POWER METALS CORP.

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

NOVEMBER 30, 2019

Crowe

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Independent Auditor's Report

To the Shareholders of Power Metals Corp.

Opinion

We have audited the financial statements of Power Metals Corp. ("the Company"), which comprise the statements of financial position as at November 30, 2019 and November 30, 2018 and the statements of loss and comprehensive loss, changes in 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 November 30, 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 the material uncertainty 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:

- 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.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. 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 Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
March 30, 2020

POWER METALS CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT NOVEMBER 30,

	2019	2018
ASSETS		
Current assets		
Cash	$ 11,598	$ 743,318
Receivables	4,537	155,871
Prepaid expenses	27,493	41,893
Marketable securities (Note 4)	-	450,000
Total current assets	43,628	1,391,082
Non-current assets		
Advances	73,900	73,900
Exploration and evaluation assets (Note 5)	4,864,843	4,609,219
Furniture and equipment	9,222	11,526
Total non-current assets	4,947,965	4,694,645
Total assets	$ 4,991,593	$ 6,085,727
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 10)	$ 556,139	$ 545,283
Loans payable (Note 7)	-	83,296
Flow-through premium liability (Note 11)	89,457	111,857
Total liabilities	645,596	740,436
Equity		
Share capital (Note 8)	34,559,011	34,374,367
Shares to be issued	30,000	30,000
Share subscription receivable	(7,050)	(7,050)
Reserves (Note 8)	2,352,124	2,295,767
Deficit	(32,588,088)	(31,347,793)
Total equity	4,345,997	5,345,291
Total liabilities and equity	$ 4,991,593	$ 6,085,727

Nature, continuance of operations, and going concern (Note 1)

Approved and authorized on March 30, 2020 on behalf of the Board:

"Johnathan More", Director
Johnathan More

"Brent Butler", Director
Brent Butler

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

POWER METALS CORP.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30,

	2019	2018
EXPENSES		
Consulting	$ 177,331	$ 286,890
Depreciation	2,304	2,883
Filing fees	28,460	89,188
Management fees (Note 10)	279,451	299,386
Marketing, promotion and communication	117,628	2,205,550
Office and miscellaneous	78,909	119,396
Professional fees (Note 10)	139,790	228,593
Share-based compensation (Notes 8 and 10)	229,798	2,952,053
Travel	73,547	253,630
Write-off of accounts receivable	14,318	-
Write-off of exploration and evaluation assets (Note 5)	-	1,880,000
	(1,141,536)	(8,317,569)
OTHER ITEMS		
Gain (loss) on settlement of debt (Note 7)	(26,212)	33,031
Interest and financing expenses (Note 7)	(14,999)	(24,186)
Other income (Note 11)	22,400	225,953
Realized loss on marketable securities (Note 4)	(253,389)	(492,335)
Unrealized loss on marketable securities (Note 4)	-	(540,000)
	(272,200)	(797,537)
Loss and comprehensive loss for the year	$ (1,413,736)	$ (9,115,106)
Basic and diluted loss per common share	$ (0.01)	$ (0.09)
Weighted average number of common shares outstanding – basic and diluted	102,171,283	97,589,198

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

POWER METALS CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
FOR THE YEARS ENDED NOVEMBER 30,

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,413,736)	$ (9,115,106)
Items not affecting cash:		
Depreciation	2,304	2,883
Accrued financing expenses	14,999	24,186
Other income	(22,400)	(225,953)
Share-based compensation	229,798	2,952,053
Gain (loss) on settlement of accounts payable	26,212	(33,031)
Write-off of accounts receivable	14,318	-
Write-off of exploration and evaluation assets	-	1,880,000
Realized loss on marketable securities	253,389	492,335
Unrealized loss on marketable securities	-	540,000
Changes in non-cash working capital items:		
Receivables	137,016	(48,943)
Prepaid expenses	14,400	(41,893)
Accounts payable and accrued liabilities	16,860	(68,340)
Net cash used in operating activities	(726,840)	(3,641,809)
CASH FLOW FROM INVESTING ACTIVITIES		
Exploration and evaluation advance	-	(23,900)
Exploration and evaluation acquisition	(75,000)	(65,000)
Exploration and evaluation expenditures	(188,968)	(2,012,371)
Proceed from sale of marketable securities	198,951	1,087,665
Net cash used in investing activities	(65,017)	(1,013,606)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from private placement	-	6,200,014
Share issuance costs	-	(544,545)
Warrants exercised	60,137	366,933
Loan repayment	-	(657,337)
Net cash provided by financing activities	60,137	5,365,065
Change in cash for the year	(731,720)	709,650
Cash, beginning of year	743,318	33,668
Cash, end of year	$ 11,598	$ 743,318

