Financial Statements of

Mich Resources Ltd.
(formerly Michelin Mining Corp.)

Years ended November 30, 2020 and 2019
(Expressed in Canadian dollars)

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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Independent Auditor's Report

To the Shareholders of Mich Resources Ltd. (formerly Michelin Mining Corp.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mich Resources Ltd. (formerly Michelin Mining Corp.) (the "Company"), which comprise the statements of financial position as at November 30, 2020 and 2019, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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 in the financial statements, which indicates that the Company is dependent on equity issuances to fund operations and has an accumulated deficit of $896,578 as at November 30, 2020. 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 Information

Management is responsible for the other information. The other information comprises the information included in "Management's Discussion and Analysis", but does not include the financial statements and our auditor's report thereon.

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, 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 IFRS, 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 G. Cameron Dong.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
March 18, 2021

Mich Resources Ltd. (formerly Michelin Mining Corp.)
Statements of Financial Position
(Expressed in Canadian dollars)

		November 30, 2020		November 30, 2019
Assets				
Current				
Cash	**$**	**46,200**	$	166,370
Amounts receivable		**5,849**		10,333
		52,049		176,703
Non-current				
Exploration and evaluation assets (Note 4)		**-**		151,146
		-		151,146
Total assets	**$**	**52,049**	$	327,849
Liabilities				
Current				
Amounts payable and accrued liabilities	**$**	**19,033**	$	19,940
Due to related party (Note 6)		**-**		4,562
Total liabilities		**19,033**		24,502
Equity				
Share capital (Note 5)		**577,646**		482,909
Equity reserve (Note 5)		**351,948**		72,571
Deficit		**(896,578)**		(252,133)
Total equity		**33,016**		303,347
Total liabilities and equity	**$**	**52,049**	$	327,849

Nature of operations and going concern (Note 1)
Subsequent events (Note 5)

Approved by the Board of Directors and authorized for issue on March 18, 2021:

"Mark Brown" Director

"Thomas O'Neill" Director

The accompanying notes are an integral part of these financial statements

Mich Resources Ltd. (formerly Michelin Mining Corp.)

Statements of Net Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Years ended November 30, **2020**	2019
Expenses		
Consulting and management	$ **90,000**	$ 70,294
Office and administration	**13,841**	1,587
Marketing and investor relations	**-**	6,219
Professional services	**42,251**	23,071
Regulatory and filing	**30,213**	62,728
Share-based compensation	**317,114**	72,571
	(493,419)	(236,470)
Other items		
Interest income	**120**	4,091
Loss on impairment of exploration and evaluation assets (Note 4)	**(151,146)**	-
	(151,026)	4,091
Net loss and comprehensive loss	$ **(644,445)**	$ (232,379)
Basic and diluted loss per share	$ **(0.02)**	$ (0.01)
Weighted average number of common shares outstanding	**33,394,947**	32,456,950

The accompanying notes are an integral part of these financial statements

Mich Resources Ltd. (formerly Michelin Mining Corp.)

Statements of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share Capital					
	Shares issued	Amount	Shares subscribed	Equity reserve	Deficit	Total equity
Balance, November 30, 2018	29,300,002	$ 324,691	$ 150,000	$ -	$ (19,754)	$ 454,937
Private placements	3,691,000	184,550	(150,000)	-	-	34,550
Shares issued as finders fees	200,000	10,000	-	-	-	10,000
Share issuance costs	-	(46,532)	-	-	-	(46,532)
Share-based compensation	-	-	-	72,571	-	72,571
Exercise of warrants	102,000	10,200	-	-	-	10,200
Net loss and comprehensive loss	-	-	-	-	(232,379)	(232,379)
Balance, November 30, 2019	33,293,002	482,909	-	72,571	(252,133)	303,347
Exercise of options	650,000	89,737	-	(37,737)	-	52,000
Exercise of warrants	50,000	5,000	-	-	-	5,000
Share-based compensation	-	-	-	317,114	-	317,114
Net loss and comprehensive loss	-	-	-	-	(644,445)	(644,445)
Balance, November 30, 2020	**33,993,002**	**$ 577,646**	**$ -**	**$ 351,948**	**$ (896,578)**	**$ 33,016**

The accompanying notes are an integral part of these financial statements

Mich Resources Ltd. (formerly Michelin Mining Corp.)

