Crestview Exploration Inc.
Consolidated Financial Statements
For the 3 months ended February 29, 2020

Crestview Exploration Inc.

Contents

For the 3 months ended February 29, 2020

Crestview Exploration Inc.
Consolidated Statement of Financial Position

	As at February 29, 2020 $	As at November 30, 2019 $
Assets		
Current		
Cash and cash equivalents (Note 6)	**253,276**	16,667
Sales Tax Receivable	**17,862**	15,645
Other Receivables	**2,628**	3,292
	273,765	35,604
Non-Current		
Exploration and evaluation assets (Note 7)	**495,518**	490,258
Total Assets	**769,284**	525,862
Liabilities		
Current		
Accounts payable and accrued liabilities	**50,769**	44,875
Shareholder Loan (Note 11)	**227**	6,227
Total Liabilities	**50,996**	51,102
Equity		
Share Capital		
Common Shares (Note 8)	**1,519,585**	1,139,352
Warrants	**62,225**	255,607
Contributed surplus	**18,249**	25,549
Deficit	**(881,770)**	(945,748)
Total Equity	**718,288**	474,760
Total Liabilities and Equity	**769,284**	525,862

Going Concern (Note 2)
Commitments (Note 15)
Subsequent Events (Note 16)

Approved on behalf of the Board

Director
Dimitrios Liakopoulos

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

Consolidated Statement of Loss and Comprehensive Loss

	3 months ended February 29, 2020	*3 months ended February 28, 2019*
	$	*$*
Operating expenses		
Professional fees	**42,587**	35,529
Marketing and Promotion	7,438	-
Director Fees	**4,250**	-
Meals and entertainment	**5,839**	3,218
Insurance	**3,499**	-
Filing Fees	**2,050**	-
Travel	**2,081**	371
General Expenses	**1,006**	-
IT Expenses	**632**	-
Interest and bank charges	**332**	160
Rental	**312**	314
Business taxes and licenses	-	9,300
Operating Loss	**70,026**	48,893
Other Income	**-**	
Foreign exchange gain (loss)	**984**	(178)
	984	(178)
Net loss and comprehensive loss for the year	**69,041**	49,071
Basic and diluted loss per share (Note 10)	**(0.01)**	(0.01)

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

Crestview Exploration Inc.
Consolidated Statement of Changes in Equity
For the 3 months ended February 29, 2020

	No of Shares	*Share capital*	*Share capital to be issued*	*Warrants*	*Contributed surplus*	*Deficit*	*Total equity*
		$	*$*	*$*	*$*	*$*	*$*
Balance at November 30, 2018	**8,936,876**	**823,677**	**150,000**	**228,231**	**25,549**	**(649,965)**	**577,492**
Net loss and comprehensive loss for the Quarter **-**	**-**	**-**	**-**	**-**	**-**	**(49,071)**	**(49,071)**
Issuance of units (Note 8)	**95,500**	**30,239**	**400**	**7,961**	**-**	**-**	**38,600**
Balance at February 28, 2019	**9,032,376**	**853,916**	**150,400**	**236,192**	**25,549**	**(699,036)**	**567,021**
Balance at November 30, 2019	**12,091,376**	**1,139,352**	**-**	**255,607**	**25,549**	**(945,747)**	**474,759**
Net loss and comprehensive loss for the Quarter **-**	**-**	**-**	**-**	**-**	**-**	**(69,041)**	**(69,041)**
Exercise of Warrants	**995,950**	**352,933**		**(194,631)**		**-**	**292,570**
Exercise of Stock Options	**50,000**	**27,300**			**(7,300)**	**-**	**20,000**
Balance at February 29, 2020	**13,137,326**	**1,519,585**	**-**	**62,225**	**18,249**	**(881,770)**	**718,288**

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

Crestview Exploration Inc.
Consolidated Statement of Cash Flows
For the 3 months ended February 29, 2020 and February 28, 2019

	3 months ended	
	29th February 2020	*28th February 2019*
	$	$
OPERATING ACTIVITIES		
Net loss	**(69,041)**	**(49,071)**
Adjustments for non-cash items: Share-based payments, FX, etc.	**-**	-
Changes in non-cash working capital items		
Other Receivables	**(1,552)**	-
Accounts payable and accrued liabilities	**8,838**	(4,858)
Cashflows used by Operating Activities	**(61,756)**	(53,929)
INVESTING ACTIVITIES		
Increase in exploration and evaluation assets	**(8,205)**	(2,196)
Cashflows used by Investing Activities	**(8,205)**	(7,054)
FINANCING ACTIVITIES		
Shareholder Loans	**(6,000)**	-
Proceeds from issuance of units	**312,570**	38,600
Cash flows from Financing Activities	**306,570**	38,600
Increase / (Decrease) in cash and cash equivalents	**236,609**	(17,525)
Cash and cash equivalents, beginning of the period	**16,667**	233,582
Cash and cash equivalents, end of the period	**253,276**	216,057
Supplementary cash flow information		
Interest paid	**332**	160