Supplementary cash flow information (Note 14)

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

POWER METALS CORP.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Share Capital						
	Common Shares	Amount	Shares to be issued	Share subscription receivable	Reserves	Deficit	Total Equity
Balance, November 30, 2017	87,266,498	$ 28,823,953	$ 30,000	$ (7,050)	$ 1,439,287	$ (24,551,053)	$ 5,735,137
Shares issued in private placement	11,419,728	6,200,014	-	-	-	-	6,200,014
Share issuance costs	-	(544,545)	-	-	-	-	(544,545)
Share issuance costs – brokers' warrants	-	(222,793)	-	-	222,793	-	-
Share issued for acquisition of exploration and evaluation assets (Note 5)	138,461	88,615	-	-	-	-	88,615
Flow-through share premium	-	(337,810)	-	-	-	-	(337,810)
Shares issued for warrants exercised	2,446,223	366,933	-	-	-	-	366,933
Share-based compensation	-	-	-	-	2,952,053	-	2,952,053
Cancellation of options	-	-	-	-	(2,318,366)	2,318,366	-
Loss and comprehensive loss for the year	-	-	-	-	-	(9,115,106)	(9,115,106)
Balance, November 30, 2018	101,270,910	34,374,367	30,000	(7,050)	2,295,767	(31,347,793)	5,345,291
Shares issued for warrants exercised	400,911	60,137	-	-	-	-	60,137
Shares issued for debt settlement	655,300	124,507	-	-	-	-	124,507
Share-based compensation	-	-	-	-	229,798	-	229,798
Cancellation of options	-	-	-	-	(173,441)	173,441	-
Loss and comprehensive loss for the year	-	-	-	-	-	(1,413,736)	(1,413,736)
Balance, November 30, 2019	102,327,121	$ 34,559,011	$ 30,000	$ (7,050)	$ 2,352,124	$ (32,588,088)	$ 4,345,997

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

1. NATURE, CONTINUANCE OF OPERATIONS AND GOING CONCERN

Power Metals Corp. ("Power Metals" or "the Company") is incorporated under the British Columbia Business Corporations Act and its common shares are listed on the TSX Venture Exchange ("the Exchange") under the symbol "PWM". The principal business of the Company is the acquisition, exploration and evaluation of resource properties.

The Company's registered office is 2900-595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1J5 and the head office, principal address and records office is Suite 300-1055 West Hasting Street, Vancouver, British Columbia, Canada, V6E 2E9.

The Company is considered to be in the exploration stage with respect to its interests in exploration and evaluation assets. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at November 30, 2019, the Company had an accumulated deficit of $32,588,088 (2018 - $31,347,793) and has incurred losses since inception. These material uncertainties may raise substantial doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

Subsequent to the year-end, there was a global outbreak of coronavirus (COVID-19). The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and; specifically, the regional economies in which the Company operates. The pandemic could continue to have a negative impact on the stock market, including trading prices of the Company's shares and its ability to raise new capital. These factors, among others, could have a significant impact on the Company's operations.

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretation Committee ("IFRIC"). These financial statements have been prepared on the basis of IFRS standards that are effective for the Company's reporting year ended November 30, 2019.

Basis of presentation

The financial statements have been prepared on historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The functional and presentation currency are both Canadian dollars.

Significant accounting judgments and critical accounting estimates

The preparation of these financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements.

2. BASIS OF PRESENTATION (cont'd…)

Significant accounting judgments and critical accounting estimates (cont'd…)

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the determination of categories of financial assets and financial liabilities which has been identified as an accounting policy involving assessments made by management, recoverability of the carrying value of the Company's exploration and evaluation assets, and the going concern assumption.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Deferred income taxes - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

3. SIGNIFICANT ACCOUNTING POLICIES

Furniture and equipment

Furniture and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates

Furniture and equipment	20%

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, is regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of property, plant and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Exploration and evaluation assets

The Company capitalizes the acquisition costs of mineral claims and mineral rights. Exploration and development costs, subsequent to the determination of the feasibility of mining operations are capitalized. Exploration and development expenses incurred prior to determination of the feasibility of mining operations, periodic option payments and administrative expenditures are expensed as incurred.

