

RT MINERALS CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
RT Minerals Corp.

We have audited the accompanying consolidated financial statements of RT Minerals Corp. which comprise the consolidated statements of financial position as at November 30, 2018 and 2017, and the consolidated statements of comprehensive loss, changes in 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of RT Minerals Corp. as at November 30, 2018 and 2017, and its financial performance and its 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 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of RT Minerals Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
March 28, 2019

RT MINERALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT NOVEMBER 30, 2018 AND 2017
(Expressed in Canadian Dollars)

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash		49,104	45,582
Short-term investments	5	86,023	125
Amounts receivable		3,215	54,923
Prepaid expenses		633	433
		138,975	101,063
Non-current assets			
Exploration and evaluation assets	6	1,104,219	1,469,330
		1,243,194	1,570,393
Liabilities			
Current liabilities			
Trade and other payables		37,735	162,873
Due to related parties	12	4,934	14,908
		42,669	177,781
Equity			
Share capital	8	13,327,053	12,498,535
Contributed surplus	8	1,711,001	1,561,635
Accumulated deficit		(13,837,529)	(12,667,558)
		1,200,525	1,392,612
		1,243,194	1,570,393

Nature of operations and going concern (Note 1)
Commitments (Note 13)
Subsequent events (Note 17)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 28, 2019 and are signed on its behalf by:

/s/ "Donald M. Clark"

Director

/s/ "Edmond Hatoum"

Director

The accompanying notes form an integral part of these consolidated financial statements.

RT MINERALS CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017
(Expressed in Canadian Dollars)

	Note	2018 \$	2017 \$
Expenses			
Employee costs	10	323,031	377,367
Finance expense	10	3,312	8,746
General and administrative expenses	10	135,154	231,804
Impairment of exploration and evaluation assets	6	627,069	-
Total expenses		(1,088,566)	(617,917)
Other income and (expenses)	10	(81,405)	16,983
Net loss and comprehensive loss for the year		(1,169,971)	(600,934)
Loss per common share, basic and diluted		(0.18)	(0.21)
Weighted average number of common shares outstanding		6,497,550	2,811,581

The accompanying notes form an integral part of these consolidated financial statements.

RT MINERALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of Shares	Share Capital \$	Contributed Surplus \$	Accumulated Deficit \$	Total \$
Balance at November 30, 2016	2,091,763	11,250,991	1,442,192	(12,066,624)	626,559
Net and comprehensive loss for the year	-	-	-	(600,934)	(600,934)
Shares issued for private placement	1,388,700	827,560	-	-	827,560
Shares issued for warrant exercises	28,100	14,050	-	-	14,050
Shares issued for option exercises	150,100	280,961	(130,851)	-	150,110
Shares issued for Dill River	10,000	6,000	-	-	6,000
Shares issued for Dog Lake	150,000	105,000	-	-	105,000
Shares issued for Golden Reed Mine	100,000	40,000	-	-	40,000
Shares issued for Norwalk	10,000	6,000	-	-	6,000
Share-based payments	-	-	250,294	-	250,294
Share issuance costs	20,300	(32,027)	-	-	(32,027)
Balance at November 30, 2017	3,948,963	12,498,535	1,561,635	(12,667,558)	1,392,612
Net and comprehensive loss for the year	-	-	-	(1,169,971)	(1,169,971)
Shares issued for private placement	7,750,000	786,000	20,000	-	806,000
Shares issued for Golden Reed Mine	100,000	50,000	-	-	50,000
Shares issued for South Wawa	35,000	15,750	-	-	15,750
Shares issued for Norwalk	100,000	7,000	-	-	7,000
Share-based payments	-	-	129,366	-	129,366
Share issuance costs	154,000	(30,232)	-	-	(30,232)
Balance at November 30, 2018	12,087,963	13,327,053	1,711,001	(13,837,529)	1,200,525

On June 20, 2018, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares then issued and outstanding (the "Share Consolidation"). As a result of the Share Consolidation, the number of shares, warrants and options presented in these consolidated financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for all historic years presented (Note 8(a)).

The accompanying notes form an integral part of these consolidated financial statements.

RT MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017
(Expressed in Canadian Dollars)

	2018	2017
	\$	\$
Operating activities		
Loss for the year	(1,169,971)	(600,934)
Items not involving cash:		
Flow-through share premium	-	(65,740)
Impairment of exploration and evaluation assets	627,069	-
Loss on disposal of exploration and evaluation assets	65,319	-
Loss on disposal of short-term investments	-	49,664
Share-based payments	93,413	60,920
Unrealized loss on short-term investments	16,102	50
Changes in non-cash working capital accounts:		
Amounts receivable	51,708	(24,452)
Prepaid expenses	(200)	16,038
Trade and other payables	(142,093)	12,945
Total cash used in operating activities	(458,653)	(551,509)
Investing activities		
Expenditures on exploration and evaluation assets	(258,619)	(629,175)
Proceeds from sale of exploration and evaluation assets	5,000	-
Purchase of short-term investments	(50,000)	205,161
Total cash flows used in investing activities	(303,619)	(424,014)
Financing activities		
Proceeds from share issuances	795,000	1,044,250
Share issuance costs	(19,232)	(18,817)
Advances from related parties	(9,974)	(5,854)
Demand loan received	172,000	10,000
Demand loan repayment	(172,000)	(10,000)
Total cash flows provided by financing activities	765,794	1,019,579
Total increase in cash during the year	3,522	44,056
Cash, beginning of year	45,582	1,526
Cash, end of year	49,104	45,582
Supplemental information		
Interest paid	3,322	50
Income taxes paid	-	-

Refer to Note 16 for non-cash transactions incurred during the years ended November 30, 2018 and 2017.

