



MOUNTAIN BOY MINERALS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the nine months ended August 31, 2019 and 2018

Mountain Boy Minerals Ltd.
Suite 410 – 325 Howe Street
Vancouver, BC V6C 1Z7

Trading Symbol: MTB
Telephone: 604-687-3520
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**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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

	Note	August 31, 2019 (Unaudited)	November 30, 2018 (Audited)
ASSETS			
Current			
Cash		\$ 267,924	\$ 160,313
Marketable securities	4	1,053,911	3,984,618
Receivables	5(f)	148,318	4,370
Due from joint venture partners	5(b)	889	37,521
Prepaid expenses		3,094	9,537
		1,474,136	4,196,359
Non-current			
Exploration and evaluation assets	5	13,877,510	13,320,935
Reclamation bonds		120,190	119,931
		13,997,700	13,440,866
		\$ 15,471,836	\$ 17,637,225
LIABILITIES			
Current			
Trade and other payables		\$ 118,179	\$ 119,800
Due to joint venture partner	5(b)	250,000	1,135,278
		368,179	1,255,078
Non-current			
Deferred tax liabilities		3,231,000	3,231,000
		3,599,179	4,486,078
SHAREHOLDERS' EQUITY			
Share capital	6	24,303,370	24,189,850
Contributed surplus	6	4,328,023	4,245,063
Deficit		(16,758,736)	(15,283,766)
		11,872,657	13,151,147
		\$ 15,471,836	\$ 17,637,225

Corporate Information – Note 1

These condensed interim financial statements were authorized for issue by the Board of Directors on October 22, 2019.

They are signed on the Company's behalf by:

<u>“Mark T. Brown”</u> Mark T. Brown	Director	<u>“Lawrence Roulston”</u> Lawrence Roulston	Director
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The accompanying notes are an integral part of these condensed interim financial statements

MOUNTAIN BOY MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited, expressed in Canadian dollars)

	Note	For the three months ended August 31		For the nine months ended August 31	
		2019	2018	2019	2018
Expenses					
Accounting and audit fees		\$ 26,500	\$ 22,500	\$ 74,421	\$ 79,400
Filing fees		1,401	1,525	6,761	6,445
Investor relations		9,000	-	27,000	13,000
Legal fees		187	2,247	8,799	7,288
Management fees		10,500	10,000	21,100	17,500
Office and miscellaneous		2,800	2,035	8,818	6,074
Shareholder communications		3,897	8,648	15,067	29,438
Share-based payments	8	82,960	856,440	82,960	856,440
Telephone		187	23	632	246
Transfer agent fees		1,777	1,779	10,430	6,761
		<u>(139,209)</u>	<u>(905,197)</u>	<u>(255,988)</u>	<u>(1,022,592)</u>
Other items					
Gain on settlement of debt	5(b)	-	-	172,757	-
Fair value gain (loss) on marketable securities	4	223,133	-	(1,020,907)	-
Realized (loss) on marketable securities	4	(338,321)	-	(373,926)	-
Other income		496	268	3,094	1,559
		<u>(114,692)</u>	<u>268</u>	<u>(1,218,982)</u>	<u>1,559</u>
Net loss and comprehensive loss		<u>\$ (253,901)</u>	<u>\$ (904,929)</u>	<u>\$ (1,474,970)</u>	<u>\$ (1,021,033)</u>
Basic and diluted loss per share		<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.04)</u>	<u>\$ (0.03)</u>
Weighted average number of shares outstanding		<u>34,910,382</u>	<u>33,187,882</u>	<u>34,626,805</u>	<u>32,777,079</u>

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

MOUNTAIN BOY MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited, 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, 2017	1	31,107,882	\$ 22,936,871	50,000	\$ 3,804,077	\$(15,234,601)	\$ 11,556,347
Exercise of options	6	1,580,000	395,000	(50,000)	-	-	345,000
Reclassification on exercise of options		-	418,654	-	(418,654)	-	-
Property option payments	6	500,000	137,500	-	-	-	137,500
Share-based payments		-	-	-	856,440	-	856,440
Net loss and comprehensive loss		-	-	-	-	(1,021,033)	(1,021,033)
Balance as at August 31, 2018		33,187,882	23,888,025	-	4,241,863	(16,255,634)	11,874,254
Private placements	6	1,002,500	274,612	-	3,200	-	277,812
Share issuance costs	6	-	(5,787)	-	-	-	(5,787)
Property option payments	6	120,000	33,000	-	-	-	33,000
Net loss and comprehensive loss		-	-	-	-	971,868	971,868
Balance as at November 30, 2018	1	34,310,382	24,189,850	-	4,245,063	(15,283,766)	13,151,147
Share issuance costs		-	(1,480)	-	-	-	(1,480)
Property option payments	6	600,000	115,000	-	-	-	115,000
Share-based payments		-	-	-	82,960	-	82,960
Net loss and comprehensive loss		-	-	-	-	(1,474,970)	(1,474,970)
Balance as at August 31, 2019		34,910,382	\$ 24,303,370	\$ -	\$ 4,328,023	\$(16,758,736)	\$ 11,872,657