Proceeds received on the sale of interests in exploration and evaluation assets are credited to the carrying value of exploration and evaluation assets, with any excess included in operations. Write-downs due to impairment in value are charged to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets (cont'd...)

Management periodically reviews the carrying values of its investments in exploration and evaluation assets and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company and the assessment of future probability of revenues from the property or from the sale of the property. A decision to abandon, reduce or expand activity on a specific property is based upon many factors including general and specific assessments of mineral resources, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases and the availability of financing. The Company does not set a pre-determined holding period for properties with unproven resources. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and that carrying values are appropriate.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against profit or loss in the period of abandonment or determination of impairment of value.

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

The amounts recorded as mineral claims represent unamortized costs to date and do not necessarily reflect present or future values. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. The accumulated costs of mineral properties that are developed to the stage of commercial production will be amortized to operations using the unit of production depletion method.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing unless otherwise noted.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

As at November 30, 2019 and 2018, the Company has determined that it does not have any decommissioning obligations.

Financial instruments

<u>Financial assets</u>

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

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

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the profit or loss. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

<u>Financial liabilities</u>

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Financial liabilities at amortized cost - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

<u>Impairment of financial assets</u>

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets.

IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Loss per share

The Company recognizes the dilutive effect on loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date the amount previously recognized in equity is transferred from reserves to deficit.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date the shares are issued.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share issuance costs

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital will be charged against the related share capital.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. The expected price volatility is based on the historical volatility. All equity-settled share-based payments are reflected in reserves until exercised. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred from reserves to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits 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, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. 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.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New accounting standards and amendments to existing standards adopted

The Company has adopted the following accounting standards effective December 1, 2018:

The Company adopted, retrospectively without restatement, all of the requirements of IFRS 9: Financial Instruments ("IFRS 9") as of December 1, 2018. This standard replaces the guidance in IAS 39: Financial Instruments: Recognition and Measurements ("IAS 39"). The adoption of IFRS 9 did not impact the carrying value of any of the Company's financial assets or financial liabilities on the transition date. The impact on the classification and measurement of its financial instruments is set out below.

The Company completed an 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 Assets and Liabilities	Original classification (measurement) IAS 39	New classification and measurement IFRS 9
Cash	Loans and receivable (amortized cost)	Amortized cost
Marketable securities	Fair value through profit and loss	Fair value through profit and loss
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Loans payable	Other financial liabilities (amortized cost)	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor the opening balance of accumulated comprehensive income on December 1, 2018.

New accounting standards not adopted yet

IFRS 16 Leases was issued by the IASB in January 2016 (effective February 1, 2019) and has not yet been adopted by the Company. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The adoption of this new accounting standard will not have material impact on the Company's financial statements.

(Expressed in Canadian Dollars)

4. MARKETABLE SECURITIES

	MGX Minerals Inc. Number of Shares		Amount
Balance, November 30, 2017	-	$	-
Acquired from mineral property option payment	2,000,000		2,570,000
Proceeds from shares	(1,000,000)		(1,087,665)
Realized loss on marketable securities	-		(492,335)
Unrealized loss on marketable securities	-		(540,000)
Balance, November 30, 2018	1,000,000		450,000
Proceeds from shares	(1,000,000)		(196,613)
Realized loss on marketable securities	-		(253,387)
Balance, November 30, 2019	-	$	-

During the year ended November 30, 2018, the Company received 2,000,000 shares at a cost of $2,570,000 and sold 1,000,000 shares for proceeds of $1,087,665 and recorded a realized loss of $492,335. The original value of the remaining shares at November 30, 2018 was $990,000. The valuation of the remaining shares at November 30, 2018 resulted in an unrealized loss of $540,000 during the year ended November 30, 2018.

During the year ended November 30, 2019, the Company sold 1,000,000 shares for proceeds of $196,613 and recorded a realized loss of $253,387. As at November 30, 2019, the Company holds Nil (2018 – 1,000,000) shares of MGX Minerals Inc. and the market value of the remaining shares was $Nil (2018 - $450,000).

