MOUNTAIN BOY MINERALS LTD.

FINANCIAL STATEMENTS

For the years ended November 30, 2018 and 2017

Mountain Boy Minerals Ltd.
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MANNING ELLIOTT
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Mountain Boy Minerals Ltd.

We have audited the accompanying financial statements of Mountain Boy Minerals Ltd. which comprise the statements of financial position as at November 30, 2018 and 2017, and the statements of comprehensive loss, shareholders' equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Mountain Boy Minerals Ltd. as at November 30, 2018 and 2017, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 2(c) in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Mountain Boy Minerals Ltd. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
March 29, 2019

MOUNTAIN BOY MINERALS LTD.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	November 30, 2018	November 30, 2017
ASSETS			
Current			
Cash		$ 160,313	$ 22,643
Marketable securities	5	3,984,618	-
Receivables		4,370	19,976
Due from joint venture partner	6(b)	37,521	31,021
Prepaid expenses		9,537	17,368
		4,196,359	91,008
Non-current			
Exploration and evaluation assets	6	13,320,935	15,028,170
Reclamation bonds		119,931	118,648
		13,440,866	15,146,818
		$ 17,637,225	$ 15,237,826
LIABILITIES			
Current			
Trade and other payables		$ 119,800	$ 180,770
Due to joint venture partner	6(b)	1,135,278	392,709
Flow-through share premium liability		-	72,000
		1,255,078	645,479
Non-current			
Deferred tax liabilities	11	3,231,000	3,036,000
		4,486,078	3,681,479
SHAREHOLDERS' EQUITY			
Share capital	7	24,189,850	22,936,871
Shares to be issued		-	50,000
Contributed surplus	7	4,245,063	3,804,077
Deficit		(15,283,766)	(15,234,601)
		13,151,147	11,556,347
		$ 17,637,225	$ 15,237,826

Corporate Information – Note 1
Subsequent Events – Note 13

These financial statements were authorized for issue by the Board of Directors on March 29, 2019.
They are signed on the Company's behalf by:

"Mark T. Brown"	Director	*"Lawrence Roulston"*	Director
Mark T. Brown		Lawrence Roulston	

The accompanying notes are an integral part of these financial statements

MOUNTAIN BOY MINERALS LTD.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	For the years ended November 30 2018	2017
Expenses			
Accounting and audit fees		$ 126,400	$ 30,050
Consulting fees		-	64,650
Filing fees		12,443	21,259
Investor relations		24,750	39,000
Legal fees		7,288	41,996
Management fees		17,600	65,000
Office and miscellaneous		8,383	28,098
Shareholder communications		39,585	123,533
Share-based payments	8	856,440	234,000
Telephone		523	3,298
Transfer agent fees		11,913	11,539
		(1,105,325)	(662,423)
Other items			
Gain on sale of exploration and evaluation assets	6(d)	580,927	-
Fair value gain on marketable securities		569,231	-
Other income		101,002	13,974
		1,251,160	13,974
Income (loss) before income taxes		145,835	(648,449)
Income taxes			
Deferred income tax expense	11	(195,000)	(218,000)
Net loss and comprehensive loss		$ (49,165)	$ (866,449)
Basic and diluted loss per share		$ (0.00)	$ (0.03)
Weighted average number of shares outstanding		32,999,327	28,222,639

The accompanying notes are an integral part of these financial statements

MOUNTAIN BOY MINERALS LTD.
STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Shares to be issued	Contributed surplus	Deficit	Total shareholders' equity
Balance as at November 30, 2016	1	27,058,863	$ 21,317,786	$ -	$ 3,889,058	$(14,368,152)	$ 10,838,692
Private placements	7	2,014,733	733,020	-	-	-	733,020
Share issurance costs		-	(14,845)	-	-	-	(14,845)
Exercise of options	7	1,460,000	365,000	-	-	-	365,000
Proceeds for shares to be issued		-	-	50,000	-	-	50,000
Exercise of warrants	7	40,000	14,000	-	-	-	14,000
Share subscriptions		-	-	-	-	-	-
Reclassification on exercise of options		-	318,981	-	(318,981)	-	-
Property option payments		534,286	202,929	-	-	-	202,929
Share-based payments		-	-	-	234,000	-	234,000
Net loss and comprehensive loss		-	-	-	-	(866,449)	(866,449)
Balance as at November 30, 2017	1	31,107,882	22,936,871	50,000	3,804,077	(15,234,601)	11,556,347
Private placements	7	1,002,500	274,612	-	3,200	-	277,812
Share issurance costs		-	(5,787)	-	-	-	(5,787)
Exercise of options	7	1,580,000	395,000	(50,000)	-	-	345,000
Reclassification on exercise of options		-	418,654	-	(418,654)	-	-
Property option payments		620,000	170,500	-	-	-	170,500
Share-based payments		-	-	-	856,440	-	856,440
Net loss and comprehensive loss		-	-	-	-	(49,165)	(49,165)
Balance as at November 30, 2018		**34,310,382**	**$ 24,189,850**	**$ -**	**$ 4,245,063**	**$(15,283,766)**	**$ 13,151,147**