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

MOUNTAIN BOY MINERALS LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited, expressed in Canadian dollars)

	For the nine months ended	
	August 31	
	2019	2018
Cash provided by (used for):		
Operating activities		
Net loss	\$ (1,474,970)	\$ (1,021,033)
Items not involving cash:		
Share-based payments	82,960	856,440
Gain on settlement of debt	(172,757)	-
Fair value loss on marketable securities	1,020,907	-
Realized loss on marketable securities	373,926	-
Changes in non-cash working capital items:		
Receivables	(12,303)	11,628
Due from joint venture partner	(889)	-
Prepaid expenses	6,443	15,067
Trade and other payables	(34,313)	44,409
Cash used in operating activities	<u>(210,996)</u>	<u>(93,489)</u>
Investing activities		
Exploration and evaluation assets	(1,215,528)	(259,172)
Proceeds from sale of marketable securities	1,535,874	-
Reclamation bonds	(259)	(1,345)
Cash provided by (used in) investing activities	<u>320,087</u>	<u>(260,517)</u>
Financing activities		
Net proceeds from issuance of common shares	(1,480)	395,000
Proceeds for shares to be issued	-	(50,000)
Cash provided by (used in) financing activities	<u>(1,480)</u>	<u>345,000</u>
Net increase (decrease) in cash	107,611	(9,006)
Cash - beginning of the period	<u>160,313</u>	<u>22,643</u>
Cash - end of the period	<u>\$ 267,924</u>	<u>\$ 13,637</u>

Supplemental disclosure with respect to cash flows - Note 8

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

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

For the nine months ended August 31, 2019 and 2018

(Unaudited, expressed in Canadian dollars)

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 6(b)).

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

2. Basis of Preparation

a) Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of Measurement

These condensed interim financial statements have been prepared using the historical cost basis except for financial instruments that have been measured at fair value.

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

The preparation of condensed interim 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.

c) Going Concern

At August 31, 2019, the Company has not generated revenue from operations has an accumulated deficit of \$16,758,736 and expects to incur further losses in the exploration and evaluation of its mineral properties. These condensed interim 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.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements
For the nine months ended August 31, 2019 and 2018
(Unaudited, expressed in Canadian dollars)

2. Basis of Preparation – (continued)

c) Going Concern (continued)

These condensed interim 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.

d) New accounting standards and interpretations

There were no new accounting standards and interpretations which had a material impact on adoption during the nine months ended August 31, 2019.

Pronouncements that are not applicable or that do not have a significant impact on the Company have not been included in these condensed interim 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 condensed interim financial statements.

- 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.

3. Significant Accounting Policies

These unaudited condensed interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent annual financial statements for the year ended November 30, 2018.

These unaudited condensed interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended November 30, 2018. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended August 31, 2019 are not necessarily indicative of the results that may be expected for the current fiscal year ending November 30, 2019.

Adoption of IFRS 9 – Financial Instruments

On December 1, 2018, the Company adopted IFRS 9 - Financial Instruments ("IFRS 9") which replaced IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard using the modified retrospective approach. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. The standard also had no impact on the carrying amounts of the Company's financial instruments at the transition date.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements

For the nine months ended August 31, 2019 and 2018

(Unaudited, expressed in Canadian dollars)

3. Significant Accounting Policies – (continued)Adoption of IFRS 9 – Financial Instruments – (continued)

The following summarizes the significant changes in IFRS 9 compared to the current standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The change did not impact the carrying amounts of any of the Company's financial assets on transition date.

The classification and measurement of financial assets and financial liabilities under IFRS 9 is as follows:

	IAS 39	IFRS 9
Financial Assets		
Cash	Amortized cost	Amortized cost
Receivables	Amortized cost	Amortized cost
Marketable securities	Available-for-sale	Fair value through profit and loss
Due from joint venture partner	Amortized cost	Amortized cost
Reclamation bonds	Amortized cost	Amortized cost
Financial Liabilities		
Trade and other payables	Amortized cost	Amortized cost
Due to joint venture partner	Amortized cost	Amortized cost

4. 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 5(d).