	MGX Renewables Inc. Number of Shares		Amount
Balance, November 30, 2017 and November 30, 2018	-	$	-
Acquired from mineral property option payment	16,717		2,340
Proceeds from shares	(16,717)		(2,338)
Realized loss on marketable securities	-		(2)
Balance, November 30, 2019	-	$	-

During the year ended November 30, 2019, the Company received 16,717 common shares of MGX Renewables Inc. The Company sold 16,717 shares for proceeds of $2,338 and recorded a realized loss of $2. As at November 30, 2019, the Company holds Nil shares of MGX Renewables Inc.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

During the year ended November 30, 2019, the following exploration expenses were incurred on the exploration and evaluation assets:

	Case Lake Property	Separation Lake and Gullwing Tot	Total
Acquisition costs			
Balance, November 30, 2018	$ 3,811,161	$ 268,765	$ 4,079,926
Cash paid	60,000	15,000	75,000
Balance, November 30, 2019	3,871,161	283,765	4,154,926
Exploration costs			
Balance, November 30, 2018	364,043	165,250	529,293
Assaying	806	-	806
Drilling	17,180	14,580	31,760
Geological consulting	113,970	24,350	138,320
Supplies	7,186	-	7,186
Travel and accommodation	4,608	284	4,892
Balance, November 30, 2019	507,793	204,464	712,257
Recovery	(2,340)	-	(2,340)
Total balance, November 30, 2019	$ 4,376,614	$ 488,229	$ 4,864,843

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

During the year ended November 30, 2018, the following exploration expenses were incurred on the exploration and evaluation assets:

	Case Lake Property	Drumheller and Peace River	Leduc Lithium Property	Separation Lake and Gullwing Tot	Paradox Basin	Total
Acquisition costs						
Balance, November 30, 2017	$ 3,781,161	$ 195,000	$ 1,685,000	$ 145,150	$ 368,652	$ 6,174,963
Cash paid	30,000	-	-	35,000	-	65,000
Shares issued	-	-	-	88,615	-	88,615
Balance, November 30, 2018	3,811,161	195,000	1,685,000	268,765	368,652	6,328,578
Exploration costs						
Balance, November 30, 2017	944,999	-	-	1,800	-	946,799
Assaying	235,633	-	-	17,105	-	252,738
Drilling	845,080	-	-	44,616	-	889,696
Geological consulting	446,860	-	-	142,882	-	589,742
Supplies	104,878	-	-	15,684	-	120,562
Travel and accommodation	38,239	-	-	19,631	-	57,870
Balance, November 30, 2018	2,615,689	-	-	241,718	-	2,857,407
Recovery	(112,448)	-	-	(14,318)	-	(126,766)
Write-off	-	(195,000)	(1,685,000)	-	-	(1,880,000)
Marketable securities received for exploration and evaluation assets	(2,139,198)	-	-	(62,150)	(368,652)	(2,570,000)
Total balance, November 30, 2018	$ 4,175,204	$ -	$ -	$ 434,015	$ -	$ 4,609,219

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

MGX Minerals Inc. - Definitive Agreement

During the year ended November 30, 2017, the Company entered into a definitive agreement with MGX Minerals Inc. ("XMG") to acquire certain interests held by the Company in exchange for common shares in the capital of XMG. The transaction terms are as follows:

a) XMG acquires a 100% interest in all of the Company's current U.S. Petrolithium Brine assets, consisting of Paradox Basin and Coyote Project.

b) XMG acquires a 20% interest in all of the Company's current Hard Rock Assets, consisting of Case Lake, Separation Lake, Gullwing – Tot Lake and Larder River, and any future assets that the Company acquires for the following 36 months.

c) XMG has the right to purchase an additional 15% interest of the Company's Hard Rock Assets for a period of 36 months for a total of $10,000,000.

d) XMG receives a call option to purchase up to 10,000,000 common shares of the Company at a price of $0.65 per share for a period of 36 months.

e) XMG pays to the Company 3,000,000 common shares of XMG – 1,000,000 common shares of XMG every 5 months following the effective date (2,000,000 XMG shares received and valued at $2,570,000). Upon XMG issuing the shares, it will have acquired the Petrolithium Brine assets and title will transfer from the Company to XMG.

