BLIND CREEK RESOURCES LTD.

Blind Creek
resources ltd.
BCK:TSX.V

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

November 30, 2019

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blind Creek Resources Ltd.

Opinion

We have audited the financial statements of Blind Creek Resources Ltd. (the "Company"), which comprise the statements of financial position as at November 30, 2019 and 2018, and the statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Rakesh Patel.

DMCL

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

March 27, 2020

MOORE

An independent firm
associated with Moore
Global Network Limited

BLIND CREEK RESOURCES LTD.
(an exploration stage company)
STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)

	November 30, 2019	November 30, 2018
ASSETS		
Current		
Cash	$ 215	$ 293
Receivables and prepaids	9,999	21,316
	10,214	21,609
Investment (Note 4)	2,850	2,850
Equipment (Note 5)	18,321	23,949
Exploration and evaluation assets (Note 6)	1,533,606	1,780,683
	$ 1,564,991	$ 1,829,091
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable	$ 345,469	$ 391,774
Accrued liabilities	15,400	51,000
Due to related parties (Note 12)	654,472	426,129
	1,015,341	868,903
Shareholders' equity		
Share capital (Note 7)	16,948,888	16,924,388
Share based payment reserve (Note 7)	3,135,537	3,120,537
Deficit	(19,534,775)	(19,084,737)
	549,650	960,188
	$ 1,564,991	$ 1,829,091

Nature and continuance of operations (Note 1)
Contingencies (Note 15)

The accompanying notes are an integral part of these financial statements.

BLIND CREEK RESOURCES LTD.
(an exploration stage company)
STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)

	Years ended November 30, 2019	Years ended November 30, 2018
EXPENSES		
Amortization (Note 5)	$ 5,628	$ 7,483
Bank charges and interest	1,072	2,728
Consulting fees	-	45,492
Filing and transfer agent fees	13,683	15,625
Management fees (Note 12)	71,302	146,000
Office and miscellaneous	-	3,387
Professional fees (Note 12)	25,868	158,457
Salaries and wages (Note 12)	66,496	106,053
Share based payments (Note 8)	22,000	108,543
Travel, trade shows and promotion	10,719	87,292
	(216,768)	(681,060)
OTHER ITEMS		
Other income (Note 12)	7,500	-
Gain on sale of exploration credits	-	21,000
Gain on plan of arrangement (Note 16)	-	681,579
Write off of exploration and evaluation assets (Note 6)	(256,555)	-
Recovery of exploration and evaluation assets	15,785	5,000
Other than temporary investment recovery (Note 4)	-	300
	(233,270)	707,879
Net (loss) income and comprehensive (loss) income for the year	$ (450,038)	$ 26,819
Basic and diluted net (loss) per common share	$ (0.02)	$ 0.00
Weighted average number of common shares outstanding	25,883,351	25,649,655

The accompanying notes are an integral part of these financial statements.

BLIND CREEK RESOURCES LTD.
(an exploration stage company)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Share Capital				
	Common Shares	Amount	Deficit	Share based payment reserve	Total Shareholders' Equity
Balance, November 30, 2017	25,427,050	$ 16,867,388	$ (17,825,203)	$ 3,032,994	$ 2,075,179
Options exercised (Note 7)	300,000	57,000	-	(21,000)	36,000
Share-based payments (Note 8)	-	-	-	108,543	108,543
Spin out of Engineer Gold Mines (Note 16)	-	-	(1,286,353)	-	(1,286,353)
Comprehensive income for the year	-	-	26,819	-	26,819
Balance, November 30, 2018	25,727,050	16,924,388	(19,084,737)	3,120,537	960,188
Options exercised (Note 7)	350,000	24,500	-	(7,000)	17,500
Share-based payments (Note 8)	-	-	-	22,000	22,000
Comprehensive loss for the year	-	-	(450,038)	-	(450,038)
Balance, November 30, 2019	26,077,050	$ 16,948,888	$ (19,534,775)	$ 3,135,537	$ 549,650

The accompanying notes are an integral part of these financial statements.