The accompanying notes form an integral part of these consolidated financial statements.

RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 1

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

RT Minerals Corp. (the “Company”) was incorporated under the Business Corporations Act of British Columbia on March 9, 2007. The Company’s business activity is the exploration and evaluation of mineral properties in Canada. The Company is listed on the TSX Venture Exchange (“TSXV”), having the symbol RTM-V, as a Tier 2 mining issuer.

The address of the Company’s corporate office and principal place of business is 1100 - 595 Howe Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations since inception. The Company has accumulated losses of \$13,837,529 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

2. BASIS OF PREPARATION

Statement of Compliance

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 28, 2019.

Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as described in Note 3.

The consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, RT Minerals Corp (Guyana) Inc. (“RTMG”). RTMG was incorporated in Guyana. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 2

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Mineral Exploration and Evaluation Assets

All costs related to the acquisition, exploration and development of resource properties are capitalized and classified as intangible assets. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of exploration and evaluation assets is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values.

When options are granted on resource properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain in the consolidated statement of comprehensive loss.

b) Impairment of Non-Financial Assets

Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal; no further substantive expenditures are planned; exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered; or indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 3

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Financial Instruments

Financial Assets

The Company's financial assets are classified into various categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Certain amounts receivable are classified as loans and receivables.

Fair Value Through Profit or Loss

A financial asset is classified as fair value through profit or loss ("FVTPL") if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of a portfolio of identified financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and short-term investments are classified as FVTPL.

Held-to-Maturity

Held-to-maturity ("HTM") investments are recognized on a trade-date basis and are measured at amortized cost. The Company does not have any assets classified as HTM investments.

Available-for-Sale

Available-for-sale ("AFS") financial assets are initially recognized at fair value. Subsequently, gains and losses arising from changes in fair value are recognized in other comprehensive income. When an AFS financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 4

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Financial Instruments (continued)

Impairment of Financial Assets

At each reporting date the Company assesses 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.

Financial Liabilities

The Company has the following non-derivative financial liabilities: trade payables and due to related parties.

Financial liabilities classified as other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition other financial liabilities are measured at amortized cost. Trade payables and amounts due to related parties are classified as other financial liabilities.

Transaction costs associated with financial assets classified at FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. All financial liabilities are initially recorded at fair value and designated upon inception at FVTPL or other financial liabilities.

d) Short-term Investments

Short-term investments include term deposits and marketable securities. Term deposits are Canadian guaranteed investment certificates that have maturities within 12 months from the consolidated statement of financial position date and are readily convertible into known amounts of cash with minimal risk of fluctuation in fair value. Marketable securities are investments in publicly traded companies.

e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 5

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Deferred Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities, and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

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 it is probable that future taxable profit will allow the deferred tax asset to be recovered.

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, stock options, share warrants and flow-through shares are classified as equity instruments.

The proceeds from the issue of units are allocated between common shares and share purchase warrants based on the residual value method. The fair value of common shares is based on the market closing price on the date the units are issued. Equity instruments issued to agents as financing costs are measured at their fair value at the date of grant. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-Through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred and renounced, the Company derecognizes the liability. The de-recognition of the liability is recorded as other income.

RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 6

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Share Capital (continued)

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource exploration expenditures within a two-year period. Any portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

h) Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

i) Share-based Payments

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined that the fair value of the goods or services cannot be reliably measured, it would then be recorded at the date the goods or services were received. The fair value of share-based compensation is charged to the consolidated statement of comprehensive loss with a corresponding credit recorded to contributed surplus. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

The fair value of options is determined using the Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

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 consolidated statement of comprehensive loss over the remaining vesting period.

RT MINERALS CORP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 7

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Share-based Payments (continued)

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 in the consolidated statement of comprehensive loss.

The Black-Scholes option pricing model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

j) Foreign Currency Translation

The presentation currency and functional currency of the Company and its Guyana subsidiary is the Canadian dollar as this is the principal currency of the economic environment in which they operate. The Company's Guyana subsidiary is financially and operationally dependent on the Company. The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in comprehensive loss.

k) New Accounting Standards, Interpretations and Amendments to Existing Standards

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended November 30, 2018, and have not been applied in preparing the consolidated financial statements.

