POWER METALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

February 29, 2020

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

		February 29, 2020		November 30, 2019
ASSETS				
Current assets				
Cash	$	3,656	$	11,598
Receivables		10,137		4,537
Prepaid expenses		-		27,493
Total current assets		13,793		43,628
Non-current assets				
Advances		73,900		73,900
Exploration and evaluation assets (Note 5)		4,878,236		4,864,843
Furniture and equipment		8,761		9,222
Total non-current assets		4,960,897		4,947,965
Total assets	$	4,974,690	$	4,991,593
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities (Notes 6 and 10)	$	627,609	$	556,139
Loans payable (Note 7)		6,000		-
Flow-through premium liability (Note 11)		87,841		89,457
Total liabilities		721,450		645,596
Equity				
Share capital (Note 8)		34,559,011		34,559,011
Shares to be issued		30,000		30,000
Share subscription receivable		(7,050)		(7,050)
Reserves (Note 8)		2,677,710		2,352,124
Deficit		(33,006,431)		(32,588,088)
Total equity		4,253,240		4,345,997
Total liabilities and equity	$	4,974,690	$	4,991,593

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

Approved and authorized on April 28, 2020 on behalf of the Board:

"Johnathan More"	, Director	*"Brent Butler"*	, Director
Johnathan More		Brent Butler	

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	For the three month ended February 29, 2020	February 28, 2019
EXPENSES		
Consulting	$ -	$ 58,908
Depreciation	461	576
Filing fees	20,844	10,858
Management fees (Note 10)	74,557	75,037
Marketing, promotion and communication	2,316	40,073
Office and miscellaneous	3,438	18,386
Professional fees (reversal) (Note 10)	(7,800)	43,712
Share-based compensation (Notes 8 and 10)	325,587	229,798
Travel	556	35,015
Write-off of accounts receivable	-	14,318
	(419,959)	(526,681)
OTHER ITEMS		
Gain (loss) on settlement of debt (Note 7)	-	(26,212)
Interest and financing expenses (Note 7)	-	(14,999)
Other income (Note 11)	1,616	2,939
Unrealized loss on marketable securities (Note 4)	-	(90,000)
	1,616	(128,272)
Loss and comprehensive loss for the period	$ (418,343)	$ (654,953)
Basic and diluted loss per common share	$ (0.00)	$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	102,327,121	101,695,112

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)
FOR THE THREE MONTHS ENDED,

	February 29, 2020	February 28, 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	$ (418,343)	$ (654,953)
Items not affecting cash:		
Depreciation	461	576
Accrued financing expenses	-	14,999
Other income	(1,616)	(2,939)
Share-based compensation	325,586	229,798
Gain (loss) on settlement of accounts payable	-	26,212
Write-off of accounts receivable	-	14,318
Unrealized loss on marketable securities	-	90,000
Changes in non-cash working capital items:		
Receivables	(5,600)	7,214
Prepaid expenses	27,493	22,339
Accounts payable and accrued liabilities	71,470	(8,642)
Net cash used in operating activities	(549)	(261,078)
CASH FLOW FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	(13,393)	(57,102)
Net cash used in investing activities	(13,393)	(57,102)
CASH FLOW FROM FINANCING ACTIVITIES		
Loan received	6,000	-
Warrants exercised	-	60,137
Net cash provided by financing activities	6,000	60,137
Change in cash for the period	(7,942)	(258,043)
Cash, beginning of period	11,598	743,318
Cash, end of period	$ 3,656	$ 485,275

Supplementary cash flow information (Note 14)

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Share Capital												
	Common Shares		Amount		Shares to be issued		Share subscription receivable		Reserves		Deficit		Total Equity
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
Fair value of shares issued on warrants exercised	-		215		-		-		(215)		-		-
Shares issued for debt settlement	655,300		124,507		-		-		-		-		124,507
Share-based compensation	-		-		-		-		229,798		-		229,798
Loss and comprehensive loss for the period	-		-		-		-		-		(654,953)		(654,953)
Balance, February 28, 2019	102,327,121	$	34,559,226	$	30,000	$	(7,050)	$	2,525,350	$	(32,002,746)	$	5,104,780
Balance, November 30, 2019	102,327,121	$	34,559,011	$	30,000	$	(7,050)	$	2,352,124	$	(32,588,088)	$	4,345,997
Share-based compensation	-		-		-		-		325,586		-		325,586
Loss and comprehensive loss for the period	-		-		-		-		-		(418,343)		(418,343)
Balance, February 29, 2020	102,327,121	$	34,559,011	$	30,000	$	(7,050)	$	2,677,710	$	(33,006,431)	$	4,253,240

The accompanying notes are an integral part of these condensed interim 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 condensed interim 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 February 29, 2020, the Company had an accumulated deficit of $33,006,431 (November 30, 2019 - $32,588,088) 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 period-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 unaudited condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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 February 29, 2020 and November 30, 2019, 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.

Financial liabilities

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.

Impairment of financial assets

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 and February 29, 2020	-	$ -

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 February 29, 2020, the Company holds Nil (2019 – 1,000,000) shares of MGX Minerals Inc. and the market value of the remaining shares was $Nil (2019 - $360,000).

	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 and February 29, 2020	-	$ -

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 February 29, 2020, the Company holds Nil shares of MGX Renewables Inc.