August 31, 2019	Shares	Cost	Fair value
Ascot Resources Ltd.	1,672,874 \$	1,505,587 \$	1,053,911

November 30, 2018	Shares	Cost	Fair value
Ascot Resources Ltd.	3,794,874 \$	3,415,387 \$	3,984,618

	August 31, 2019	August 31, 2018
Net changes in fair value on marketable securities through profit or loss:		
Realized loss	(373,926)	-
Change in unrealized loss	(1,020,907)	-

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements
For the nine months ended August 31, 2019 and 2018
(Unaudited, expressed in Canadian dollars)

5. 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; the \$300,000 was paid using 323,000 common shares of Ascot (Note 5(d)));
- 500,000 shares by April 15, 2019 (issued) and \$350,000 by August 20, 2019 (negotiating to defer);
- 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.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements
For the nine months ended August 31, 2019 and 2018
(Unaudited, expressed in Canadian dollars)

5. 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 nine months ended August 31, 2019, the Company incurred \$nil (during the year ended November 30, 2018: \$767,568) in joint venture exploration costs to Decade on the Red Cliff property.

On March 28, 2019, Decade and the Company signed a settlement and amending agreement to settle the amount owed by the Company to Decade (net of the receivable from Decade) up to the date of the agreement being \$925,000 and such amount shall be paid on or before June 30, 2019. As a result, the Company recorded a gain on settlement of debt of \$172,757 during the nine months ended August 31, 2019 (2018 - \$nil). As of August 31, 2019, the Company had a balance payable to Decade of \$250,000 (subsequently \$150,000 was paid) (November 30, 2018: \$1,135,278) for joint venture exploration costs on Red Cliff which was included in due to joint venture partner and Decade owed \$nil (November 30, 2018: \$37,521) to the Company for the reimbursement of expenses. The amounts owing between Decade and the Company are non-interest bearing and due on demand.

c) American Creek West Project (formerly Mountain Boy 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.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements
 For the nine months ended August 31, 2019 and 2018
 (Unaudited, expressed in Canadian dollars)

5. Exploration and Evaluation Assets – (continued)c) American Creek West (formerly Mountain Boy Silver Property) – (continued)

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	\$ -
March 1, 2020	15,000		100,000		\$ 50,000
March 1, 2021	25,000		150,000		\$ 125,000
March 1, 2022	25,000		200,000		\$ 200,000
March 1, 2023	50,000		250,000		\$ 500,000
TOTAL	\$ 120,000		800,000		

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 participated in an underlying option agreement, by which the two companies divide the property based on the relative areas, each taking portions adjacent to existing projects, with Auramex being responsible for 15% of the payments to the underlying owners and the Company being responsible for 85% of the payments.

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 a total of \$120,000 and 500,000 common shares of Auramex over a four-year period. 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 Company is required to pay Auramex back 85% of the payments that Auramex made in cash within 5 business days and for the payments Auramex made in shares, the Company will make an equivalent cash payment based on the value that Auramex records as the transaction.

	Cash		Shares
March 15, 2019	\$ 10,000	Paid by Auramex and reimbursed by the Company	-
5 days from TSXV approval	-		100,000
March 15, 2020	15,000		100,000
March 15, 2021	20,000		100,000
March 15, 2022	25,000		100,000
	50,000		100,000
TOTAL	\$120,000		500,000

As of August 31, 2019, Auramex owed \$889 (November 30, 2018: \$nil) to the Company for the reimbursement of expenses which was included in due from joint venture partners.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements
For the nine months ended August 31, 2019 and 2018
(Unaudited, expressed in Canadian dollars)

5. Exploration and Evaluation Assets – (continued)

d) More Creek Property

The More Creek property is located in the Skeena Mining Division in the Province of British Columbia. On August 23, 2019, the Company acquired 100% interest of this property through staking and a purchase agreement with a third party by issuing 160,000 common shares of the Company (subsequently issued), subject to TSX-V approval.

e) Silver Coin Properties

The Silver Coin claims are a group of thirty-two mineral claims located in the Skeena Mining Division of British Columbia where the Company had a 20% interest while its joint venture partner Jayden Resources Inc. (“Jayden”) had an 80% interest.