The accompanying notes are an integral part of these financial statements

MOUNTAIN BOY MINERALS LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	For the years ended November 30 2018	2017
Cash provided by (used for):		
Operating activities		
Net loss	$ (49,165)	$ (866,449)
Items not involving cash:		
Share-based payments	856,440	234,000
Deferred income tax expense	195,000	218,000
Gain on sale of exploration and evaluation assets	(580,927)	-
Fair value gain on marketable securities	(569,231)	-
Other income	(99,188)	(13,000)
Changes in non-cash working capital items:		
Receivables	15,606	(33,897)
Due from joint venture partner	(6,500)	-
Prepaid expenses	7,831	(12,060)
Trade and other payables	(1,056)	(13,871)
Cash used in operating activities	(231,190)	(487,277)
Investing activities		
Exploration and evaluation assets	(274,070)	(781,566)
Reclamation bonds	(1,283)	(18,432)
Cash used in investing activities	(275,353)	(799,998)
Financing activities		
Net proceeds from issuance of common shares	644,213	1,182,175
Proceeds for shares to be issued	-	50,000
Cash provided by financing activities	644,213	1,232,175
Net increase (decrease) in cash	137,670	(55,100)
Cash - beginning of the year	22,643	77,743
Cash - end of the year	$ 160,313	$ 22,643

Supplemental disclosure with respect to cash flows - Note 9

The accompanying notes are an integral part of these financial statements

1. Corporate Information

Mountain Boy Minerals Ltd. (the "Company") is an exploration stage company incorporated on April 26, 1999, under the laws of the Province of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties located in the Province of British Columbia, Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "MTB". On November 12, 2018, the Company consolidated its share capital on the basis of one new share for every five old shares. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation (see Note 7(b)).

The Company's head office is 410-325 Howe Street, Vancouver, BC V6C 1Z7.

2. Basis of Preparation

a) Statement of Compliance

The financial statements of the Company have been 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 using the historical cost basis except for financial instruments that have been measured at fair value.

The financial statements are presented in Canadian dollars, which is the Company's functional currency and presentation currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

c) Going Concern

At November 30, 2018, the Company has not generated revenue from operations has an accumulated deficit of $15,283,766 and expects to incur further losses in the exploration and evaluation of its mineral properties. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company's ability to obtain adequate financing to develop the reserves, and its ability to commence profitable operations in the future. These conditions form a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

To date, the Company has been able to fund its operations and its mineral property exploration programs through equity financings. The continued volatility in the equity markets may make it difficult to raise capital through the private placement of shares. The junior mining industry is considered speculative in nature which could make it more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures.

2. Basis of Preparation – (continued)

c) Going Concern (continued)

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

3. Significant Accounting Policies

These financial statements have, in management's opinion, been properly and consistently prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

a) Mineral Exploration and Evaluation Expenditures

Pre-exploration Costs
Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Expenditures
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

3. Significant Accounting Policies – (continued)

b) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

c) Financial Instruments

All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments are comprised of cash, marketable securities, due from joint venture partner, reclamation bonds, trade and other payables and due to joint venture partner. Management has classified financial assets and liabilities as follows:

Financial Assets
The Company has recognized its cash and marketable securities at FVTPL. A financial instrument is classified at FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in income.

The Company has classified its due from joint venture partner and reclamation bonds as loans and receivables. Loans and receivable are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand.

They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

3. Significant Accounting Policies – (continued)

c) Financial Instruments (continued)

Financial Liabilities
Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise of trade and other payables and due to joint venture partner. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carrying in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Impairment of Financial Assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the 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.

d) Provisions

Rehabilitation Provision
The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At November 30, 2018 and 2017, the Company did not have any rehabilitation provisions.

Other Provisions
Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

3. Significant Accounting Policies – (continued)

e) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive 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 or 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.

f) Government Grants

The province of B.C. provides mining exploration tax credits for certain exploration expenditures incurred in B.C. that are recorded as a reduction of the exploration and development costs of the respective exploration and evaluation assets. Until such time that there is significant certainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

The fair value of the common shares issued in a private placement unit of shares and warrants is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted price on the issuance date. The remaining proceeds, if any, are allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus. If the warrants are issued as share issuance costs, the fair value of agent's warrants are measured using the Black-Scholes option pricing model and recognized in equity as a deduction from the proceeds.

Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

3. Significant Accounting Policies – (continued)

h) Loss per Common Share

Basic loss per share is computed by dividing the net loss applicable to the common shares by the weighted average number of common shares outstanding during the period.

Diluted loss per common share is computed by dividing the net loss applicable to the common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. When a loss is incurred during the period; basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is anti-dilutive.

i) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

3. Significant Accounting Policies – (continued)

j) 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.

k) New accounting standards and interpretations

There were no new accounting standards and interpretations which had a material impact on adoption during the year ended November 30, 2018.

Pronouncements that are not applicable or that do not have a significant impact on the Company have not been included in these financial statements. The following standards 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 is currently evaluating the impact of these standards on its financial statements.