The following new standards, amendments and interpretations have not been early adopted in these consolidated financial statements and are not expected to have a material effect on the Company's future results and financial position:

Accounting standards effective for annual periods beginning on or after January 1, 2018

IFRS 15 Revenue from Contracts with Customers – In May 2014, the IASB issued IFRS 15 which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 8

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) New Accounting Standards, Interpretations and Amendments to Existing Standards (continued)

IFRS 9 *Financial Instruments* – In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

Accounting standards effective for annual periods beginning on or after January 1, 2019

IFRS 16 *Leases* – IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

IFRIC 23 *Uncertainty over Income Tax Treatments* – IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

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 or loss 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 estimates and judgements 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 consolidated financial statements are discussed below:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 9

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

i) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether 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 impairment, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

ii) Title to Mineral Property Interests

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.

iii) Income Taxes

Significant judgment is required in determining the provision for income taxes and the recognition of deferred income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than any amount recognized as current or deferred taxes.

iv) Going Concern

As described in Note 1, management uses its judgement in determining whether the Company is able to continue as a going concern.

v) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 9.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – Page 10

FOR THE YEARS ENDED NOVEMBER 30, 2018 AND 2017

(Expressed in Canadian Dollars)

5. SHORT-TERM INVESTMENTS

Short-term investments consist of term deposits and marketable securities. As at November 30, 2018 and 2017, the fair values of the short-term investments are as follows:

	November 30, 2018 \$	November 30, 2017 \$
Term deposits	50,000	-
Marketable securities	36,023	125
	<u>86,023</u>	<u>125</u>

a) Opawica Explorations Inc.

On October 28, 2015, pursuant to a property sale agreement, the Company received 1,000,000 common shares of Investissements Gema Inc. (“Gema”), a private company incorporated in Canada, which were recorded at a nominal value. Pursuant to a letter agreement dated February 25, 2016, the Company and Gema agreed to exchange the 1,000,000 common shares of Gema for 200,000 common shares of Opawica Explorations Inc. (“Opawica”), a company with directors in common with the Company. The exchange of the Gema shares for the Opawica shares was completed on June 28, 2016, and resulted in the recognition of a gain of \$120,000 in the consolidated statement of comprehensive loss.

A summary table of the Company’s investment in Opawica marketable securities is as follows:

	Number of shares	Fair value \$
Balance, November 30, 2016	200,000	70,000
Proceeds on sale	(199,500)	(20,161)
Loss on sale	-	(49,664)
Unrealized loss	-	(50)
Balance, November 30, 2017	500	125
Unrealized loss	-	(102)
Balance, November 30, 2018	<u>500</u>	<u>23</u>

b) Manitou Gold Inc.

On October 19, 2018, pursuant to a property sale agreement, the Company received 800,000 common shares of Manitou Gold Inc. (“Manitou”), a public company listed for trading on the TSX Venture Exchange, which were recorded at market value of \$52,000.

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5. SHORT-TERM INVESTMENTS (CONTINUED)

b) Manitou Gold Inc. (continued)

A summary table of the Company's investment in Manitou marketable securities is as follows:

	Number of shares	Fair value \$
Balance, November 30, 2017	-	-
Manitou shares received on October 19, 2018	800,000	52,000
Unrealized loss	-	(16,000)
Balance, November 30, 2018	800,000	36,000

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(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

	Ballard Lake	Norwalk	Dill River	Dog Lake	Golden Reed	South Wawa	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at November 30, 2016	378,954	35,788	22,748	-	-	-	437,490
Exploration costs							
Administration	29,289	166,971	3,375	1,875	-	-	201,510
Community consultations	6,077	14,662	3,469	-	-	-	24,208
Drilling	2,432	167,320	-	-	-	-	169,752
Geological survey	-	1,200	-	-	-	-	1,200
Geophysical survey	-	163,362	-	-	-	-	163,362
Mapping	-	20,620	-	-	-	-	20,620
Reports	18,375	6,574	-	-	-	-	24,949
Sampling	-	69,782	-	-	-	-	69,782
Technical assessment	24,249	36,311	21,069	1,994	-	-	83,623
	80,422	646,802	27,913	3,869	-	-	759,006
Acquisition of property	76,774	22,060	16,000	115,000	43,000	-	272,834
Balance at November 30, 2017	536,150	704,650	66,661	118,869	43,000	-	1,469,330
Exploration costs							
Administration	2,950	38,903	2,950	3,450	3,450	2,250	53,953
Community consultations	-	2,500	-	-	-	-	2,500
Drilling	-	236,034	-	-	-	-	236,034
Line cutting	-	12,150	-	-	-	-	12,150
Reports	-	5,411	-	-	-	-	5,411
Sampling	-	44,524	-	-	-	-	44,524
Technical assessment	-	9,515	358	-	-	-	9,873
Exploration grant	-	(77,918)	-	-	-	-	(77,918)
	2,950	271,119	3,308	3,450	3,450	2,250	286,527
Acquisition of property	-	32,000	-	-	50,000	15,750	97,750
Impairment of property	(539,100)	-	(69,969)	-	-	(18,000)	(627,069)
Sale of property	-	-	-	(122,319)	-	-	(122,319)
Balance at November 30, 2018	-	1,007,769	-	-	96,450	-	1,104,219

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6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Ballard Lake Property (Wawa, Ontario)

On February 6, 2015, as amended March 25, 2015, the Company signed an Agreement (the “Property Agreement”) with an arms-length vendor to acquire the Ballard Lake gold and diamond property located approximately 50 km northeast of Wawa, Ontario. Under the terms of the Property Agreement, the Company would acquire a 100% interest, subject to a 2% retained royalty, in the property and as consideration would issue 40,000 common shares of the Company to the vendor. The shares were issued on April 28, 2015 and had a fair value of \$80,000.