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 accounted for the sale of the Silver Coin property to Ascot in the following summary during the year ended November 30, 2018:

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

On the date of sale, the proceeds were 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.

f) 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.

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements
For the nine months ended August 31, 2019 and 2018
(Unaudited, expressed in Canadian dollars)

5. Exploration and Evaluation Assets – (continued)

f) 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 (subsequently paid) and \$30,000 of work expenditures before the second anniversary (amended and extended to August 30, 2020);
- \$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.

g) British Columbia Mining Exploration Tax Credit (“BC METC”)

During the nine months ended August 31, 2019, the Company received BC METC of \$83,387. As of August 31, 2019, the Company records a receivable of \$131,645 as BC METC receivable related to fiscal 2018 (subsequently received).

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements
For the nine months ended August 31, 2019 and 2018
(Unaudited, expressed in Canadian dollars)

5. Exploration and Evaluation Assets – (continued)

	Barbara and Surprise Creek	Red Cliff	American Creek West	More Creek	Other Properties	Total
Property acquisition costs						
Balance November 30, 2018	\$ 1,027,065	\$ 201,974	\$ 920,547	\$ -	\$ 43,557	\$ 2,193,143
Property payments	395,000	-	39,395	-	10,000	444,395
Balance August 31, 2019	1,422,065	201,974	959,942	-	53,557	2,637,538
Deferred exploration costs						
Balance November 30, 2018	4,164,533	5,243,406	1,583,097	-	136,756	11,127,792
Assays	3,451	-	2,554	-	-	6,005
Camp costs	18,877	240	15,227	3,470	-	37,814
Drilling	-	-	-	-	-	-
Equipment rental	-	-	-	-	-	-
General and administration	105	-	82	-	-	187
Geological	112,467	7,393	81,073	6,660	-	207,593
Geophysics	-	-	-	-	-	-
Helicopter	44,095	-	13,387	8,160	-	65,642
Holding costs	-	-	-	-	3,296	3,296
Labour	-	-	2,000	-	-	2,000
Supplies and miscellaneous	1,629	-	1,096	-	-	2,725
Trucking	-	-	1,950	-	-	1,950
	180,624	7,633	117,369	18,290	3,296	327,212
Balance August 31, 2019	4,345,157	5,251,039	1,700,466	18,290	140,052	11,455,004
Less:						
Mining tax credit	-	(215,032)	-	-	-	(215,032)
Total	\$ 5,767,222	\$ 5,237,981	\$ 2,660,408	\$ 18,290	\$ 193,609	\$ 13,877,510

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements
For the nine months ended August 31, 2019 and 2018
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5. Exploration and Evaluation Assets – (continued)

	Barbara and Surprise Creek	Red Cliff	American Creek West	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

Mountain Boy Minerals Ltd.

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6. Share Capitala) 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 SharesDuring the Nine Months Ended August 31, 2019:

The Company issued 100,000 common shares with a fair value of \$20,000 to the optionors for an option payment on the Dorothy property (Note 5(c)).

The Company issued 500,000 common shares with a fair value of \$95,000 to Great Bear pursuant to the June 1, 2017 option agreement (Note 5(a)).

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.

c) Warrants

A continuity of warrants for the nine months ended August 31, 2019 is as follows:

<u>Expiry date</u>	<u>Exercise price (\$)</u>	<u>November 30, 2018</u>	<u>Issued</u>	<u>Exercised</u>	<u>Expired</u>	<u>August 31, 2019</u>
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		2,654,733	-	-	(728,733)	1,926,000
Weighted average exercise price (\$)		\$ 0.49	\$ -	\$ -	\$ 0.50	\$ 0.49

*Subsequently these warrants expired unexercised.

Mountain Boy Minerals Ltd.

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 For the nine months ended August 31, 2019 and 2018
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6. Share Capital – (continued)c) Warrants – (continued)

The weighted average remaining life of the outstanding warrants as at August 31, 2019 is 0.45 years (November 30, 2018 – 0.95 years).

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.

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 10% 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 nine months ended August 31, 2019 is as follows:

Expiry date	Exercise price (\$)	November 30, 2018	Issued	Exercised	Expired / forfeited	August 31, 2019
August 17, 2021	0.25	240,000	-	-	-	240,000
September 7, 2021	0.375	600,000	-	-	-	600,000
July 10, 2023	0.40	2,160,000	-	-	-	2,160,000
July 10, 2024	0.21	-	400,000	-	-	400,000
Options outstanding		3,000,000	400,000	-	-	3,400,000
Options exercisable		3,000,000	400,000	-	-	3,400,000
Weighted average exercise price (\$)		\$ 0.38	\$ 0.21	\$ -	\$ -	\$ 0.36

The weighted average remaining life of the outstanding options as at August 31, 2019 is 3.52 years (November 30, 2018 – 4.09 years).