BLIND CREEK RESOURCES LTD.
(an exploration stage company)
STATEMENTS OF CASH FLOWS
YEARS ENDED

	November 30, 2019	November 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the year	$ (450,038)	$ 26,819
Items not affecting cash:		
Amortization	5,628	7,483
Share-based payments	22,000	108,543
Write off of exploration and evaluation assets	256,555	-
Gain on investments	-	(300)
Gain on plan of arrangement	-	(681,579)
Changes in non-cash working capital items:		
Receivables	11,317	55,016
Accounts payable and accrued liabilities	(55,573)	175,933
Net cash used in operating activities	(210,111)	(308,085)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(35,810)	(168,472)
Reclamation bond	-	50,000
Net cash used in investing activities	(35,810)	(118,472)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net	17,500	36,000
Related party loans and advances	228,343	364,647
Net cash provided by financing activities	245,843	400,647
Change in cash during the year	(78)	(25,910)
Cash, beginning of year	293	26,203
Cash, end of year	$ 215	$ 293

The accompanying notes are an integral part of these financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Canada Business Corporations Act on May 31, 2004 and has continued as a company under the Business Corporations Act of British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties. The Company's head office, principal address and registered records office is located at 804 – 750 West Pender St, Vancouver, British Columbia, Canada.

The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "BCK".

The Company's financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The Company has incurred ongoing losses and has an accumulated deficit. The 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 in existence. Such adjustments would be material.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition and exploration of exploration and evaluation assets, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and acquire mineral properties. The outcome of these matters cannot be predicted at this time. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of its mineral properties and upon future profitable production.

2. BASIS OF PRESENTATION

Statement of Compliance

These financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for certain financial instruments which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted.

Approval of the financial statements

The financial statements of the Company for the year ended November 30, 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 27, 2020.

2. BASIS OF PRESENTATION (continued)

Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

iii) The recorded value of provisions. This amount represents a best estimate of the probable amount payable taking into account available evidence including past history of payments and uncertainty of outflow of future resources.

3. SIGNIFICANT ACCOUNTING POLICIES

Equipment

Equipment is recorded at cost less accumulated amortization, with amortization calculated on a declining balance basis at the following annual rates:

Field equipment	20%
Mobile equipment	30%

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are identified and written off. The assets' residual values, amortization methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Subsequent expenditures relating to items of equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance.

Exploration and evaluation assets

All costs related to the acquisition of exploration and evaluation assets are capitalized on a property by property basis, net of recoveries. Exploration and evaluation costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are expensed to operations as incurred. If economically recoverable ore reserves are developed, capitalized costs of the related property are classified as mining assets and amortized using the unit-of-production method. When a property is abandoned, all related costs are written off to operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values. These costs are depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

From time to time, the Company may acquire or dispose of an exploration and evaluation asset pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale of an option of the Company's property are recorded as a reduction of the mineral property cost. The Company recognizes amounts received in excess of the carrying amount in profit or loss.

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Evaluation and exploration assets are assessed for impairment by management when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company computes the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Share-based payments

The Company grants options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in reserves is transferred to share capital.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in profit or loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Flow-through shares

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a flow-through premium liability and included as a liability. Upon related expenditures being incurred, the Company proportionately derecognizes the liability and recognizes the offsetting amount in profit or loss.

Financial instruments

The following is the Company's accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at December 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial asset / liability	**Original classification IAS 39**	**New classification IFRS 9**
Cash	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
Investment	FVTPL	FVTPL
Trade payables	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no reclassifications to the opening accumulated deficit as of December 1, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New or revised accounting standards not yet adopted

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 16 - In January 2016, the IASB issued IFRS 16, Leases which replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has not entered into any leases and does not believe the new standard will have a material effect on its financial statements.

The Company anticipates that the application of the above new or revised standards, amendments and interpretations will have no impact on its results and financial position. Disclosure changes are anticipated. Other standards issued but not yet effective were determined to not have an effect on the Company's financial statements.

4. INVESTMENT

The investment consists of an investment in common shares of Pan Andean Minerals Ltd. ("Pan Andean") (formerly BC Gold Corp), a TSX-Venture Exchange listed company. At November 30, 2019, the fair value of the shares was $2,850 (November 30, 2018: $2,850) which represented an unrealized market-to-market gain of $Nil (November 30, 2018: gain of $300) recorded as other than temporary recovery in profit or loss.