   For each 1,000,000 XMG shares delivered to the Company, XMG will have earned a 6 2/3% interest in the Hard Rock Assets.

During the year ended November 30, 2019, XMG defaulted on the option agreement and the Company reclaimed the 20% interest in all of the Company's Hard Rock Assets. The remaining 1,000,000 shares of XMG will not be collected.

During the year ended November 30, 2019, the Company received 16,717 common shares of MGX Renewables Inc. relating to a spin off of MGX Minerals Inc.

Case Lake Property

During the year ended November 30, 2016, the Company entered into an agreement to acquire 100% interest in the Case Lake Property in consideration of the following:

i) paid $260,000;

ii) payment of $100,000 (paid) for the underlying option agreement;

iii) incur an aggregate of $200,000 of property expenditures over 36 months (incurred);

iv) issuance of 11,000,000 common shares of the Company (issued and valued at $990,000).

The property is subject to a 2% NSR.

The Company also issued 913,235 common shares valued at $82,191 as finders' fees.

During the year ended November 30, 2017, the Company further acquired a 100% interest in additional claim units in consideration of 3,000,000 shares (issued and valued at $2,430,000).

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Paterson Lake and Gullwing-Tot

During the year ended November 30, 2017, the Company entered into an agreement to acquire 100% interest in the Paterson Lake and Gullwing-Tot properties. Pursuant to the agreement, the Company is required to complete the following:

i) cash payment
   a) $90,000 upon execution of agreement (paid).
   b) $35,000 on or before May 1, 2018 (paid).
   c) $15,000 on or before May 1, 2019 (paid).
   d) $75,000 on or before May 1, 2019 (amended to May 1, 2020).

ii) share issuances
   a) share issuances with a value of $55,000 upon execution of agreement (171,875 common shares issued).
   b) share issuances with a value of $90,000 on or before May 1, 2018 (138,461 common shares issued).
   c) share issuances with a value of $155,000 on or before May 1, 2019 (amended to May 1, 2020).

iii) incur an aggregate of $400,000 on exploration expenditures over 36 months
   a) incur $50,000 in exploration on or before May 1, 2018 (incurred).
   b) incur cumulative exploration expenditures of $100,000 on or before May 1, 2019 (incurred).
   c) incur cumulative exploration expenditures of $250,000 on or before May 1, 2020.

In addition, upon a feasibility study being completed on the properties, the Company will make a payment for each Paterson Lake project and Tot property of $450,000 up to a maximum $900,000 in cash at the Company's election.

The properties will be subjected to a 0.5% NSR royalty and the remainder are subject to a 2% NSR on all production, with the Company retaining the right to purchase 1% for $650,000 cash.

Paradox Basin

During the year ended November 30, 2017, the Company entered into an amended agreement with American Potash Corp. ("AMP"), regarding a joint venture agreement to explore and develop lithium brines. According to the terms, the Company can acquire 65% interest of all AMP lithium holdings in Utah for the following considerations:

- Fund and complete two exploration wells targeting lithium brine occurrences beneath AMP's US Federal lithium claims and/or their Utah state lithium leases.
- For the first well, funding shall be by March 31, 2018. For the second well, funding shall be by September 30, 2018 (below).
- Issuance of 1,000,000 shares (issued and valued at $300,000).

During the year ended November 30, 2018, the Company received 2,000,000 XMG shares and applied a portion towards the capitalized cost of Paradox Basin.

Drumheller and Peace River

During the year ended November 30, 2017, the Company executed agreements to acquire two lithium brine permit portfolios in Alberta, Canada. Consideration for the property includes the issuance of 650,000 shares of the Company (issued and valued at $195,000) to arm's length parties and granting of a 2% gross overriding royalty thereon.

During the year ended November 30, 2018, management decided to abandon the properties; accordingly the capitalized cost of $195,000 was written off.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Leduc Lithium Property

During the year ended November 30, 2017, the Company executed an agreement to acquire lithium brine permit portfolios in Alberta, Canada. Consideration for the property includes cash payment of $10,000, the issuance of 5,000,000 shares of the Company (issued and valued at $1,675,000) and granting of a 2% gross overriding royalty thereon.