- IFRS 9 Financial Instruments (effective December 1, 2018);
- IFRS 15 Revenue from Contracts with Customer (effective December 1, 2018);
- IFRS 16 Leases (effective December 1, 2019);
- IFRIC 23 Uncertainty over Income Tax Treatments (effective December 1, 2019)

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its results and financial position.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

(Expressed in Canadian dollars)

4. Critical Accounting Estimates and Judgments – (continued)

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Rehabilitation Provisions

Rehabilitation provisions have been determined to be $Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

d) Share-Based Payments

The Company uses the Black Scholes Option Pricing Model for valuation of share based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

e) Recognition of Deferred Tax Assets and Liabilities

The carrying amounts of deferred tax assets and liabilities are reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Changes in estimates of future taxable income can materially affect the amount of deferred income tax assets and liabilities recognized.

5. Marketable Securities

The Company holds shares of a publicly traded company which are measured and presented at the observable market share price as at the date of the statements of financial position. The shares were acquired in the transaction described in Note 6(d).

November 30, 2018	**Shares**	**Cost**	**Accumulated Gain (Loss)**	**Total**
Ascot Resources Ltd.	3,794,874	$ 3,415,387	$ 569,231	$ 3,984,618

As at November 30, 2018, the Company has an accumulated unrealized gain of $569,231 (2017 - $nil) which is recorded as a fair value gain on marketable securities through profit and loss.

6. Exploration and Evaluation Assets

a) Barbara (BA) and Surprise Creek Properties

By an agreement dated September 21, 2006, the Company acquired a 50% interest in the Barbara property which consists of ten mineral claims situated in the Skeena Mining Division of British Columbia. The Company was required to complete an 800 metre drill program on the property (completed). The property is subject to a 2% net smelter return royalty to a former director of the Company of which 1% may be purchased for $500,000. During the year ended November 30, 2007, the Company acquired the remaining 50% interest in the property.

On January 28, 2010, the Company entered into an option and joint venture agreement with Great Bear Resources Ltd. ("Great Bear") which granted Great Bear the option to acquire up to a 70% interest in the Barbara, Stro, Booze and George Copper properties. On April 1, 2010, the Company received TSX-V approval for the agreement and issued 120,000 common shares valued at $1.00 per share as a finder's fee with respect to this transaction. The agreement gave Great Bear the option to earn an initial 50% interest in the Barbara and George Copper properties by paying $158,000 (paid) and incurring $5,500,000 in exploration expenditures on or before December 31, 2013 (incurred).

The agreement was amended on October 25, 2010 in which Great Bear could earn an additional 20% interest by completing a bankable feasibility study on or before December 31, 2015. Great Bear did not complete a bankable feasibility study by December 31, 2015 and therefore did not execute their option to acquire an additional 20% interest in the properties. In consideration of the amendment, Great Bear included the Surprise Creek Property under the terms of the agreement and the acquisition costs for the Surprise Creek Property were borne entirely by Great Bear, and were applied against the earn-in requirement towards the Barbara Property. The Surprise Creek Property consists of 19 mineral claims situated in the Skeena Mining Division of British Columbia.

On October 18, 2016, the Company and Great Bear amended their agreement and entered into separate joint venture agreements for the Barbara and Surprise Creek Properties. The joint venture agreements set Great Bear as the operator of the Barbara Property and set the Company as the operator of the Surprise Creek Property. Both the Company and Great Bear retain a 50% ownership interest in the Surprise Creek and Barbara Properties.

On June 1, 2017, the Company and Great Bear entered into an additional option agreement in which the Company was granted the option to acquire Great Bear's 50% interest in the Barbara and Surprise Creek properties by issuing a total of 2,000,000 common shares and paying $1,300,000 to Great Bear in stages between the date of TSX-V acceptance of the agreement and August 20, 2020 as follows:

- On signing, Great Bear will receive 500,000 shares (issued)
- $150,000 by August 20, 2017 (paid);
- $150,000 by November 20, 2017 (paid);
- 500,000 shares by April 15, 2018 (issued) and $300,000 by August 20, 2018 (deferred to March 20, 2019 by issuing 120,000 shares; subsequently, the $300,000 was paid using 323,000 common shares of Ascot (Note 6(d)));
- 500,000 shares by April 15, 2019 and $350,000 by August 20, 2019;
- 500,000 shares by April 15, 2020 and $350,000 by August 20, 2020.

In addition, the Company will make cash payments to Great Bear on achieving certain milestones toward establishing an economic resource, which could amount to as much as $3,700,000 were both properties to go into production.

6. Exploration and Evaluation Assets – (continued)

b) Red Cliff Property

The Company had a 100% interest in the Red Cliff claims which are located in the Skeena Mining Division of British Columbia. The Red Cliff property was subject to a 2% net smelter return royalty ("NSR") of which 1% may be purchased for $1,000,000.

On November 19, 2008, Decade Resources Ltd. ("Decade"), a public company, with directors in common with the Company acquired a 60% interest in Red Cliff claims by incurring $1,250,000 in exploration expenditures on the Red Cliff Claims. Decade became the operator of the property.