Mountain Boy Minerals Ltd.

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6. Share Capital – (continued)d) Share Purchase Option Compensation Plan – (continued)

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

<u>Expiry date</u>	<u>Exercise price (\$)</u>	<u>November 30, 2017</u>	<u>Issued</u>	<u>Exercised</u>	<u>Expired / forfeited</u>	<u>November 30, 2018</u>
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 following table summarizes the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the options:

	<u>August 31, 2019</u>	<u>August 31, 2018</u>
Risk-free interest rate	1.33%	1.30%
Expected stock price volatility	222.20%	234.88%
Expected option life in years	5 years	5 years
Expected dividend yield	Nil	Nil
Forfeiture rate	0.00%	0.00%
Share price on grant date	\$0.21	\$0.08

7. 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.

		<u>Nine months ended</u>		<u>As at August 31 2019</u>	<u>As at November 30 2018</u>
		<u>August 31 2019</u>	<u>August 31 2018</u>		
Amounts in accounts payable:	Services for:				
Lawrence Roulston	Management fee	\$ 65,000	\$ 10,000	\$ -	\$ 1,250
Rene Bernard	Management fee	-	7,500	-	-
A private company controlled by a director of the Company ^(a)	Accounting and management services	70,921	80,500	7,900	8,400
A private company controlled by an officer of the Company ^(b)	Marketing services	27,000	6,000	-	-
A public company with a director in common with the Company ^(c)	Geological services and property option payments	49,358	-	10,000	-
A private company controlled by an officer of the Company ^(d)	Geological services	100,725	-	-	-
Total		\$ 313,004	\$ 104,000	\$ 17,900	\$ 9,650

Mountain Boy Minerals Ltd.

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7. Related Party Transactions – (continued)

- (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.
- (c) Lawrence Roulston was appointed as the director effective December 15, 2017 and he is also a director of this public company.
- (d) Lucia Theny was appointed as the Vice President Exploration effective April 23, 2019.

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

For the nine months ended August 31, 2019:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Lawrence Roulston Chief Executive Officer, Director	\$65,000	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$65,000
Winnie Wong Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Lucia Theny VP Exploration	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$82,960	\$82,960
Total:	\$65,000	\$Nil	\$Nil	\$Nil	\$Nil	\$82,960	\$147,960

For the nine months ended August 31, 2018:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Other expenses	Share-based payments	Total
Lawrence Roulston Chief Executive Officer, Director	\$10,000	\$Nil	\$Nil	\$Nil	\$Nil	\$237,900	\$247,900
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
Winnie 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:	\$17,500	\$Nil	\$Nil	\$Nil	\$Nil	\$856,440	\$873,940

Mountain Boy Minerals Ltd.

Notes to the Condensed Interim Financial Statements
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8. 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 nine months ended August 31, 2019:

- a) The Company incurred exploration and evaluation costs of \$39,343 which are included in accounts payable and accrued liabilities at August 31, 2019.
- b) The Company issued 500,000 common shares with a fair value of \$95,000 to Great Bear for an option payment on the Barbara and Surprise Creek properties and issued 100,000 common shares with a fair value of \$20,000 for an option payment on the Dorothy property.
- c) The Company paid \$300,000 using 323,000 common shares of Ascot to Great Bear for an option payment on the Barbara and Surprise Creek properties.
- d) the Company recorded mining tax credit of \$131,645 which is included in receivables as at August 31, 2019.

During the nine months ended August 31, 2018:

- a) The Company incurred exploration and evaluation costs of \$310,917 which are included in due to joint venture partner at August 31, 2018.
- b) The Company reclassified \$418,654 from contributed surplus to share capital on the exercise of 7,900,000 stock options.
- c) 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.

9. Financial Instruments

The Company's financial instruments consist of cash, marketable securities, receivables, due from joint venture partner, reclamation bonds, trade and other payables and due to joint venture partner. The fair values of the Company's financial assets and liabilities approximate their carrying amounts because of their current nature.

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.

Mountain Boy Minerals Ltd.

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9. Financial Instruments – (continued)

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 August 31, 2019, the Company had working capital of \$1,105,957 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.

10. 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.