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

During the period ended February 29, 2020, 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, 2019	$ 3,871,161	$ 283,765	$ 4,154,926
Cash paid	-	-	-
Balance, February 29, 2020	3,871,161	283,765	4,154,926
Exploration costs			
Balance, November 30, 2019	505,453	204,464	709,917
Assaying	-	-	-
Drilling	-	-	-
Geological consulting	10,000	2,500	12,500
Supplies	893	-	893
Travel and accommodation	-	-	-
Balance, February 29, 2020	516,346	206,964	723,310
Recovery	-	-	-
Total balance, February 29, 2020	$ 4,387,507	$ 490,729	$ 4,878,236

(Expressed in Canadian Dollars)

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

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

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).

(Expressed in Canadian Dollars)

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.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		February 29, 2020		November 30, 2019
Trade payables	$	441,339	$	401,386
Accrued liabilities		13,000		52,000
Due to related parties (Note 10)		173,270		102,753
Total	$	627,609	$	556,139

(Expressed in Canadian Dollars)

7. LOANS PAYABLE

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.

During the period ended February 29, 2020, the Company received a non-interest bearing loan of $6,000 with no-specific term of repayment.

	February 29, 2020	November 30, 2019
Due to a non-arm's length party	$ 6,000	$ -
Due to an arm's length party	-	-
	$ 6,000	$ -

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital as at February 29, 2020:

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

b) Issued share capital

During the period ended February 29, 2020, the Company had no share activity.

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).

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.

During the period ended February 29, 2020, the Company granted stock options of 3,000,000 to officer and consultants of the Company. The options are valued at $325,586, exercisable at a price of $0.10 per share, expiring on February 5, 2025.

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.

(Expressed in Canadian Dollars)

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

c) Stock options (cont'd…)

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, 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
Granted	3,000,000		0.10
Expired/Cancelled	(1,403,333)		0.155
Balance, February 29, 2020	9,996,667	$	0.28
Number of options currently exercisable	9,996,667	$	0.28

As at February 29, 2020, the following stock options were outstanding:

Number of options		Exercise Price	Expiry Date
1,596,667	$	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
3,000,000		0.10	February 5, 2025
9,996,667			

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 period ended February 29, 2020 and February 28, 2019:

	Period ended February 29, 2020	Period ended February 28, 2019
Risk-free interest rate	1.39%	1.90%
Expected life of options	5.00 years	2.00 years
Expected annualized volatility	105.65%	86.66%
Exercise price	$0.10	$0.15
Expected dividend rate	0%	0%

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

(Expressed in Canadian Dollars)

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

d) Warrants

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

	Number of Warrants	Weighted Average Exercise Price
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
Cancelled	(6,900,000)	0.70
Balance, February 29, 2020	1,724,152	$ 0.85

As at February 29, 2020, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,724,152	$ 0.85	June 27, 2020
1,724,152		

e) Agent's warrants

Agent's warrants transactions are summarized as follows:

	Number of Agent's Warrants	Weighted Average Exercise Price
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
Cancelled	(414,000)	0.70
Balance, February 29, 2020	206,898	$ 0.58

As at February 29, 2020, the following agent's warrants were outstanding:

Number of Agent's warrants	Exercise Price	Expiry Date
206,898	$ 0.58	June 27, 2020
206,898		

(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 February 29, 2020				
Cash	3,656	3,656	-	-
Marketable securities	-	-	-	-

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 February 29, 2020, the Company had $10,137 (November 30, 2019 – $4,537) 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 February 29, 2020 the Company had a cash balance of $3,656 (November 30, 2019 – $11,598) to settle accounts payable and accrued liabilities and loans payable of $633,609 (November 30, 2019 – $556,139). 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 February 29, 2020, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

As at February 29, 2020, 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	February 29, 2020	February 28, 2019
Key management personnel:			
Chairman and Director	Management	$ 59,558	$ 60,037
A company controlled by CFO and Director	Management	15,000	19,900
A company controlled by CFO and Director	Professional	10,800	15,000
VP Exploration and a company controlled by VP Exploration	Geological and consulting (i)	12,500	23,505
Total		$ 97,858	$ 118,442

i) Capitalized in exploration and evaluation assets.

During the period ended February 29, 2020, the Company received a non-interest bearing loan of $6,000 with no-specific term of repayment from a director of the Company.

(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:

		February 29, 2020		November 30, 2019
Due to the Chairman and Director	$	17,507	$	-
Due to a company controlled by the CFO and Director		83,123		44,238
Due to a Director		13,125		13,125
Due to VP Exploration and a company controlled by VP Exploration		59,515		45,390
	$	173,270	$	102,753

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:

		February 29, 2020		November 30, 2019
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 February 29, 2020, the Company has a remaining flow-through commitment of $727,825.

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

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
Settlement of flow-through share liability through incurring expenditures		(1,616)
Balance at February 29, 2020	$	87,841

(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 period ended February 29, 2020.

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

	February 29, 2020	February 28, 2019
Non-cash investing and financing activities		
Fair value of agent's warrants and agents units issued	$ -	$ 215
Fair value of shares issued for the acquisition of exploration and evaluation assets	-	-
Fair value reclassified from reserves to deficit for cancellation of options	-	-
Marketable securities received for exploration and evaluation assets	-	-
Accounts payable and accrued liabilities for exploration and evaluation assets	341,535	-
Shares issued for debt settlement	-	-