On October 31, 2011, the Company informed Decade that it could not finance its share of exploration expenditures and therefore would have its interest diluted under the terms of the joint venture agreement. At October 31, 2011, the Company owed Decade $435,785 in exploration expenditures related to its 40% interest in the Red Cliff property. Effective November 1, 2011, the Company agreed to dilute its interest by 5% in lieu of the $435,785 thereby reducing its interest to 35%.

On October 23, 2017, Decade and the Company purchased a 1% NSR in the Red Cliff claims whereby the Company paid $3,500 in cash and issued 34,286 common shares for the Company's 35% interest in the NSR.

During the year ended November 30, 2018, the Company incurred $767,568 (2017: $714,850) in joint venture exploration costs to Decade and $nil (2017: $19,474) in joint venture acquisition costs on the Red Cliff property.

As of November 30, 2018, the Company has a balance payable to Decade of $1,135,278 (2017: $392,709) for joint venture exploration costs on Red Cliff which was included in due to joint venture partner and Decade owed $37,521 (2017: $31,021) to the Company for the reimbursement of expenses. The amounts owing between Decade and the Company are non-interest bearing and due on demand. Subsequently, on March 28, 2019, Decade and the Company agreed that if the Company pays $925,000 to Decade by June 30, 2019, all amounts owing up to March 28, 2019 (net of the receivable from Decade) by the Company will be considered settled in full. As the agreement and settlement was not completed by the Company's November 30, 2018 fiscal year end the balance of $1,135,278 is recorded as the liability amount due to joint partner.

c) Mountain Boy Silver (MB Silver) Property

The Company has a 100% interest in seven mineral claims located in the Skeena Mining Division in the Province of British Columbia.

The claims are subject to a 2% net smelter return royalty which may be purchased for $1,000,000, or one half of it may be purchased for $500,000.

d) Silver Coin Properties

The Silver Coin claims are a group of thirty-two mineral claims located in the Skeena Mining Division of British Columbia.

Pursuant to an option agreement dated March 26, 2004, the Company acquired a 55% interest in four mineral claims contiguous to the Silver Coin claims known as the Indi claims. In addition, the Company acquired a 29.4% interest in the Kansas claim, a claim contiguous to the Silver Coin claims.

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets – (continued)

d) Silver Coin Properties – (continued)

By an agreement dated July 29, 2004, the Company granted Jayden Resources Inc. (“Jayden”) the option to earn up to 51% of the Company’s interest in the Silver Coin, Kansas and Indi claims by incurring $1,750,000 in exploration expenditures (incurred).

The Company and Jayden agreed to form a joint venture to further develop the claims. Under the terms of the option agreement, if either the Company or Jayden acquires properties within 10 km of the Silver Coin properties, such additional properties will be part of the joint venture.

On July 6, 2009, the Company signed an agreement with Jayden to sell 19% of the Silver Coin project (with the necessary adjustments to the Kansas and Indi claims percentages included) to Jayden for $350,000 (received). As a result, Jayden owned a 70% interest in the Silver Coin project as a whole with the Company owning the remaining 30% interest.

Jayden could earn an additional 10% interest in the project by completing $4,000,000 in exploration related expenditures by July 31, 2014.

During the year ended November 30, 2011, Jayden had completed the required expenditures and its interest was increased to 80%. The Company’s interest then became 20% and it remained a carried interest for all future exploration expenditures.

On August 12, 2018, the Company entered into an agreement to sell its 20% interest in the Silver Coin property to Ascot Resources Ltd. (“Ascot”). On October 26, 2018, the Company received 3,794,874 common shares of Ascot as sale proceeds.

The Company has accounted for the sale of the Silver Coin property to Ascot in the following summary:

Sale proceeds of 3,746,874 shares of Ascot	$ 3,415,387
Less:	
Capitalized cost of Silver Coin property	(2,834,460)
Gain on sale of Silver Coin property	$ 580,927

On the date of sale the proceeds are valued at the quoted market price of the shares received, with the amount of proceeds first credited towards the capitalized cost of the Silver Coin property and the excess recorded as a gain on sale.

e) Other Properties

Stro, Booze and George Copper Properties
The Company has a 100% interest in the Stro, Booze and George Copper mineral properties located in the Skeena Mining Division of British Columbia.

As part of the joint venture and option agreement on the Barbara property, the Company granted Great Bear Resources Ltd. the option to acquire up to a 70% interest in the Stro, Booze and George Copper properties. See Note 5(a) – Barbara and Surprise Creek Properties.

6. Exploration and Evaluation Assets – (continued)

e) Other Properties – (continued)

West George Copper Property
On August 30, 2017, the Company entered into an option agreement with Auramex Resource Corp. ("Auramex") whereby the Company can earn a 60% interest in West George Copper property as follows:

- On signing, Auramex will receive $700,000 in portable assessment credits;
- $10,000 cash and $30,000 of work expenditures before the second anniversary;
- $20,000 cash and $50,000 of work expenditures before the third anniversary;
- After earning a 60% interest, each $250,000 of work expenditures will increase the percentage ownership by 5%;
- If the Company earns a 95% interest, the remaining 5% converts to a 1.5% net smelter return royalty;
- Once the option is exercised, Auramex will receive a 2% net smelter return royalty of which 1% can be purchased for $1,000,000.