Statements of Cash Flows

(Expressed in Canadian dollars)

	Years ended November 30, **2020**	2019
Cash provided by (used in):		
Operating activities		
Loss for the year	**$ (644,445)**	$ (232,379)
Items not affecting cash:		
Share-based payments	**317,114**	72,571
Impairment of exploration and evaluation assets	**151,146**	-
Changes in non-cash working capital items:		
Amounts receivable	**4,484**	(9,373)
Prepaid expense	**-**	3,735
Amounts payable and accrued liabilities	**(907)**	11,933
Due to related party	**(4,562)**	(937)
	(177,170)	(154,450)
Investing activities		
Exploration and evaluation assets (Note 4)	**-**	(151,145)
	-	(151,145)
Financing activities		
Proceeds on shares issued	**-**	34,549
Share issuance costs	**-**	(36,531)
Exercise of warrants	**5,000**	10,200
Exercise of options	**52,000**	-
	57,000	8,218
Change in cash	**(120,170)**	(297,377)
Cash, beginning of the year	**166,370**	463,747
Cash, end of the year	**$ 46,200**	$ 166,370

No cash was paid for interest or taxes during the years ended November 30, 2020 and 2019.

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Mich Resources Ltd. (formerly Michelin Mining Corp.) (the "Company") is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 25th Floor, 700 West Georgia Street, Vancouver, BC, V7Y 1C3. The Company's common shares are listed on the Canadian Securities Exchange ("CSE") under the trading symbol "MICH" effective June 19, 2019.

The Company is principally engaged in the acquisition and exploration of mineral properties.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The ability of the Company to continue as a going concern is dependent on obtaining additional financing through equity financing or obtaining joint venture or property sale agreements for one or more properties.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the statements of financial position. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

Adverse financial market conditions and volatility could increase the uncertainty of the Company's ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing. Accordingly, these material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

As at November 30, 2020, the Company had working capital of $33,016 (November 30, 2019: $152,201). The Company recorded a loss of $644,445 during the year ended November 30, 2020, and had an accumulated deficit of $896,578 as at November 30, 2020.

In December 2019, the Company split its issued and outstanding share capital on the basis of two new common shares for each one outstanding common share. All common share and per common share amounts in these financial statements have been retroactively restated to reflect the stock split.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These financial statements as at and for the year ended November 30, 2020, including comparatives, are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

(b) Basis of measurement

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PRESENTATION (Continued)

(c) Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the 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 may affect both the period of revision and future periods.

Critical Judgments

The preparation of these financial statements requires the Company to make judgments regarding the going concern of the Company as discussed in Note 1.

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our financial statements include:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of the Company's exploration and evaluation assets properties does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Going concern assumption

Going Concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash

Cash includes deposits held with banks that are available on demand.

(b) Exploration and evaluation assets

Exploration and evaluation expenditures are capitalized to a property once the legal right to explore a property has been acquired, and future economic benefits are more likely than not to be realized. These include the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold, or considered impaired in value. Costs incurred before the Company has obtained the legal right to explore, as well as indirect administrative costs, are expensed as incurred.

At each reporting date the carrying amounts of the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

(c) Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period. For this purpose, it is assumed that proceeds upon the exercise of share options and warrants are used to purchase common shares at the average market price during the period. Share options and warrants outstanding as at November 30, 2020 are anti-dilutive and, therefore, have not been taken into account in the diluted per share calculations.

(d) Share-based payments

The Company's share option plan allows Company employees, directors, officers, consultants and charitable organizations to acquire shares of the Company. The fair value of options granted is recognized as share-based compensation expense with a corresponding increase in equity reserve.

Fair value is measured at grant date, and each tranche is recognized using the graded vesting method over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Warrants

Warrants are classified as equity as they are derivatives over the Company's own equity that will be settled only by the Company exchanging a fixed amount of cash for a fixed number of the Company's own equity instruments.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units and finders units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued to be the more easily measurable component and the common shares are valued at their fair value. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

(f) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

(g) Unit valuation

Proceeds from unit placements are allocated between common shares and warrants using the residual value method, which allocates value first to the fair value of the common shares and the balance, if any, is allocated to the attached warrants.

(h) Income taxes

Income tax expense 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 income or 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 year-end 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 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 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 future taxable profit will allow the deferred tax asset to be recovered.

(Expressed in Canadian dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial instruments

Financial assets are classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company's financial assets which consist primarily of cash, and amounts receivable are classified at amortized cost.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial liabilities are initially recognized on the date they are originated and are derecognized when the contractual obligations are discharged or cancelled or expire. These financial liabilities are recognized initially at fair value and subsequently are measured at amortized costs using the effective interest method, when materially different from the initial amount. Fair value is determined based on the present value of future cash flows, discounted at the market rate of interest.

The Company's financial liabilities which consist primarily of amounts payable and accrued liabilities are classified as and measured at amortized cost. Refer to Note 7 for further disclosures.

(j) Significant new accounting policies

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC. There are no new standards which the Company reasonably expects are applicable to the Company and will significantly impact the Company.