During the year ended November 30, 2018, management decided to abandon the properties; accordingly the capitalized cost of $1,685,000 was written off.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		November 30, 2019		November 30, 2018
Trade payables	$	401,386	$	405,061
Accrued liabilities		52,000		38,760
Due to related parties (Note 10)		102,753		101,462
Total	$	556,139	$	545,283

7. LOANS PAYABLE

During the year ended November 30, 2015, the Company secured working capital debt financing of $150,000 from non-arm's length parties. The loans are for a term of one year and bear interest at the rate of 12% per annum calculated and compounded annually. As an inducement to grant the loan, the Company will issue the lenders 122,448 common shares of the Company valued at $30,000. The repayment of interest of $23,506 was made during the year ended November 30, 2017. For the year ended November 30, 2018, the Company accrued interest of $2,734 and repaid all remaining loan principal and interest of $182,337.

During the year ended November 30, 2016, the Company entered into a loan agreement with an arm's length party of $450,000. The loan amount accrues interest at a rate of 12% per annum for a term of 12 months. As part of the loan agreement, the Company issued 900,000 common shares at a fair value of $0.10 per share and recognized financing expenses of $90,000. During the year ended November 30, 2019, the Company accrued interest of $14,999 (2018 - $21,452) and settled the remaining loan principal and interest of $98,295 by issuance of 655,300 common shares valued at $124,507, which resulted in a loss of $26,212.

		November 30, 2019		November 30, 2018
Due to an arm's length party	$	-	$	83,296
	$	-	$	83,296

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital as at November 30, 2019:

Unlimited number of voting common shares without par value
Unlimited number of preferred shares with no par value

b) Issued share capital

During the year ended November 30, 2019, the Company:

i) issued 400,911 shares pursuant to the exercise of warrants for gross proceeds of $60,137.

ii) issued 655,300 shares pursuant to the settlement of outstanding debt of $98,295 valued at $124,507 (Note 7).

During the year ended November 30, 2018, the Company:

i) closed a private placement financing of 1,071,428 flow-through units at a price of $0.70 per unit raising total proceeds of $750,000. Each flow-through unit is comprised of one flow-through common share and one-half share purchase warrant. Each whole warrant is exercisable into one common share at $1.10 per share, for a period of one year. The flow-through shares were valued at $653,571 and $96,429 was allocated to flow-through premium. In connection with the private placement, the Company paid share issuance costs of $45,000 in cash.

ii) closed a private placement financing of 6,900,000 units at a price of $0.50 per unit raising total proceeds of $3,450,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at $0.70 per share, for a period of two years. In connection with the private placement, the Company paid share issuance costs consisting of $318,399 in cash, and granted 414,000 share purchase warrants with a fair value of $189,914 using the Black-Scholes option pricing model assuming expected life of 2 years, a risk-free interest rate of 1.76%, a forfeiture rate of 0% an expected volatility of 111.09%, and an exercise price of $0.70.

iii) issued 2,446,223 shares pursuant to the exercise of warrants for gross proceeds of $366,933.

iv) issued 138,461 shares with a total fair value of $88,615 for the acquisition of the Separation Lake and Gullwing-Tot (Note 5).

v) closed a private placement financing of 3,448,300 flow-through units at a price of $0.58 per unit raising total proceeds of $2,000,014. Each flow-through unit is comprised of one flow-through common share and one-half share purchase warrant. Each whole warrant is exercisable into one common share at $0.85 per share, for a period of two years. The flow-through shares were valued at $1,758,633 and $241,381 was allocated to flow-through premium. In connection with the private placement, the Company paid share issuance costs consisting of $181,146 in cash, and granted 206,896 share purchase warrant with a fair value of $32,879 using the Black-Scholes option pricing model assuming expected life of 2 years, a risk-free interest rate of 1.77%, a forfeiture rate of 0% an expected volatility of 101.66%, and an exercise price of $0.58.

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the Board of Directors.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

c) Stock options (cont'd…)

During the year ended November 30, 2019, the Company granted stock options of 3,000,000 to consultants of the Company. The options are valued at $229,798, exercisable at a price of $0.155 per share, expiring on December 26, 2020.