On October 12, 2016, the Company signed an agreement with the vendor to pay a 2% retained royalty on any additional mineral claims staked on land that is contiguous to the property, and the Company shall have the right to repurchase 1% of the royalty on the property at any time for \$1,000,000. Through staking, the Company increased the Ballard Lake property’s size to approximately 366 square kilometres.

The Company does not plan any further exploration on the property, and accordingly \$539,100 in exploration and acquisition costs were written off as an impairment loss during the year ended November 30, 2018.

b) Norwalk Property (Wawa, Ontario)

On September 20, 2016, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% retained royalty, in the Norwalk gold property located six kilometres south of the town of Wawa, Ontario. The Company may earn its interest in the property by paying an initial consideration of \$5,000 (paid) and issuing 20,000 common shares of the Company (issued on October 5, 2016 with a fair value of \$18,000) upon receipt of TSXV approval of the Option Agreement (the “Acceptance Date”) (approved October 5, 2016); and making additional optional payments of:

- i. \$15,000 (paid) and 10,000 common shares (issued on October 5, 2017 with a fair value of \$6,000) on the first anniversary of the Acceptance Date;
- ii. \$25,000 (paid) and 100,000 common shares (issued on October 5, 2018 with a fair value of \$7,000) on the second anniversary of the Acceptance Date; and
- iii. \$45,000 and 100,000 common shares on the third anniversary of the Acceptance Date.

c) Dill River Property (Wawa, Ontario)

On September 23, 2016, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% retained royalty, in the Dill River gold property located seven kilometres east of the town of Wawa, Ontario. The Company may earn its interest in the property by paying an initial consideration of \$3,000 (paid) and issuing 20,000 common shares of the Company (issued on October 5, 2016 with a fair value of \$18,000) upon receipt of TSXV approval of the Option Agreement (the “Acceptance Date”) (approved October 5, 2016); and making additional optional payments of:

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6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

c) Dill River Property (Wawa, Ontario) (continued)

- i. \$10,000 (paid) and 10,000 common shares (issued on October 5, 2017 with a fair value of \$6,000) on the first anniversary of the Acceptance Date;
- ii. \$17,000 and 100,000 common shares on the second anniversary of the Acceptance Date; and
- iii. \$20,000 and 100,000 common shares on the third anniversary of the Acceptance Date.

The Company does not plan any further exploration on the property, and accordingly the option was abandoned and \$69,969 in exploration and acquisition costs were written off as an impairment loss during the year ended November 30, 2018.

d) Dog Lake Property (Wawa, Ontario)

On June 8, 2017, the Company signed an Agreement with an arms-length vendor to acquire a 100% interest, subject to a 2% retained royalty, in the Dog Lake gold property located approximately 59 kilometres northeast of Wawa, Ontario in consideration of \$10,000 (paid) and 150,000 common shares of the Company (issued on June 23, 2017 with a fair value of \$105,000).

Pursuant to an agreement dated September 25, 2018, the Company sold its 100% interest in the Dog Lake gold property to Manitou Gold Inc. (“Manitou”) for consideration of \$5,000 and 800,000 common shares of Manitou with a fair value of \$52,000. This transaction was completed on October 19, 2018 and a loss on disposal of exploration and evaluation assets of \$65,319 was recorded during the year ended November 30, 2018.

e) Golden Reed Mine Property (Wawa, Ontario)

On October 18, 2017, the Company signed an option agreement (the “Option Agreement”) to acquire a 100% interest, subject to a 2% retained royalty, in the Golden Reed Mine gold property located approximately six kilometres southeast of the town of Wawa, Ontario. The Company shall have the right to purchase 1% of the royalty on the property at any time for \$1,000,000. The Company exercised the option on January 31, 2018 and earned its interest in the property by paying an initial consideration of \$3,000 (paid) and issuing 100,000 common shares of the Company (issued on November 14, 2017 with a fair value of \$40,000) upon receipt of TSXV approval of the Option Agreement (the “Acceptance Date”) (approved November 13, 2017); and making an additional optional payment of 100,000 common shares on or before the first anniversary of the Acceptance Date (issued on January 31, 2018 with a fair value of \$50,000).

f) South Wawa Property (Wawa, Ontario)

On February 14, 2018, the Company signed an Agreement with an arms-length vendor to acquire a 100% interest in the South Wawa gold property located approximately 10 kilometres south of Wawa, Ontario in consideration of 35,000 common shares of the Company (issued on March 1, 2018 with a fair value of \$15,750).

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6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

f) South Wawa Property (Wawa, Ontario) (continued)

The Company does not plan any further exploration on the property, and accordingly \$18,000 in exploration and acquisition costs were written off as an impairment loss during the year ended November 30, 2018.

7. DEMAND LOANS

On June 25, 2018, the Company received a demand loan of \$86,000 from an arm's length party, bearing interest at 10% per annum. The demand loan was repaid on September 4, 2018 along with interest of \$1,673.

