to the net loss before income taxes for the years as follows:

	October 31 2019	**October 31 2018**
Expected tax recovery from operations	**$ (35,919)**	$ (7,488)
Increase (decrease) resulting from:		
Non-deductible amounts	**(20,235)**	-
Change in unrecognized deferred tax assets	**56,154**	7,488
Income tax (expense) recovery	**$ -**	**$** -

Deferred tax assets have not been recognized in respect of the following items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits:

	October 31 2019	**October 31 2018**
Share issuance costs	**$ 16,188**	$ -
Non-capital losses available for future periods	**47,454**	7,488
Exploration and evaluation assets	**-**	-
	63,642	7,488
Unrecognized deferred tax assets	**(63,642)**	(7,488)
Net deferred tax assets	**$ -**	$ -

In assessing whether the deferred tax assets are realizable, management considers whether it is probable that some portion or all of the deferred tax assets will be utilized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. As at October 31, 2019 and 2018, the Company has not recognized any deferred tax assets.