The property consists of 288 hectares adjacent to the Company's 100% owned George Copper property.

Manuel Creek Property
On December 9, 2016, the Company acquired a 100% interest in the Manuel Creek zeolite property located northeast of Keremeos, British Columbia for $15,000.

The Company acquired two claims covering the Manuel Creek zeolite property for $3,500 in April 2018.

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets – (continued)

	Barbara and Surprise Creek	Red Cliff	Mountain Boy Silver	Silver Coin	Other Properties	Total
Property acquisition costs						
Balance November 30, 2017	$ 706,565	$ 201,974	$ 920,547	$ 80,124	$ 40,057	$ 1,949,267
Property payments	320,500	-	-	-	3,500	324,000
Balance November 30, 2018	1,027,065	201,974	920,547	80,124	43,557	2,273,267
Deferred exploration costs						
Balance November 30, 2017	4,134,876	4,475,838	1,577,797	2,754,336	136,056	13,078,903
Assays	9,907	35,507	-	-	-	45,414
Drilling	-	633,453	-	-	-	633,453
Equipment rental	-	19,810	-	-	-	19,810
Geological	13,100	15,405	5,300	-	700	34,505
Geophysics	6,650	-	-	-	-	6,650
Helicopter	-	(2,602)	-	-	-	(2,602)
Labour	-	40,657	-	-	-	40,657
Supplies and miscellaneous	-	25,338	-	-	-	25,338
	29,657	767,568	5,300	-	700	803,225
Balance November 30, 2018	4,164,533	5,243,406	1,583,097	2,754,336	136,756	13,882,128
Less:						
Sale of exploration and evaluation assets	-	-	-	(2,834,460)	-	(2,834,460)
Total	$ 5,191,598	$5,445,380	$ 2,503,644	$ -	$ 180,313	$13,320,935

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets – (continued)

	Barbara and Surprise Creek	Red Cliff	Mountain Boy Silver	Silver Coin	Other Properties	Total
Property acquisition costs						
Balance November 30, 2016	$ 365,940	$ 182,500	$ 920,547	$ 80,124	$ 25,057	$ 1,574,168
Property payments	340,625	19,474	-	-	15,000	375,099
Balance November 30, 2017	706,565	201,974	920,547	80,124	40,057	1,949,267
Deferred exploration costs						
Balance November 30, 2016	3,849,530	3,760,988	1,563,271	2,754,336	115,753	12,043,878
Assays	16,301	23,339	573	-	289	40,502
Camp costs	6,298	-	-	-	-	6,298
Drilling	60,774	434,367	-	-	-	495,141
Equipment rental	-	44,395	-	-	-	44,395
Geological	17,825	33,811	1,200	-	900	53,736
Helicopter	129,122	5,521	-	-	-	134,643
Labour	48,650	112,273	10,500	-	16,100	187,523
Supplies and miscellaneous	6,376	61,144	2,254	-	3,014	72,787
	285,346	714,850	14,527	-	20,303	1,035,025
Balance November 30, 2017	4,134,876	4,475,838	1,577,798	2,754,336	136,056	13,078,903
Total	$ 4,841,441	$4,677,812	$ 2,498,345	$2,834,460	$ 176,113	$15,028,170

7. Share Capital

a) Authorized

Unlimited common shares without par value

b) On November 12, 2018, the Company consolidated its share capital on the basis of one new share for every five old shares. All references to the number of shares and per share amounts have been retroactively restated to reflect the consolidation.

c) Details of issuance of common shares

During the Year Ended November 30, 2018:

The Company issued 500,000 common shares with a fair value of $137,500 to Great Bear for an option payment on the Barbara and Surprise Creek properties. The Company also issued 120,000 common shares with a fair value of $33,000 to Great Bear to defer payment of $300,000 from August 20, 2018 to March 20, 2019.

The Company issued 1,580,000 common shares at $0.25 per share for proceeds of $395,000 pursuant to the exercise of stock options.

On September 4, 2018, the Company issued 362,500 flow-through common shares at $0.40 per share for total proceeds of $145,000. The Company recorded a flow-through premium liability of $27,188 and incurred share issuance costs of $867.

On November 19, 2018, the Company issued 640,000 units at $0.25 per unit for total proceeds of $160,000. Each unit consisted of one common share and one share purchase warrant to purchase an additional common share at $0.30 per share until November 19, 2020. Under the residual value method, $3,200 was assigned to the warrant component of the units. The Company incurred share issuance costs of $4,920.

During the Year Ended November 30, 2017:

The Company issued 1,460,000 common shares at $0.25 per share for proceeds of $365,000 pursuant to the exercise of stock options.

The Company issued 40,000 common shares at $0.35 per share for proceeds of $14,000 pursuant to the exercise of share purchase warrants.

The Company issued 500,000 common shares with a fair value of $187,500 to Great Bear for an option payment on the Barbara and Surprise Creek properties and the Company also issued 34,286 common shares with a fair value of $15,429 for purchasing its proportionate share of the NSR related to the Red Cliff property.