4. EXPLORATION AND EVALUATION ASSETS

Following is a summary of exploration and evaluation assets at November 30, 2020:

Balance at November 30, 2018	**$**	**1**
Exploration expenditures:		
Aircraft Charter		2,951
Camp, travel and meals		527
Drilling		125,000
Reporting, drafting, sampling and analysis		22,667
Balance at November 30, 2019		151,146
Impairment of property		(151,146)
Balance at November 30, 2020	**$**	**-**

<u>Rude Creek Gold Property</u>

The Rude Creek Gold property (the "Property") consists of 4,157 hectares located in the Whitehorse Mining District in the Yukon Territory. On November 16, 2018 (the "Effective Date"), the Company entered into an option agreement (the "Agreement") with a private entity ("Optionor"), later amended on January 17, 2019, whereby the

(Expressed in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS (Continued)

Rude Creek Gold Property (Continued)

Company could earn a 70% interest in the Property by issuing an aggregate of 7,900,000 common shares, making cash payments totaling $2,500,001, and carrying out exploration and development work of $4,120,000, as outlined below.

Date	Cash Payment	Common Shares to be Issues	Expenditures to be Incurred	Other Requirements
November 16, 2018 (the "**Effective Date**")	$1.00	Nil	Nil	Nil
60 days from the Effective Date (the **Option Date**")	$120,000(1)	Nil	Nil	Nil
The first anniversary of the Option Date	$200,000	400,000	$120,000(2)	List the Common Shares of the Company on the Exchange(3)
The second anniversary of the Option Date	$300,000	1,000,000	$500,000	Nil
The third anniversary of the Option Date	$500,000	1,500,000	$1,000,000	Nil
The fourth anniversary of the Option Date	$1,500,000	5,000,000	$2,500,000	Nil

Notes:
(1) The Company made the payment in January 2019 and this amount was applied towards exploration and development expenditures in the first year of the option. See footnote 2.
(2) Per the Agreement, the $120,000 cash payment due 60 days from the Effective Date would also be included. As of November 30, 2019, the Company had satisfied this expenditure requirement.
(3) The Company satisfied this requirement by having been listed on the Canadian Securities Exchange on June 19, 2019.

During the year ended November 30, 2020, the Company had not fulfilled the cash payment and share issuance due on the first anniversary of the Option Date and let the option to acquire 70% interest in the Property lapse. During the year ended November 30, 2020, the Company impaired all capitalized exploration and evaluation costs related to the Property, resulting in a loss of $151,146 in the statement of net loss and comprehensive loss.

5. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value.

(b) Issued and fully paid

In December 2019, the Company split its issued and outstanding share capital on the basis of two new common shares for each one outstanding common share. All common share and per common share amounts in these financial statements have been retroactively restated to reflect the stock split.

(Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

(b) Issued and fully paid (Continued)

During the year ended November 30, 2020, 50,000 common shares were issued pursuant to the exercise of warrants for proceeds of $5,000.

During the year ended November 30, 2020, 650,000 common shares were issued pursuant to the exercise of options for proceeds of $52,000.

Subsequent to November 30, 2020, 108,000 common shares were issued pursuant to the exercise of warrants for proceeds of $10,800.

During the year ended November 30, 2019:

During the year ended November 30, 2019, 102,000 common shares were issued pursuant to the exercise of warrants for proceeds of $10,200.

On February 8, 2019, the Company closed a non-brokered private placement of 3,691,000 units at a price of $0.05 per unit for gross proceeds of $184,550. Each unit consisted of one common share and one common share purchase warrant. Each warrant can be exercised into one common share of the Company at a price of $0.10 per share until February 8, 2021. The warrants were ascribed a value of $nil under the residual value method. In connection with the private placement, the Company paid $2,626 as a cash finder's fee and issued 200,000 compensation units. Each compensation unit consists of one common share at a deemed value of $0.05 and one warrant exercisable into one common share at a price of $0.10 expiring on April 2, 2021. The Company incurred additional share issue costs of $33,906 during the year ended November 30, 2019, related to this unit financing. In November 2019, 3,475,000 of these warrants and 22,500,000 warrants issued from private placements during the year ended November 30, 2018 were cancelled.

(c) Escrow shares

As at November 30, 2020, 1,200,000 shares were in escrow.

(d) Warrants

Following is a summary of changes in warrants outstanding:

	Warrants outstanding		Weighted average exercise price
Balance, November 30, 2018	22,500,000	$	0.05
Issued	3,891,000		0.10
Exercised	(102,000)		0.10
Cancelled	(25,975,000)		0.05
Balance, November 30, 2019	314,000		0.10
Exercised	(50,000)		0.10
Balance, November 30, 2020	264,000	$	0.10

(Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

(d) Warrants (Continued)

The following table summarizes information about the warrants outstanding and exercisable at November 30, 2020:

Outstanding and exercisable	Exercise price	Expiry date
264,000	$ 0.10	February 8, 2021

Subsequent to November 30, 2020, 108,000 warrants were exercised for proceeds of $10,800 and 156,000 warrants expired unexercised.