	November 30, 2019		November 30, 2018	
	Number of shares	Fair Value	Number of shares	Market Value
Pan Andean Minerals Ltd.	95,000	$2,850	95,000	$2,850

(Expressed in Canadian Dollars)

5. EQUIPMENT

Cost		Mobile Equipment		Field Equipment		Total
Balance November 30, 2018 and November 30, 2019	$	133,293	$	92,935	$	226,228

Accumulated amortization		Mobile Equipment		Field Equipment		Total
Balance at November 30, 2017	$	121,322	$	73,474	$	194,796
Amortization		3,591		3,892		7,483
Balance at November 30, 2018		124,913		77,366		202,279
Amortization		2,514		3,114		5,628
Balance at November 30, 2019	$	127,427	$	80,480	$	207,907

Carrying amounts		Mobile Equipment		Field Equipment		Total
Balance at November 30, 2018	$	8,380	$	15,569	$	23,949
Balance at November 30, 2019	$	5,866	$	12,455	$	18,321

6. EXPLORATION AND EVALUATION ASSETS

Realization of assets
The investment in mineral properties comprise a significant portion of the Company’s assets. Realization of the Company’s investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values.

Environmental
The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable for environmental disturbances that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

Exploration and evaluation asset costs and activity is as follows:

	AB Zinc	Blende	Engineer	Yukon Carlin	Total
November 30, 2017	$ 254,940	$ 1,406,348	$ 545,696	$ 1	$ 2,206,985
Acquisition	-	-	-	-	-
Property development expenditures					
Consulting	1,613	90,323	47,799	-	139,735
Maintenance	-	10,086	3,249	-	13,335
Reporting	-	-	2,180	-	2,180
Sampling	-	17,372	5,850	-	23,222
Spin out of Engineer Gold Mines	-	-	(604,774)	-	(604,774)
November 30, 2018	256,553	1,524,129	-	1	1,780,683
Acquisition	-	-	-	-	-
Property development expenditures					
Consulting	-	7,117	-	-	7,117
Reporting	-	2,360	-	-	2,360
Write off	(256,553)	-	-	(1)	(256,554)
November 30, 2019	$ -	$ 1,533,606	$ -	$ -	$ 1,533,606

AB Zinc, NWT

On July 27, 2017, the Company entered into an agreement with Eagle Plains Resources Ltd. ("Eagle Plains") whereby the Company has the exclusive right to purchase a 100% undivided interest in the 3000 ha AB Zinc Property (the "Property") located 263 kilometres west of Norman Wells, N.W.T.

Under the terms of the agreement the Company can acquire a 100% interest in the Property, subject only to the Eagle Plains Net Smelter Returns ("NSR"), by issuing to Eagle Plains 1,000,000 of the Company on acceptance of the Exchange of this Purchase and Sale Agreement (issued August 22, 2017 at a fair value of $190,000), and a further 1,000,000 shares on or before 30 months after Exchange acceptance. In the event that the Property is placed into commercial production, Eagle Plains shall be entitled to a royalty of 2% of NSR, with a 1% buyback to 1% upon payment of $1,000,000 to Eagle Plains, and a second option to purchase the remaining 1% NSR upon payment of $7,000,000.

During the year ended November 30, 2019, the Company abandoned the Property and wrote-off exploration and evaluation assets of $256,553.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Blende, Yukon

The Company has a 100% undivided interest in the Blende property located in the Mayo Mining District of the Yukon Territory.

Upon completion of a feasibility study, the Company will be required to pay $50,000 annually to the vendor until commencement of commercial production. The property is subject to a 2% NSR and a 1% Underlying Royalty Interest.

Engineer, B.C.

The Engineer property was transferred to Engineer Gold Mines Ltd. ("Engineer") during the prior year per a transfer agreement that was signed in concurrence with an arrangement agreement (Note 16).

Yukon Carlin Gold Trend and Silver Property

The Company holds certain claims within the Yukon Carlin Trend, Yukon. During the year ended December 31, 2019, the Company abandoned these claims and wrote-off exploration and evaluation assets of $1.

7. SHARE CAPITAL

Authorized: Unlimited common shares without par value

During the year ended November 30, 2019

On June 20, 2019, the Company issued 350,000 shares for the exercise of options at $0.05 per share for total proceeds of $17,500. $7,000 was transferred from reserves to share capital as a result of the exercise.

During the year ended November 30, 2018:

Issued:
On February 15, 2018, the Company issued 250,000 shares for the exercise of options at $0.12 per share for total proceeds of $30,000. $17,500 was transferred from reserves to share capital as a result of the exercise.