On March 15, 2017, the Company issued 130,000 flow-through units at $0.40 per unit and 598,733 non-flow-through units at $0.30 per unit for total proceeds of $231,620. The Company recorded a flow-through premium liability of $13,000 and incurred share issuance costs of $1,908.

Each flow-through unit consisted of one flow-through common share and one share purchase warrant to purchase an additional common share at $0.50 per share until March 15, 2019. Each non-flow-through unit consisted of one non-flow-through common share and one share purchase warrant to purchase an additional common share at $0.50 per share until March 15, 2019.

(Expressed in Canadian dollars)

7. Share Capital – (continued)

c) Details of issuance of common shares (continued)

During the Year Ended November 30, 2017: (continued)

The share purchase warrants contain an acceleration right in favour of the Company, whereby if for a trading period of 20 continuous days before the expiry of the warrants, the price of the Company's common shares is at least $0.80 per share, the Company may provide a notice that the warrants will expire on the 11th day after the date of notice, if unexercised.

On September 25, 2017, the Company issued 720,000 flow-through units at $0.50 per unit and 566,000 non-flow-through units at $0.40 per unit for total proceeds of $586,400. The Company recorded a flow-through premium liability of $72,000 and incurred share issuance costs of $12,937.

Each flow-through unit consisted of one flow-through common share and one share purchase warrant to purchase an additional common share at $0.50 per share until September 25, 2019. Each non-flow-through unit consisted of one non-flow-through common share and one share purchase warrant to purchase an additional common share at $0.65 per share until September 25, 2019.

c) Warrants

A continuity of warrants for the year ended November 30, 2018 is as follows:

Expiry date		Exercise price ($)	November 30, 2017	Issued	Exercised	Expired	November 30, 2018
October 11, 2018		0.35	2,160,000	-	-	(2,160,000)	-
March 15, 2019	*	0.50	728,733	-	-	-	728,733
September 25, 2019		0.50	566,000	-	-	-	566,000
September 25, 2019		0.65	720,000	-	-	-	720,000
November 19, 2020		0.30	-	640,000	-	-	640,000
Warrants outstanding			4,174,733	640,000	-	(2,160,000)	2,654,733
Weighted average exercise price ($)			$ 0.45	$ 0.30	$ -	$ 0.35	$ 0.49

* Subsequently these warrants expired unexercised.

The weighted average remaining life of the outstanding warrants as at November 30, 2018 is 0.95 years (November 30, 2017 – 1.23 years).

A continuity of warrants for the year ended November 30, 2017 is as follows:

Expiry date	Exercise price ($)	November 30, 2016	Issued	Exercised	Expired	November 30, 2017
October 11, 2018	0.35	2,200,000	-	(40,000)	-	2,160,000
March 15, 2019	0.50	-	728,733	-	-	728,733
September 25, 2019	0.50	-	566,000	-	-	566,000
September 25, 2019	0.65	-	720,000	-	-	720,000
Warrants outstanding		2,200,000	2,014,733	(40,000)	-	4,174,733
Weighted average exercise price ($)		$ 0.35	$ 0.55	$ 0.35	$ -	$ 0.45

(Expressed in Canadian dollars)

7. Share Capital – (continued)

d) Share Purchase Option Compensation Plan

The Company has a stock option plan under which the maximum number of stock options available for grant cannot exceed 20% of the issued and outstanding common shares of the Company at the date of the grant. Stock options may be granted for a maximum term of five years and expire 90 days from termination of employment or holding office as a director or officer of the Company. Unless otherwise stated, stock options vest when granted.

A continuity of options for the year ended November 30, 2018 is as follows:

Expiry date	Exercise price ($)	November 30, 2017	Issued	Exercised	Expired / forfeited	November 30, 2018
August 17, 2021	0.25	240,000	-	-	-	240,000
August 22, 2021	0.25	800,000	-	(800,000)	-	-
September 7, 2021	0.375	600,000	-	-	-	600,000
May 16, 2022	0.25	780,000	-	(780,000)	-	-
July 10, 2023	0.40	-	2,160,000	-	-	2,160,000
Options outstanding		2,420,000	2,160,000	(1,580,000)	-	3,000,000
Options exercisable		2,420,000	2,160,000	(1,580,000)	-	3,000,000
Weighted average exercise price ($)		$ 0.28	$ 0.40	$ 0.25	$ -	$ 0.38

The weighted average remaining life of the outstanding options as at November 30, 2018 is 4.09 years (November 30, 2017 – 3.97 years).

A continuity of options for the year ended November 30, 2017 is as follows:

Expiry date	Exercise price ($)	November 30, 2016	Issued	Exercised	Expired / forfeited	November 30, 2017
August 17, 2017	0.25	100,000	-	(100,000)	-	-
August 17, 2021	0.25	400,000	-	(160,000)	-	240,000
August 22, 2021	0.25	2,000,000	-	(1,200,000)	-	800,000
September 7, 2021	0.375	600,000	-	-	-	600,000
May 16, 2022	0.25	-	780,000	-	-	780,000
Options outstanding		3,100,000	780,000	(1,460,000)	-	2,420,000
Options exercisable		3,025,000	780,000	(1,460,000)	-	2,420,000
Weighted average exercise price ($)		$ 0.27	$ 0.25	$ 0.25	$ -	$ 0.28

The fair value of the stock options granted during the year ended November 30, 2018 was $856,440 or $0.40 per option. The following table summarizes the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the options:

	2018	2017
Risk-free interest rate	1.30%	1.13%
Expected stock price volatility	234.88%	167.00%
Expected option life in years	5 years	5 years
Expected dividend in yield	Nil	Nil
Forfeiture rate	0.00%	0.00%
Share price on grant date	$0.40	$0.30

(Expressed in Canadian dollars)

8. Related Party Transactions

Payments to related parties were made in the normal course of operations and were valued at fair value. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand. There are no commitments or guarantees associated with the outstanding balances.