On June 26, 2018, the Company received a demand loan of \$86,000 from an arm's length party who subsequently became the Chief Executive Officer and President of the Company, bearing interest at 10% per annum. The demand loan was repaid on September 4, 2018 along with interest of \$1,649.

8. SHARE CAPITAL AND RESERVES

a) Common Shares

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

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

On June 20, 2018, the Company consolidated its issued and outstanding common shares on the basis of one (1) post-consolidation common share for every ten (10) pre-consolidation common shares then issued and outstanding (the "Share Consolidation"). As a result of the Share Consolidation, the number of shares, warrants and options presented in these consolidated financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for all historic years presented.

The Company issued the following common shares during the year ended November 30, 2018:

- i) On December 22, 2017, the Company completed a non-brokered private placement consisting of 400,000 units priced at \$0.50 for total proceeds of \$200,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.50 for a one-year term.

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8. SHARE CAPITAL AND RESERVES (CONTINUED)

- ii) On December 29, 2017, the Company completed a non-brokered private placement consisting of 350,000 flow-through units priced at \$0.50 for total proceeds of \$175,000. Each flow-through unit consists of one flow-through common share and one half of a share purchase warrant, with each whole warrant exercisable into one further common share at a price of \$0.60 for a one-year term. A 10% commission comprised of \$2,000 cash and 4,000 common shares at \$0.50 per share was paid on \$40,000 of the private placement.
- iii) On January 31, 2018, the Company issued 100,000 common shares with a fair value of \$0.50 per share to exercise the Golden Reed Mine property option described in Note 6(e).
- iv) On March 1, 2018, the Company issued 35,000 common shares with a fair value of \$0.45 per share pursuant to the South Wawa property acquisition described in Note 6(f).
- v) On August 31, 2018, the Company closed the first tranche of a non-brokered private placement consisting of 4,000,000 units priced at \$0.06 for total proceeds of \$240,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.08 for a two-year term. All securities issued in the first tranche are subject to a hold period expiring January 1, 2019.
- vi) On September 7, 2018, the Company closed the final tranche of a non-brokered private placement consisting of 3,000,000 units priced at \$0.06 for total proceeds of \$180,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of \$0.08 for a two-year term. A 10% commission comprised of \$9,000 cash and 150,000 common shares at \$0.06 per share was paid on the final tranche. All securities issued in the final tranche are subject to a hold period expiring January 8, 2019.
- vii) On October 5, 2018, the Company issued 100,000 common shares with a fair value of \$0.07 per share pursuant to the Norwalk property option described in Note 6(b).

The Company issued the following common shares during the year ended November 30, 2017:

- viii) On March 17, 2017, the Company completed a non-brokered private placement consisting of 300 units at a price of \$1,400 per unit for total proceeds of \$420,000. Each unit consists of 1,000 flow-through common shares, 1,000 non flow-through common shares, and 2,000 share purchase warrants exercisable at a price of \$1.00 for a two-year term. A 10% commission consisting of \$8,610 cash and 12,300 common shares with a value of \$0.70 per share was paid on \$172,200 of the private placement.
- ix) In March 2017, 3,350 share purchase warrants with an exercise price of \$0.50 per share were exercised for gross proceeds of \$1,675.
- x) In April 2017, 133,000 stock options with an exercise price of \$1.00 per share were exercised for gross proceeds of \$133,000.

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8. SHARE CAPITAL AND RESERVES (CONTINUED)

- x) In May 2017, 24,750 share purchase warrants with an exercise price of \$0.50 per share were exercised for gross proceeds of \$12,375.
- xii) In May 2017, 17,000 stock options with an exercise price of \$1.00 per share were exercised for gross proceeds of \$17,000.
- xiii) On June 23, 2017, the Company issued 150,000 common shares with a fair value of \$0.70 per share pursuant to the Dog Lake property acquisition described in Note 6(d).
- xiv) In June 2017, 100 stock options with an exercise price of \$1.10 per share were exercised for gross proceeds of \$110.
- xv) On October 5, 2017, the Company issued 10,000 common shares with a fair value of \$0.60 per share pursuant to the Norwalk property option described in Note 6(b).
- xvi) On October 5, 2017, the Company issued 10,000 common shares with a fair value of \$0.60 per share pursuant to the Dill River property option described in Note 6(c).
- xvii) On October 11, 2017, the Company completed the initial tranche of a non-brokered private placement consisting of 460,000 non flow-through units priced at \$0.50 (the “NFT Units”) and 218,700 flow-through units priced at \$0.70 (the “FT Units”) for total proceeds of \$383,090. Each NFT Unit consists of one common share and one share purchase warrant (the “Warrant”) exercisable into one further common share at a price of \$0.70 for a term of one year. Each FT Unit consists of one flow-through common share and one half of a share purchase warrant, with each whole Warrant exercisable into one further common share at a price of \$0.70 for a term of one year. A 10% commission comprised of \$2,500 cash and 5,000 common shares at \$0.50 per share was paid on \$50,000 of the placement. The Company recorded a flow-through premium liability of \$43,740.
- xviii) On October 19, 2017, the Company completed the final tranche of a non-brokered private placement consisting of 110,000 flow-through units priced at \$0.70 (the “FT Units”) for total proceeds of \$77,000. Each FT Unit consists of one flow-through common share and one half of a share purchase warrant, with each whole Warrant exercisable into one further common share at a price of \$0.70 for a term of one year. A 10% commission comprised of \$2,100 cash and 3,000 common shares at \$0.70 per share was paid on \$42,000 of the private placement. The Company recorded a flow-through premium liability of \$22,000.
- xix) On November 14, 2017, the Company issued 100,000 common shares with a fair value of \$0.40 per share pursuant to the Golden Reed Mine property option described in Note 6(e).

b) Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares. No preferred shares have been issued since the Company’s inception.