On May 29, 2018, the Company issued 50,000 shares for the exercise of options at $0.12 per share for total proceeds for $6,000. $3,500 was transferred from reserves to share capital as a result of the exercise.

Share-based payment reserve

The share-based payment reserve represents the fair value of stock options or warrants until such time that the share-based instruments are exercised, at which time the corresponding amount will be transferred to share capital. During the year ended November 30, 2019 an amount of $7,000 (2018 - $21,000) was transferred to share capital.

(Expressed in Canadian Dollars)

8. STOCK OPTIONS

The Company has a rolling stock option plan (the "plan") that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan.

A summary of the changes in options follows:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance, November 30, 2017	1,850,000	$ 0.14
Issued	1,472,705	0.16
Exercised	(300,000)	0.12
Cancelled	(450,000)	0.12
Balance, November 30, 2018	2,572,705	$ 0.15
Issued	1,100,000	0.05
Exercised	(350,000)	0.05
Expired	(1.100,000)	0.15
Balance, November 30, 2019	2,222,705	$ 0.12

As at November 30, 2019, the following options were outstanding:

Total Number of Options	Exercise Price	Expiry Dates
672,705	$ 0.17	May 1, 2020
800,000	$ 0.15	June 28, 2020
750,000	$ 0.05	March 19, 2021
2,222,705		

As at November 30, 2019 the weighted average remaining contractual life of the stock options was 0.77 years (November 30, 2018 – 0.93 years) and the weighted average exercise price was $0.12 (November 30, 2018 – $0.15).

On May 1, 2018 the Company granted 672,705 incentive stock options to consultants exercisable for a period of two years at a price of $0.17. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $60,543 using the Black-Scholes Option Pricing Model with the following assumptions: i) exercise price per share of $0.17; ii) expected share price volatility of 111%; iii) risk free interest rate of 1.93%; iv) no dividend yield, v) expected life of 2 years and vi) fully vested on grant.

On June 29, 2018 the Company granted 800,000 incentive stock options to consultants exercisable for a period of two years at a price of $0.15. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $48,000 using the Black-Scholes Option pricing Model with the following assumptions: i) exercise price per share of $0.15; ii) expected share price volatility of 103%; iii) risk free interest rate of 1.91%; iv) no dividend yield, v) expected life of 2 years and vi) fully vested on grant.

On March 20, 2019 the Company granted 1,100,000 incentive stock options to consultants exercisable for a period of two years at a price of $0.05. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $22,000 using the Black-Scholes Option pricing Model with the following assumptions: i) exercise price per share of $0.05; ii) expected share price volatility of 98%; iii) risk free interest rate of 1.60%; iv) no dividend yield, v) expected life of 2 years and vi) fully vested on grant.

(Expressed in Canadian Dollars)

9. WARRANTS

A summary of the changes in warrants follows:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, November 30, 2018 and November 30, 2019	2,121,167	$ 0.35

As at November 30, 2019, the following share purchase warrants were outstanding:

Total Number of Warrants	Exercise Prices	Expiry Dates
2,121,167	$ 0.35	December 31, 2021

On July 6, 2018, warrant expiry dates were extended to December 31, 2021. There was no fair value adjustment for the warrant extension.

As at November 30, 2019 the weighted average remaining contractual life of the share purchase warrants was 2.09 years (November 30, 2018 – 3.09) and the weighted average exercise price was $0.35 (November 30, 2018 – $0.35).

10. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% (2018 - 27%) to income before income taxes. The reasons for the differences are as follows:

	2019	2018
Net income (loss) before income taxes	$ (450,038)	$ 26,819
Statutory income tax rate	27%	27%
Expected income tax recovery	(122,000)	7,000
Other	190,000	(72,000)
Permanent difference	2,000	(155,000)
Change in unrecognized benefit of deferred tax assets	(70,000)	220,000
Total income tax recovery	$ -	$ -

The Company recognizes tax benefits on losses or other deductible amounts generated in counties where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2019	2018
Excess of unused exploration expenditures for Canadian tax purposes over carrying value of mineral property interests	$ 1,841,000	$ 1,947,000
Excess of undepreciated capital cost over carrying value of fixed assets	73,000	71,000
Share issuance costs	4,000	4,000
Marketable Securities	3,000	3,000
Non-capital loses carried forward - Canada	2,213,000	2,179,000
Unrecognized deferred tax assets	$ 4,134,000	$ 4,204,000

10. INCOME TAXES (Continued)

The Company has non-capital losses of approximately $8,197,000 that may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire 2026 through 2039. Exploration and evaluation assets, property and equipment and net capital losses have no expiry date.