During the year ended November 30, 2018, the Company:

i) granted stock options of 3,300,000 to officers, and consultants of the Company. The options are valued at $2,314,785, exercisable at a price of $0.81 per share, expiring on January 4, 2023.

ii) granted stock options of 1,000,000 to a consultant of the Company. The options are valued at $589,109, exercisable at a price of $0.65 per share, expiring on March 15, 2023.

iii) granted stock options of 250,000 to an investor relation consultant of the Company. The options are valued at $48,159, exercisable at a price of $0.40 per share, expiring on June 27, 2021. The option will vest every 3 months over a period of one year.

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number Of Options Outstanding		Weighted Average Exercise Price
Balance, November 30, 2017	5,140,015	$	0.35
Granted	4,550,000		0.75
Expired/Cancelled	(3,739,996)		0.72
Balance, November 30, 2018	5,950,019		0.42
Granted	3,000,000		0.155
Expired/Cancelled	(550,019)		0.49
Balance, November 30, 2019	8,400,000	$	0.32
Number of options currently exercisable	8,400,000	$	0.32

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

c) Stock options (cont'd…)

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

Number of options	Exercise Price	Expiry Date
3,000,000	$ 0.155	December 26, 2020
250,000	0.40	June 27, 2021
550,000	0.23	January 16, 2022
200,000	0.48	February 20, 2022
100,000	0.33	March 12, 2022
3,000,000	0.28	July 17, 2022
1,300,000	0.81	January 4, 2023
8,400,000		

The weighted average remaining contractual life of option of 1.69 years.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options granted for the years ended November 30, 2019 and 2018:

	Year ended November 30, 2019	Year ended November 30, 2018
Risk-free interest rate	1.90%	1.72%
Expected life of options	2.00 years	4.89 years
Expected annualized volatility	86.66%	129.25%
Exercise price	$0.155	$0.75
Expected dividend rate	0%	0%

The Company uses historical volatility to estimate the volatility of the share price.

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2017	7,596,999	$ 0.17
Granted	9,159,866	0.75
Exercised	(2,393,667)	0.15
Balance, November 30, 2018	14,363,198	0.54
Exercised	(400,000)	0.15
Cancelled	(5,339,046)	0.27
Balance, November 30, 2019	8,624,152	$ 0.73

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

d) Warrants (cont'd…)

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

Number of Warrants	Exercise Price	Expiry Date
6,900,000	$ 0.70	January 12, 2020*
1,724,152	0.85	June 27, 2020
8,624,152		

* subsequently expired

e) Agent's warrants

Agent's warrants transactions are summarized as follows:

	Number of Agent's Warrants	Weighted Average Exercise Price
Balance, November 30, 2017	102,467	$ 0.15
Granted	620,898	0.66
Exercised	(52,556)	0.15
Balance, November 30, 2018	670,809	0.62
Exercised	(911)	0.15
Cancelled	(49,000)	0.15
Balance, November 30, 2019	620,898	$ 0.66

As at November 30, 2019, the following agent's warrants were outstanding:

Number of Agent's warrants	Exercise Price	Expiry Date
414,000	$ 0.70	January 12, 2020*
206,898	0.58	June 27, 2020
620,898		

* subsequently expired

The following weighted average assumptions were used for the Black-Scholes pricing model valuation of warrants granted for the years ended November 30, 2019 and 2018:

	Year ended November 30, 2019	Year ended November 30, 2018
Risk-free interest rate	-	1.76%
Expected life of options	-	2.00 years
Expected annualized volatility	-	107.95%
Exercise price	-	$0.66
Expected dividend rate	-	0%

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK

Fair values

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets measured at fair value on a recurring basis were calculated as follows:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
As at November 30, 2018				
Marketable securities	450,000	450,000	-	-

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. As at November 30, 2019, the Company had $4,537 (2018 – $155,871) receivable from government authorities in Canada. The Company believes it has no significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2019 the Company had a cash balance of $11,598 (2018 – $743,318) to settle accounts payable and accrued liabilities and loans payable of $556,139 (2018 – $628,579). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

9. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) Interest rate risk

The Company has cash balances and loans payable which bear interest. The Company is satisfied with the credit ratings of its banks. The loans have fixed interest rates thus there is no interest rate risk. As of November 30, 2019, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

As at November 30, 2019, the Company has a minimal balance of cash in US dollars and does not believe that the foreign currency risk related to the balance is significant.

c) 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 may be significant. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

10. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions with related parties and key management personnel are as follows:

	Nature of transactions	November 30, 2019	November 30, 2018
Key management personnel:			
Chairman and Director	Management	$ 219,451	$ 234,386
A company controlled by CFO and Director	Management	60,000	65,000
A company controlled by CFO and Director	Professional	76,700	127,300
VP Exploration and a company controlled by VP Exploration	Geological and consulting (i)	182,109	836,978
Total		$ 538,260	$ 1,263,664

i) Capitalized in exploration and evaluation assets.