		Years ended		As at	As at
		November 30	November 30	November 30	November 30
Amounts in accounts payable:	Services for:	2018	2017	2018	2017
Lawrence Roulston	Management fee	$ 25,000	$ -	$ 1,250	$ -
Rene Bernard	Consulting fee and management fee	7,500	27,500	-	-
A private company controlled by a former director of the Company	Management & administration fee	-	30,000	-	-
Ed Kruchkowski / a private company controlled by a former director of the Company	Management fee	-	30,000	-	10,015
Ed Kruchkowski	Geological	-	61,600	-	-
A private company controlled by a director of the Company	Office and miscellaneous	-	5,250	-	-
A private company controlled by a director of the Company [(a)]	Accounting and management services	103,500	-	8,400	-
A public company with former directors in common with the Company	Exploration costs	-	714,850	-	392,709
A private company controlled by an officer of the Company [(b)]	Marketing services	15,000	-	-	-
Total		$ 151,000	$ 869,200	$ 9,650	$ 402,724

Amounts in accounts receivable:	Services for:				
A public company with former directors in common with the Company	Investor relations	$ -	$ -	$ -	$ 31,021
Total		$ -	$ -	$ -	$ 31,021

(a) Mark T. Brown was appointed as the Chief Executive Officer and director effective December 15, 2017 and resigned as the Chief Executive Officer on June 27, 2018, but remains as a director. Mark T. Brown is the president of this private company.
(b) Nancy Curry was appointed as the Vice President Corporate Development effective July 3, 2018.

Key management personnel compensation includes all compensation paid to executive management and members of the board of directors of the Company.

(Expressed in Canadian dollars)

8. Related Party Transactions – (continued)

For the year ended November 30, 2018:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments [1]	Total
Lawrence Roulston Chief Executive Officer, Director	$25,000	$Nil	$Nil	$Nil	$Nil	$237,900	$262,900
Rene Bernard Former Chief Financial Officer, Director	$7,500	$Nil	$Nil	$Nil	$Nil	$79,300	$86,800
Mark T. Brown Former Chief Executive Officer, Director	$Nil	$Nil	$Nil	$Nil	$Nil	$158,600	$158,600
Winnnie Wong Chief Financial Officer	$Nil	$Nil	$Nil	$Nil	$Nil	$79,300	$79,300
Nancy Curry VP Corporate Development	$Nil	$Nil	$Nil	$Nil	$Nil	$237,900	$237,900
Ron Cannan Director	$Nil	$Nil	$Nil	$Nil	$Nil	$63,440	$63,440
Total:	$32,500	$Nil	$Nil	$Nil	$Nil	$856,440	$888,940

For the year ended November 30, 2017:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments [1]	Total
Edward Kruchkowski Chief Executive Officer, Director	$30,000	$Nil	$Nil	$Nil	$Nil	$Nil	$30,000
Randy Kasum Chief Financial Officer, Director	$30,000	$Nil	$Nil	$Nil	$Nil	$Nil	$30,000
Rene Bernard Director, Former Chief Financial Officer	$27,500	$Nil	$Nil	$Nil	$Nil	$234,000	$261,500
Total:	$87,500	$Nil	$Nil	$Nil	$Nil	$234,000	$321,500

(1) Share-based payments are the fair values of the stock options granted during the years ended November 30, 2018 and 2017 calculated using the Black-Scholes Option Pricing Model (see note 7(d)).

9. Non-Cash Transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. The following transactions were excluded from the statements of cash flows:

During the year ended November 30, 2018:

a) The Company incurred exploration and evaluation costs of $767,569 which are included in due to joint venture partner and $6,651 which are included in trade and other payables at November 30, 2018.

b) The Company received 3,794,874 common shares of Ascot with a fair value of $3,415,387 for selling the Company's 20% interest in the Silver Coin property which had a capitalized cost of $2,834,460.

c) The Company issued 620,000 common shares with a fair value of $170,500 to Great Bear for an option payment on the Barbara and Surprise Creek properties.

d) The Company reclassified $418,654 from contributed surplus to share capital on the exercise of 1,580,000 stock options.

During the year ended November 30, 2017:

a) The Company incurred exploration and evaluation costs of $392,709 which are included in due to joint venture partner and $66,566 which are included in trade and other payables at November 30, 2017.

b) The Company issued 500,000 common shares with a fair value of $187,500 to Great Bear for an option payment on the Barbara and Surprise Creek properties and the Company also issued 34,288 common shares with a fair value of $15,429 for purchasing its proportionate share of the 1% NSR related to the Red Cliff property.

c) The Company reclassified $318,981 from contributed surplus to share capital on the exercise of 1,460,000 stock options and 40,000 warrants.