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

1. Statement of incorporation and nature of activities

Crestview Exploration Inc. (the "Company"), incorporated under the Business Corporations Act of Canada on August 30, 2017, is involved in the process of exploring, evaluating and promoting its gold properties and other projects. The Company is domiciled in Canada. The address of the Company's registered office is 330 5th Avenue SW, Calgary, AB, T2P 0L3. The Company's shares are currently traded on the Canadian Securities Exchange ("CSE") under the symbol "CRS" and are also listed on the Börse Frankfurt stock exchange ("Frankfurt") with the ticker symbol "CE7"

The consolidated Financial Statements include a wholly subsidiary in the United States of America that is not under operation. These consolidated financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, and the Company has not yet generated income or cash flows from its operations.

2. Basis of presentation

Going Concern

These consolidated financial statements have been prepared in accordance with International Financing Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to continue as a going concern depends upon its ability to obtain necessary financing to fund its prospection operations, its projects and continued support of suppliers and creditors.
The Company's ability to raise enough financing to meet these objectives cannot be determined at this time. The Company's business involves a high degree of risk and there is no assurance that the Company will be successful in discovering economically recoverable deposits on its mineral properties. Furthermore, the Company has not yet generated any income or cash flows from its operations and there is no assurance that the business will be profitable in the future.

	3 months ended February 29, 2020 $	Year ended November 30, 2019 $
Comprehensive Income / (Loss) for the period	**69,041**	**280,682**
Deficit	**(881,770)**	**(945,748)**
Working Capital	222,770	(15,498)

These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. The carrying amounts of assets, liabilities and expenses presented in the consolidated financial statements and the classification used in the consolidated financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material. Management routinely plans future activities including forecasting cash flows. Management has reviewed their plan with the Directors and has collectively formed a judgment that the Company has adequate resources to continue as a going concern for the foreseeable future, which Management and the Directors have defined as being at least the next 12 months from the date of the financial position.

Approval of Consolidated Financial Statements

These consolidated financial statements were approved for issuance by the Board of Directors on April 29, 2020.

3. Significant accounting policies

The consolidated financial statements are prepared using the significant accounting policies described in the present note. These methods have been applied consistently to all periods presented in these consolidated financial statements.

Basis of measurement

The financial statements have been prepared on a historical cost basis.

Foreign currency translation

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. **Significant accounting policies *(continued from previous page)***

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency, using the exchange rates prevailing at the dates of the transactions (spot exchange rates). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates recognized in profit or loss.

Non-monetary items are not re-translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the dates when fair value was determined.

Segment disclosure

The Company presents and discloses segmental information based on information that is regularly reviewed by the chief operating decision-maker, i.e. the President and the Board of Directors.

The Company has determined that it has only one operating segment, the sector of exploration and evaluation of mineral resources. All its exploration and evaluation assets are located in the United States.

Financial Instruments:

As a result of the adoption of IFRS 9, the Company has changed its accounting policy for financial instruments retrospectively, for ones that were recognized at the date of application, which was December 1, 2018. The change did not impact the carrying value of any financial instruments on this date.

a) Classification
In implementing IFRS 9, the Company updated the financial instruments classification within its accounting policy. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets/Liabilities	**Original classification under IAS 39**	**New classification under IFRS 9**
Cash and cash equivalents	Loans and receivables at amortized cost	Financial asset at amortized cost
Share subscription receivable	Loans and receivables at amortized cost	Financial asset at amortized cost
Other receivables	Loans and receivables at amortized cost	Financial assets at amortized cost
Accounts payable and accrued liabilities	Other financial liabilities at amortized cost	Financial liabilities at amortized cost
Shareholder Loans	Other financial liabilities at amortized cost	Financial liabilities at amortized cost

The Company determines the classification of financial assets at initial recognition. The classification of its instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading (including all equity derivative instruments) are classified as fair value through profit and loss ("FVTPL"). For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument- by-instrument basis) to designate them at fair value through other comprehensive income ("FVTOCI"). Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

b) Measurement

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

3. Significant accounting policies *(continued from previous page)*

Financial assets and liabilities at FVTPL:
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of net loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net loss and comprehensive loss in the period in which they arise. Where Company has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive income (loss).