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

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, investment, accounts payable, and due to related parties. Cash and investment have been designated as fair value through profit and loss; receivables, accounts payable and due to related parties are designated at amortized cost. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments. Cash and investments are measured using level one of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the year.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution. There is nominal risk associated with receivables as this is due primarily from a government agency.

b) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company’s monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company’s financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of November 30, 2019. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company’s ability to continue as a going concern is dependent on management’s ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. All the Company’s financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms. The Company is exposed to liquidity risk.

(Expressed in Canadian Dollars)

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

d) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

12. RELATED PARTY TRANSACTIONS

a) The Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel, such personnel include the Company's Directors, Chief Executive Officer, Chief Financial Officer and Corporate Secretary:

	November 30, 2019	November 30, 2018
Management fees charged by directors and officers	$ 69,000	$ 146,000
Salary paid to an officer	9,000	11,000
Professional fees	-	750
Total	$ 78,000	$ 157,750

Key management personnel were not paid any post-employment benefits, termination benefits, or other long-term benefits during the respective periods.

During the year ended November 30, 2019, the Company charged $7,500 in rental fees to a company with common directors and management.

b) Due to related parties balances consisted of the following:

	November 30, 2019	November 30, 2018
Due to Directors and Officers	**$** 128,350	$ 1,000
Due to company related by common shareholder	15,136	15,290
Due to major shareholder	226,692	224,602
Due to company controlled by major shareholder	284,294	185,237
Total	**$** 654,472	$ 426,129

The amounts due to the related parties have no specific terms of repayment, is unsecured and non-interest-bearing.

13. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's exploration activities on its exploration and evaluation assets. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget all exploration projects and overhead to manage costs, commitments and exploration activities.

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company believes that it will be able to raise sufficient funds from share issuances to fund its working capital for the coming year. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year.

14. SEGMENTED INFORMATION

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expense, whose operating results are reviewed regularly by the Company's chief operating decision maker, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition and exploration of mineral properties, all of which occurs within Canada.

15. CONTINGENCIES

The Company has been named in a writ to a group of companies and individuals from a self-represented plaintiff claiming unspecified damages. The Company has not yet been served with the writ. The Company believes this action is without merit.

A claim was awarded to the former corporate secretary of the Company in the province of British Columbia small claims court. $25,103 is payable to the court.

The Company has been named in a province of Ontario small claims court notice of claim by a vendor. The Company has not recorded any additional amounts beyond the $5,432 already recorded.

16. PLAN OF ARRANGEMENT

On January 17, 2018, the Company incorporated a wholly incorporated subsidiary, Engineer. On January 19, 2018, the Company signed an Arrangement Agreement (the "Arrangement") providing for the spin-out of Engineer with the intent of listing Engineer on the Exchange. A transfer agreement was also signed on the same date providing for the transfer of the Engineer Gold Mines project to Engineer at a fair value of $1,286,353, which would be paid by Engineer issuing to the Company a number of common shares equal to one half of the number the Company's common shares outstanding on the date of completion of the Arrangement.

On March 27, 2018, Engineer completed its non-brokered private placement of subscription receipts for gross proceeds of $760,000.

16. PLAN OF ARRANGEMENT (continued)

The Arrangement was completed on June 1, 2018 whereby Engineer issued 12,863,525 of its common shares to the Company, which were then distributed to the Company's shareholders. On this date, Engineer was effectively spun-out of the Company and the Engineer Gold Mines project was transferred to Engineer. Given that Engineer was a newly incorporated subsidiary in the year with no operations that was spun out during the year ended November 30, 2018, there was no financial effect in the consolidation and deconsolidation of Engineer from the Company's financial statements.

In accordance with IFRS, the Company recorded a dividend of $1,286,353 on the spin-out of Engineer and a gain on the plan of arrangement of $681,579, being the difference between the fair value of the dividend and the carrying value of the property at the time of the Arrangement.