(e) Options

The Company has established a rolling Share Option Plan (the "Plan"). Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The maximum term of each option shall not be greater than ten years. The exercise price of each option shall not be less than the market price of the Company's shares at the date of grant. Options granted to consultants performing investor relations activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any three-month period. All other options vest at the discretion of the Board of Directors.

During the year ended November 30, 2020, 1,525,000 share options were granted to directors, officers, and consultants of the Company, vested immediately, exercisable at $0.27 per common share until October 27, 2030. Using the Black-Scholes valuation model, the grant date fair value was $317,114, or $0.21 per option.

The following weighted average assumptions were used for the valuation of the share options:

	2020
Risk-free interest rate	0.50%
Expected life (years)	10 years
Annualized volatility	75.00%
Dividend rate	0.00%

During the year ended November 30, 2019:

During the year ended November 30, 2019, 1,250,000 share options were granted to directors, officers, and consultants of the Company, vested immediately, exercisable at $0.08 per common share until November 21, 2029. Using the Black-Scholes valuation model, the grant date fair value was $72,571, or $0.0581 per option.

The following weighted average assumptions were used for the valuation of the share options:

	2019
Risk-free interest rate	1.49%
Expected life (years)	10 years
Annualized volatility	75.00%
Dividend rate	0.00%

(Expressed in Canadian dollars)

5. SHARE CAPITAL (Continued)

(e) Options (Continued)

Following is a summary of changes in options outstanding:

	Number of options		Weighted average exercise price
Balance, November 30, 2018	-	$	-
Granted	1,250,000		0.08
Balance, November 30, 2019	1,250,000		0.08
Granted	1,525,000		0.27
Exercise	(650,000)		0.08
Balance, November 30, 2020	2,125,000	$	0.22

The following table summarizes information about the options outstanding and exercisable at November 30, 2020:

Outstanding and exercisable	Exercise price		Expiry date
600,000	$	0.08	November 21, 2029
1,525,000	$	0.27	October 27, 2030
2,125,000			

6. RELATED PARTY TRANSACTIONS

During the year ended November 30, 2020, the Company incurred consulting fees of $nil (2019: $62,794) to a company of which a director of the Company is an officer. As at November 30, 2020, $nil (November 30, 2019: $4,562) is due to this company.

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 consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the year ended November 30, 2020, key management personnel compensation included share-based compensation of $72,780 (2019: $23,223) (Note 5(e)).

7. FINANCIAL INSTRUMENTS

Financial Risk Management and Fair Value Measurement

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, amounts receivable, and amounts payable. Cash, amounts receivable and amounts payable are held at carrying value which approximates fair value due to the short-term nature of these instruments.

7. FINANCIAL INSTRUMENTS (Continued)

Financial Instrument Risk Exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company is exposed to credit risk on cash and amounts receivable. The Company reduces its credit risk on cash by maintaining its bank account with a large international financial institution. The maximum exposure to credit risk is equal to the carrying value of its cash.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. At November 30, 2020, the Company had working capital of $33,016. Management has concluded that the Company will require additional funding to continue operations for the next twelve months (Note 1).

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign currency and price risk.

a) *Interest Rate Risk*

The Company is nominally exposed to interest rate risk. The Company's cash earns interest at variable rates. The Company's future earned interest is exposed to short-term rate fluctuations. Interest rate exposure is considered to be insignificant.

b) *Foreign Currency Risk*

The Company is not exposed to currency risk as all transactions are denominated in Canadian dollars.

c) *Price Risk*

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

Fair value

IFRS establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

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 of 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).

7. FINANCIAL INSTRUMENTS (Continued)

Fair value (Continued)

The Company's financial instruments are classified and subsequently measured as follows:

Account	Classification
Cash	Amortized cost
Accounts Payable and accrued liabilities	Amortized cost

8. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions, business opportunity and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or return capital to its shareholders. The Company is not subject to externally imposed capital requirements.

Management reviews its capital management approach on an ongoing basis. There was no change in the Company's management of capital policies during the year ended November 30, 2020.

9. COVID-19 UNCERTAINTY

To the date of this report, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

(Expressed in Canadian dollars)

10. INCOME TAX

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the loss before income taxes due to the following:

		2020		2019
Loss before income taxes	$	(644,445)	$	(232,379)
Canadian federal and provincial income tax rates		27.00%		27.00%
Income tax recovery based on the above rates		(174,000)		(62,700)
Increase (decrease) due to:				
Permanent differences		85,621		19,594
Valuation allowance		88,379		55,670
Share issue cost		-		(12,564)
Income tax recovery	$	-	$	-

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

		2020		2019
Deferred income tax assets:				
Exploration and evaluation assets	$	40,809	$	-
Share issue costs		8,328		11,235
Non-capital loss carryforwards		101,184		51,505
	$	150,321	$	62,740