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

Fair value hierarchy

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of the significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and,
- Level 3: unobservable inputs for the assets or liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and demand deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Exploration and evaluation expenditures and exploration and evaluation asset

Exploration and evaluation expenditures are costs incurred in the course of initial search for mineral resources before the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Costs incurred before the legal right to undertake exploration and evaluation activities are recognized in profit or loss when they are incurred.

Once the legal right to undertake exploration and evaluation activities has been obtained, all costs of acquiring mineral rights or options to acquire such rights (option agreement), expenses related to the exploration and evaluation of mining properties, less refundable tax credits related to these expenses, are recognized as exploration and evaluation assets.

Whenever a mining property is considered no longer viable, or is abandoned, the capitalized amounts are written down to their recoverable amounts; the difference is then immediately recognized in profit or loss.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets related to the mining property are transferred to property and equipment in Mining assets under construction. Before the reclassification, exploration and evaluation assets are tested for impairment and any impairment loss is recognized in profit or loss before reclassification.

Although the Company has taken steps to verify title to the mining properties in which it hold an interest in accordance with industry practices for the current stage of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Title to property may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

To date, neither the technical feasibility nor the commercial viability of extracting a mineral resource has been demonstrated.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash

3. Significant accounting policies (continued from previous page)

inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit level.

Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an asset or cash-generating unit is reviewed for impairment.

Impairment reviews for exploration and evaluation assets are carried out on a project by project basis, with each project representing a potential single cash-generating unit. An impairment review is undertaken when indicators of impairment arise, but typically when one of the following circumstances apply:

a) the right to explore the areas has expired or will expire in the near future with no expectation of renewal;
b) no further exploration or evaluation expenditures in the areas are planned or budgeted;
c) no commercially viable deposits have been discovered, and the decision has been made to discontinue exploration in the area;
d) sufficient work has been performed to indicate that the carrying amount of the expenditure carried as an asset will not be fully recovered.

Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment.

An impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less cost to sell and its value in use.

An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Equity

Share capital

Share capital represents the amount received on the issue of shares, less issuance costs, net of any underlying income tax benefit from these issuance costs. In addition, if shares were issued as consideration for the acquisition of a mineral property or some other form of non-monetary assets, they are measured at their fair value according to the price of the most recent share issue of the Company or ,after the Company being listed, their fair value according to the quoted price on the of the conclusion of the agreement.

Unit placements

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

Warrants

Warrants that have been issued in combination with common shares are accounted for under IAS 32, *Financial instruments: Presentation*. Equity classification applies to instruments where a fixed amount of cash (or liability) denominated in the issuer's functional currency is exchanged for a fixed amount of shares.

In calculating the value of warrants, the Company used the Black Scholes option model which incorporates the following inputs: the Company's stock price, expected life of the warrant, volatility of the Company's stock price, dividend yield and the risk-free interest rate.

On December 1, 2019, the Company has adopted a policy whereby proceeds from the issuance of warrants, net of issue costs, are credited to warrants reserve. Warrants reserve will be transferred to share capital account upon the exercise of warrants. Balance of warrants reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to accumulated profits / retained earnings or deficit. The above policy has been put in place retrospectively.

Other elements of equity

Contributed surplus includes charges related to stock options and warrants until such stock options and warrants are exercised. Deficit includes all current and prior period retained profits and losses.

Share-based payments

Stock options plan

The Company operates an equity-settled share-based payment plan for its eligible directors, officers, and employees. The Company's plan does not feature any options for a cash settlement.

3. Significant accounting policies *(continued from previous page)*

All goods and services received in exchange for the grant of any share-based payments are measured at their fair values, unless that fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value indirectly by reference to the fair value of the equity instruments granted. For the transactions with employees and others providing similar services, the Company measures the fair value of the services received by reference to the fair value of the equity instruments granted.

All equity-settled share-based payments (except equity-settled share-based payments to brokers) are ultimately recognized as an expense in loss or capitalized as an exploration and evaluation asset, depending on the nature of the payment with a corresponding credit to Contributed surplus, in equity. Equity-settled share-based payments to brokers, in respect of an equity financing are recognized as issuance costs of the equity instruments with a corresponding credit to Contributed surplus, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of stock options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of stock options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if stock options ultimately exercised are different to that estimated on vesting.

Upon exercise of stock options, the proceeds received net of any directly attributable transaction costs are recorded as share capital. The accumulated charges related to the stock options recorded in contributed surplus are then transferred to share capital.

Basic and diluted loss per share

Basic loss per share is calculated by dividing net loss attributable to common equity holders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options warrants and restricted share units.

When a loss is incurred during a period, basic and diluted loss per share are the same because the exercise of share equivalents is then considered to be anti-dilutive.