10. Financial Instruments

The fair values of the Company's financial assets and liabilities approximate their carrying amounts because of their current nature.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, marketable securities, due from joint venture partner, reclamation bonds, trade and other payables and due to joint venture partner. Cash and marketable securities are designated at fair value through profit and loss. Due from joint venture partner and reclamation bonds are classified as loans and receivables. Trade and other payables and due to joint venture partner are classified as other financial liabilities.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is exposed to interest rate risk.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's accounts payable are all current and due within 90 days of the balance sheet date. At November 30, 2018, the Company had working capital of $2,941,281 which will provide sufficient capital to meet its short-term financial obligations.

Market Risk
Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavourable markets conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in markets prices, such that changes in market prices results in a proportionate change in the carrying value of the Company's investments.

(Expressed in Canadian dollars)

11. Income Taxes

The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

	2018	2017
Income (loss) before income taxes	$ 145,835	$ (648,449)
Combined statutory tax rate	26.92%	26.00%
Expected income tax expense (recovery)	39,300	(168,600)
Permanent and other differences	226,600	161,600
Change in tax rates	-	72,000
Change in unrecognized deferred tax assets	(70,900)	153,000
Deferred income tax expense	$ 195,000	$ 218,000

Deferred Tax Assets and Liabilities

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered:

	2018	2017
Non-capital losses	$ 946,000	$ 1,016,000
Capital losses	49,000	49,000
Financing costs	4,000	3,000
Exploration and evaluation assets	(3,077,000)	(3,036,000)
Marketable securities	(154,000)	-
Deferred tax assets - unrecognised	(999,000)	(1,068,000)
Deferred tax liability - recognised	$ (3,231,000)	$ (3,036,000)

At November 30, 2018, the Company has estimated non-capital losses for income tax purposes of $3,503,000 that may be carried forward to reduce taxable income in future taxation years.

The non-capital tax losses expire as follows:

2027	$ 341,000
2029	296,000
2030	206,000
2031	538,000
2032	633,000
2033	296,000
2034	218,000
2035	162,000
2036	384,000
2037	429,000
	$ 3,503,000

(Expressed in Canadian dollars)

11. Income Taxes – (continued)

During the year ended November 30, 2018, the Company renounced $145,000 (2017: $408,000) of resource expenditures. Expenditures related to the use of flow-through share proceeds are included in exploration costs but are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors. At November 30, 2018, the Company has an obligation for future flow-through expenditures of $nil (2017: $356,400).

12. Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties, finance corporate overhead costs, meet obligations as they come due, and to maintain a flexible capital structure which optimizes the cost of capital within a framework at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. The Company has no earning and therefore has historically financed its acquisition and exploration activities and corporate overhead costs by the sale of common shares.

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 its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize development efforts, the Company does not pay out dividends.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resources markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects. The Company is not subject to any externally imposed capital requirements.

13. Subsequent Events

a) On March 1, 2019, the Company entered into an option agreement to earn 100% interest in the Dorothy Property. To earn the 100% interest, over a four year period the Company is to pay a total of $120,000 to the optionors plus issue 800,000 common shares as purchase consideration.

	Cash		Shares		Cumulative Exploration Work Commitments
5 days from TSXV approval	$ 5,000	Paid	100,000	Issued	$ -
Mar 1, 2020	15,000		100,000		$ 50,000
Mar 1, 2021	25,000		150,000		$ 125,000
Mar 1, 2022	25,000		200,000		$ 200,000
Mar 1, 2023	50,000		250,000		$ 500,000
TOTAL	$ 120,000		800,000		

13. Subsequent Events – (continued)

b) On March 19, 2019, the Company announced that it had an option to acquire a 100% interest in a portion of the Silver Crown property. Under the agreement with Auramex, the Company will participate in an underlying option agreement, by which the two companies will divide the property, each taking portions adjacent to existing projects.

The agreement between Auramex and the Company (which is subject to the acceptance of the TSX-V) specifies that each of Auramex and the Company will receive predetermined portions of the property upon exercise of the underlying option agreement (see below). In return, the Company has agreed to finance a pro rata portion of the underlying agreement, as determined by the relative areas of the properties to be received by each company, being 85% for the Company, in return for the rights to portions of the property aggregating 1,478 hectares. Auramex and the Company have one director in common with the decision on this agreement determined by the other directors.

The underlying Auramex option of the Silver Crown property is an arm's-length transaction and, in order to exercise the option, Auramex must pay to the vendor $10,000 and 100,000 common shares of Auramex on execution of the option agreement, subject to regulatory approval. A further $110,000 and 400,000 common shares of Auramex are payable over four years. The vendor retains a 2% net smelter return royalty, of which one-half can be purchased for $1 million until 90 days after the start of commercial production, with an advance royalty commencing in 2026. Auramex is required to keep the property in good standing. The transaction is subject to the acceptance of the TSX-V.