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8. SHARE CAPITAL AND RESERVES (CONTINUED)**c) Contributed Surplus**

	November 30, 2018 \$	November 30, 2017 \$
Fair value of warrants issued	304,725	284,725
Fair value of stock options granted or vested	1,406,276	1,276,910
Contributed surplus	1,711,001	1,561,635

d) Share Purchase Warrants

A summary of the Company's share purchase warrants at November 30, 2018 and 2017 and the changes for the years then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price
Balance at November 30, 2016	188,739	\$2.77
Issue of warrants	1,224,350	\$0.85
Exercise of warrants	(28,100)	\$0.50
Expiry of warrants	(76,689)	\$5.00
Balance at November 30, 2017	1,308,300	\$0.89
Issue of warrants	7,575,000	\$0.11
Expiry of warrants	(474,850)	\$0.70
Cancellation of warrants	(501,150)	\$0.70
Balance at November 30, 2018	7,907,300	\$0.17

As at November 30, 2018, the Company had outstanding and exercisable warrants as follows:

Number of Warrants Outstanding and Exercisable		Exercise Price per Share	Expiry Date
November 30, 2018	November 30, 2017		
-	569,350	\$0.70	October 11, 2018
-	55,000	\$0.70	October 19, 2018
150,500	-	\$0.50	December 22, 2018
10,400	15,050	\$6.00	December 27, 2018
167,500	-	\$0.60	December 29, 2018
510,000	600,000	\$1.00	March 17, 2019
4,000,000	-	\$0.08	August 31, 2020
3,000,000	-	\$0.08	September 7, 2020
68,900	68,900	\$0.50	May 16, 2021
7,907,300	1,308,300		

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9. SHARE-BASED PAYMENTS

a) Option Plan Details

The Company has an incentive Stock Option Plan (“the Plan”) under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The Plan was approved by the Board on March 21, 2011, was approved by the Company’s shareholders on April 29, 2011, and came into effect on August 5, 2011 upon acceptance by the TSXV of the Company’s listing application and commencement of trading on the TSXV. The Plan provides for the issuance of options to acquire shares of the Company up to 10% of the then issued and outstanding shares of the Company. It incorporates the new TSXV option plan policies effective December 15, 2008, as well as provisions concerning the new requirements of the Canada Revenue Agency concerning withholding tax payments on exercised options, and provisions to accommodate electronic trading and the issuance of uncertificated shares.

A summary of the Company’s stock options at November 30, 2018 and 2017 and the changes for the years then ended is presented below:

	November 30, 2018		November 30, 2017	
	Options Outstanding	Weighted Average Exercise Price	Options Outstanding	Weighted Average Exercise Price
Opening balance	240,800	\$1.17	152,800	\$1.17
Granted	405,000	\$0.50	303,000	\$1.06
Exercised	-	-	(150,100)	\$1.00
Expired	(62,800)	\$1.42	-	-
Forfeited	-	-	(20,000)	\$1.00
Cancelled	(376,000)	\$0.77	(44,900)	\$1.10
Ending balance	207,000	\$0.50	240,800	\$1.17

In October 2018, 10,000 stock options with an exercise price of \$1.00 per share expired unexercised.

In September 2018, 10,000 stock options with an exercise price of \$0.50 per share were cancelled.

In August 2018, 188,000 stock options with an exercise price of \$0.50 per share were cancelled.

In May 2018, 52,800 stock options with an exercise price of \$1.50 per share expired unexercised.

In March 2018, the Company granted 250,000 stock options with an exercise price of \$0.50 per share expiring March 7, 2020 to consultants and a director. All options vested immediately.

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9. SHARE-BASED PAYMENTS (CONTINUED)

In February 2018, 39,000 stock options with an exercise price of \$1.00 per share and 139,000 stock options with an exercise price of \$1.10 per share were cancelled.

In February 2018, the Company granted 155,000 stock options with an exercise price of \$0.50 per share expiring February 14, 2020 to consultants. All options vested immediately.

During the year ended November 30, 2017, 150,000 stock options with an exercise price of \$1.00 were exercised for gross proceeds of \$150,000 and 100 stock options with an exercise price of \$1.10 were exercised for gross proceeds of \$110.

During the year ended November 30, 2017, 16,000 stock options with an exercise price of \$1.00 per share and 28,900 stock options with an exercise price of \$1.10 per share were cancelled.

In May 2017, the Company granted 168,000 stock options with an exercise price of \$1.10 per share expiring May 17, 2019 to consultants. All options vested immediately.