During the year ended November 30, 2019, the Company granted Nil stock options (2018 – 1,000,000) to an officer resulting in share-based compensation of $Nil (2018 - $701,450).

(Expressed in Canadian Dollars)

10. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd…)

The amounts due to other related parties and key management personnel included in accounts payable and accrued liabilities are as follows:

	November 30, 2019	November 30, 2018
Due to the Chairman and Director	$ -	$ 2,612
Due to a company controlled by the CFO and Director	44,238	44,238
Due to a Director	13,125	13,125
Due to VP Exploration and a company controlled by VP Exploration	45,390	41,487
	$ 102,753	$ 101,462

The amounts due to related parties are unsecured non-interest bearing and are due on demand.

The amounts due from other related parties and key management personnel included prepaid expenses are as follows:

	November 30, 2019	November 30, 2018
Due to the Chairman and Director	$ 27,493	$ -

11. COMMITMENT

In connection with the issuance of flow-through common shares in June 2018, the Company has a commitment to incur $2,000,014 of qualifying flow-through expenditures. As at November 30, 2019, the Company has a remaining flow-through commitment of $741,218.

The following is a continuity schedule of the deferred premium on flow-through shares issuance:

Balance at November 30, 2017	$ -
Initial recognition of deferred premium on flow-through shares	337,810
Settlement of flow-through share liability through incurring expenditures	(225,953)
Balance at November 30, 2018	111,857
Settlement of flow-through share liability through incurring expenditures	(22,400)
Balance at November 30, 2019	$ 89,457

(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. share capital, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the year ended November 30, 2019.

13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and development of mineral properties.

14. SUPPLEMENTARY CASH FLOW INFORMATION

	November 30, 2019	November 30, 2018
Non-cash investing and financing activities		
Fair value of agent's warrants and agents units issued	$ -	$ 222,793
Fair value of shares issued for the acquisition of exploration and evaluation assets	-	88,615
Fair value reclassified from reserves to deficit for cancellation of options	173,441	2,318,366
Marketable securities received for exploration and evaluation assets	2,340	2,570,000
Accounts payable and accrued liabilities for exploration and evaluation assets	341,535	335,531
Shares issued for debt settlement	124,507	-

(Expressed in Canadian Dollars)

15. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

		2019		2018
Loss for the year	$	(1,413,736)	$	(9,115,106)
Canadian statutory rates		27.00%		26.92%
Income tax recovery at statutory rates	$	(381,709)	$	(2,453,787)
Non-deductible items		92,769		878,532
Change in tax rate		-		(4,543)
True Up		388,372		46,374
Tax benefit not recognized		(99,432)		1,533,424
Total income taxes	$	-	$	-

The significant components of the Company's unrecorded deferred tax assets are as follows:

		November 30, 2019		November 30, 2018
Non-capital losses	$	3,641,600	$	3,339,200
Share Issuance Costs		95,800		179,100
Exploration and evaluations assets		3,525,700		3,879,000
Marketable Securities		-		72,900
Capital Loss		173,600		66,500
Equipment		10,500		9,900
		7,447,200		7,546,600
Unrecognized deferred tax assets		(7,447,200)		(7,564,600)
Net deferred tax assets	$	-	$	-

The Company has available for deduction against future year' taxable income non-capital losses of approximately $13,487,400. Subject to certain restrictions, the Company also has resource expenditures of approximately $17,923,000 available to reduce taxable income in future years. Non-capital losses expire as follows:

2026	**$**	16,600
2027		103,000
2028		175,800
2029		246,100
2030		926,600
2031		959,700
2032		929,200
2033		1,172,100
2034		1,101,100
2035		509,200
2036		597,000
2037		1,849,200
2038		3,737,200
2039		1,164,600
	$	13,487,400

Future tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements as it is not probable that the Company will generate future taxable income against which to utilize the temporary differences.