In April 2017, the Company granted 115,000 stock options with an exercise price of \$1.00 per share expiring April 13, 2019 to consultants. All options vested immediately.

In January 2017, the Company granted 20,000 stock options with an exercise price of \$1.00 per share expiring January 20, 2018 to a consultant conducting investor relations activities. These options were to vest over a period of 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting. On March 21, 2017, the investor relations contract was terminated and the 20,000 unvested options were forfeited.

Details of stock options outstanding and exercisable as at November 30, 2018 and 2017 are as follows:

Expiry Date	Exercise Price	November 30, 2018	November 30, 2017
May 16, 2018	\$1.50	-	52,800
October 20, 2018	\$1.00	-	25,000
April 13, 2019	\$1.00	-	24,000
May 17, 2019	\$1.10	-	139,000
February 14, 2020	\$0.50	145,000	-
March 7, 2020	\$0.50	62,000	-
		<u>207,000</u>	<u>240,800</u>

The weighted average remaining contractual life of stock options outstanding at November 30, 2018 was 1.23 years (November 30, 2017: 1.17 years).

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9. SHARE-BASED PAYMENTS (CONTINUED)

b) Fair Value of Options Issued During the Year

The weighted average fair value at grant date of options granted during the year ended November 30, 2018 was \$0.319 per option (2017: \$0.884). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

	<u>2018</u>	<u>2017</u>
Expected stock price volatility	157% - 164%	205% - 222%
Risk-free interest rate	1.78% - 1.82%	0.76%
Dividend yield	-	-
Expected life of options	2 years	2 years
Stock price on date of grant	\$0.40 - \$0.50	\$1.00 - \$1.05
Forfeiture rate	-	-

10. NATURE OF INCOME AND EXPENSES

	<u>2018</u>	<u>2017</u>
	\$	\$
Other income and expenses include:		
Flow-through share premium	-	65,740
Gain (loss) on foreign exchange	(414)	540
Interest income	430	417
Loss on disposal of exploration and evaluation assets	(65,319)	-
Loss on disposal of investments	-	(49,664)
Unrealized loss on short-term investments	(16,102)	(50)
	<u>(81,405)</u>	<u>16,983</u>
Employee costs include:		
Consulting fees	155,756	271,185
Management fees	9,150	5,860
Salaries and benefits	64,712	39,402
Share-based payments	93,413	60,920
	<u>323,031</u>	<u>377,367</u>
Finance expense includes:		
Loan interest expense	3,322	50
Part XII.6 tax	(10)	8,696
	<u>3,312</u>	<u>8,746</u>
General and administrative expenses include:		
Accounting and audit fees	19,477	28,730
Filing fees	33,833	36,946
Investor communications	3,304	40,368
Legal fees	11,458	23,804
Office expenses	29,917	57,708
Transfer agent	10,205	7,961
Travel and automobile	26,960	36,287
	<u>135,154</u>	<u>231,804</u>

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11. INCOME TAXES

There is no current or deferred income tax expense in the current year due to the losses incurred for tax purposes. At November 30, 2018, the Company had non-capital losses of approximately \$4,791,000 to reduce future taxable income in Canada expiring between 2027 to 2038. At November 30, 2018, the Company had non-capital losses of approximately \$530,000 to reduce future taxable income in Guyana with an indefinite expiry period.

No deferred tax asset has been recognized in respect of the losses due to the uncertainty of future profits. A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2018	2017
Combined statutory rate	26.92%	26.00%
	\$	\$
Income tax recovery at statutory rates	(315,000)	(156,000)
Non-deductible items for tax purposes and other items	20,000	5,000
Change in tax rates	(1,000)	(69,000)
Adjustments related to exploration and evaluation assets	57,000	163,000
Change in unrecognized deferred tax assets	239,000	57,000
Deferred income tax recovery	-	-

The rate reconciliation above only includes the amounts related to the Canadian entity.

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	2018	2017
	\$	\$
Deferred income tax assets		
Mineral properties	784,000	662,000
Non-capital losses available for future periods	1,453,000	1,336,000
Share issuance costs and other	15,000	10,000
Deferred income tax assets	2,252,000	2,008,000
Unrecognized deferred tax assets	(2,252,000)	(2,008,000)
Net deferred income tax assets	-	-

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12. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

a) Office Expenses

Office expenses of \$8,625 (2017: \$9,704) were charged by a company with common directors that is a co-tenant to the Company's office premises sublease. At November 30, 2018, \$1,284 (November 30, 2017: \$143) in amounts owing to the co-tenant were included in due to related parties.

b) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

	2018	2017
	\$	\$
Short-term employee benefits and director fees	103,933	135,850
Share-based payments	17,535	-
	<u>121,468</u>	<u>135,850</u>

The Company has entered into an Officer and Consulting Agreement (the "Agreement") with the Company's Chairman, Chief Executive Officer and President (the "President") effective September 1, 2018 for the duration that he serves as an officer to the Company. As compensation for the services to be provided, the President will receive a monthly salary of \$8,000 with a provision for severance of \$80,000 in the event that the Agreement is terminated or not renewed. During the year ended November 30, 2018, the Company paid \$26,050 (2017: \$Nil) in salary and taxable benefits to the President.

The Company had entered into an Officer and Consulting Agreement (the "Agreement") with the Company's former Chairman, Chief Executive Officer and President (the "Former Officer") effective April 1, 2018 for the duration that he serves as an officer to the Company, for compensation of a monthly fee of \$1,250. During the year ended November 30, 2018, the Company paid \$6,250 in fees to the Former Officer. The Agreement was terminated effective his resignation as an officer of the Company on August 31, 2018.

The Company has entered into an Employment Agreement (the "Agreement") with the Company's Chief Financial Officer effective June 1, 2018 for a six-month term ending November 30, 2018. As compensation for the services to be provided, the Chief Financial Officer will receive a monthly fee of \$3,000 with a provision for severance of \$20,000 in the event that the Agreement is terminated or not renewed. During the year ended November 30, 2018, the Company paid \$36,500 (2017 - \$37,000) in salary and bonus to the Chief Financial Officer. Subsequent to year end, the Agreement was extended to November 30, 2019.

Due to related parties at November 30, 2018 includes \$3,649 (November 30, 2017: \$14,765) in amounts owing to directors, officers, and companies with common directors for unpaid project management services, consulting fees and expenses.

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12. RELATED PARTY TRANSACTIONS (CONTINUED)

c) Demand Loan

On June 26, 2018, a demand loan of \$86,000 bearing interest at 10% per annum (Note 7) was advanced to the Company by a lender who was subsequently appointed the Chairman, President, Chief Executive Officer and a director of the Company on August 31, 2018 and who acquired a greater than 10% interest in the Company pursuant to the private placement that closed on August 31, 2018 (Note 8(a)).

13. COMMITMENTS

- i) In relation to the March 2017 flow-through financing described in Note 8(a)(viii), the Company was committed to incur \$209,994 in Canadian exploration expenditures by December 31, 2018 under the Canada Revenue Agency's look-back rule. The Company completed the qualifying exploration expenditures during the year ended November 30, 2017.
- ii) In relation to the October 2017 flow-through financing described in Notes 8(a)(xvii) and 8(a)(xviii), the Company was committed to incur \$230,057 in Canadian exploration expenditures by December 31, 2018 under the Canada Revenue Agency's look-back rule. The Company completed the qualifying exploration expenditures during the year ended November 30, 2017.
- iii) In relation to the December 2017 flow-through financing described in Note 8(a)(ii), the Company was committed to incur \$174,965 in Canadian exploration expenditures by December 31, 2018 under the Canada Revenue Agency's look-back rule. The Company completed the qualifying exploration expenditures during the year ended November 30, 2018.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments include cash, term deposits, short-term investments, amounts receivable, trade and other payables, and amounts due to related parties. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

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14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

	November 30, 2018		November 30, 2017	
	Fair Value	Carrying Value	Fair Value	Carrying Value
	\$	\$	\$	\$
FVTPL assets (i)	135,127	135,127	45,707	45,707

(i) Cash and short-term investments

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities

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

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

As at November 30, 2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	49,104	-	-	49,104
Short-term investments	86,023	-	-	86,023

There were no transfers from Level 1 to Levels 2 or 3 and there were no transfers from Levels 2 or 3 to Level 1 during the years ended November 30, 2018 and 2017.

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

The Company's financial instruments are exposed to certain financial risks: credit risk, liquidity risk, market risk and currency risk.

Credit risk

Credit risk is the risk of an unexpected loss associated with counterparty's inability to fulfil its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and amounts receivable. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash with high credit chartered Canadian financial institutions. As at November 30, 2018, the Company has no financial assets that are past due or impaired due to credit risk defaults.

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14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its accounts payable and amounts due to related parties. The Company handles its liquidity risk through the management of its capital structure as described in Note 15. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at November 30, 2018:

	Carrying Amount \$	Contractual Cash Flows \$	Within 1 year \$	Within 2 years \$	Within 3 years \$	Over 3 years \$
Trade payables	20,235	20,235	20,235	-	-	-
Due to related parties	4,934	4,934	4,934	-	-	-
Total	25,169	25,169	25,169	-	-	-

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no fluctuating interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company's Guyana subsidiary is exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar.

15. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

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15. CAPITAL MANAGEMENT (CONTINUED)

The Company considers items included in equity to be capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash.

16. NON-CASH TRANSACTIONS

Non-cash Financing and Investing Activities	2018	2017
	\$	\$
Shares issued for mineral properties	72,750	157,000
Shares issued for finder's fees	11,000	13,210
Share-based payments capitalized to mineral properties	35,953	189,374

17. SUBSEQUENT EVENTS

a) Stock Options

In December 2018, 50,000 stock options with an exercise price of \$0.50 per share were cancelled.

b) Share Purchase Warrants

In December 2018, 150,500 share purchase warrants with an exercise price of \$0.50 per share, 167,500 share purchase warrants with an exercise price of \$0.60 per share, and 10,400 share purchase warrants with an exercise price of \$6.00 per share expired unexercised.

In March 2019, 510,000 share purchase warrants with an exercise price of \$1.00 per share expired unexercised.