Income taxes

Tax expense recognized in profit or loss comprises the sum of deferred and current tax not recognized in other comprehensive income (loss) or directly in equity.

Current tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and associates is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4. Future accounting policies

At statement date, several new standards, amendments to standards and interpretations have been issued but are not yet effective. Accordingly, they have not been applied in preparing these consolidated financial statements. The Company is currently assessing the impact that these standards will have on the audited condensed consolidated financial statements.

The standards issued but not yet effective that are expected to be relevant to the Company's consolidated financial statements are provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

Management anticipates that the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's consolidated financial statements and are not listed.

IFRS 16 - Leases

In January 2016, the IASB published IFRS 16 – Leases, which will replace IAS 17 – Leases. This IFRS eliminates the classification as an operating lease and requires lessees to recognise a right-of-use asset and a lease liability for all leases with exemptions permitted for short-term leases and leases of low value assets. In addition, IFRS 16 changes the definition of a lease, sets requirements on how to account for the asset and liability, including complexities such as non-lease elements, variable lease payments and options periods, changes the accounting for sale and leaseback arrangements, largely retains IAS 17's approach to lessor accounting and introduces new disclosure requirements. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 with early application permitted in certain circumstances. As of December 1, 2019, the Company has adopted IFRS 16 and has concluded that, based on its current operations, the adoption of IFRS 16 had no significant impact on the Company's consolidated. financial statements.

IFRIC 23 Uncertainty Over Income Tax Treatments
Issued by the IASB in June 2017 and provides guidance as to when it is appropriate to recognize a current tax asset when the taxation authority requires an entity to make an immediate payment related to an amount in dispute. This interpretation applies for annual reporting periods beginning on or after January 1, 2019. The Company is currently in the process of assessing the impact of IFRC 23 on its consolidated financial statements.

5. Judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the consolidated financial statements.

Judgments

Going concern
The evaluation of the Company's ability to continue as a going concern, to raise additional financing in order to cover its operating expenses and its obligations for the incoming year requires significant judgment based assumptions including the probability that future events are considered reasonable according to the circumstances. Please refer to Note 2 for further information.

Impairment of exploration and evaluation assets
Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgement and a number of estimates and interpretations in many cases.

5. Judgments, estimates and assumptions (continued from previous page)

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset or the cash-generating units must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined.

In assessing impairment, the Company must make some estimates and assumptions regarding future circumstances, in particular, whether an economically viable extraction operation can be established, the probability that the expenses will be recovered from either exploitation or sale when the activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Company's capacity to obtain financial resources necessary to complete the evaluation and development and to renew permits. Estimates and assumptions may change if new information become available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the period when the new information becomes available.

The impairment loss of the exploration and evaluation assets recognized in profit or loss amounts to $nil for the 3 months ended February 29, 2020 (2019: Nil). No reversal of impairment losses has been recognized for the reporting period.

Management judged that there are no indications of impairment required on the Rock Creek Prospect.

Recognition of deferred tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgement. To date, management has not recognized any deferred tax assets.

Estimation uncertainty

Share-based payments and warrant valuation

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black Scholes valuation model. For the significant inputs in the Black Scholes option pricing model, management made the following assumptions:

- Underlying stock price: Set the stock price based on the equity offering from non-brokered private placements at or near the grant date of the options.
- Underlying stock price volatility: Based on historical data of comparable publicly traded companies in the mining industry.
- Expected life: Given the limited history of the stock option plan and the Company, setting expected life was inherently subjective.

Additionally, management is required to make an estimate of future forfeitures at the time of each grant and reduce the share-based payment accordingly. This was also inherently subjective due to the limited history of the Company.

6. Cash and cash equivalents

Cash and cash equivalents are made up of the following:

	February 29, 2020	*November 30, 2019*
Cash	**251,866**	15,257
Cash held in trust	**1,410**	1,410
	253,276	16,667

7. Exploration and evaluation (E&E) assets

Exploration and evaluation assets, including the costs of acquiring licenses and directly attributable general and administrative costs, initially are capitalized as exploration and evaluation assets. The costs are accumulated by property pending the determination of technical feasibility and commercial viability. Pre-license costs are expensed when incurred. Pre-exploration costs are expensed unless it is considered probable that they will generate future economic benefits. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties. The amounts shown for exploration and evaluation assets do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation assets.

The technical feasibility and commercial viability of extracting a mineral resource from a property is considered to be determinable when proved and/or probable reserves are determined to exist, and the necessary permits have been received to commence production. A review of each property is carried out at least annually. Upon determination of technical feasibility and commercial viability, exploration and evaluation assets are first tested for impairment and then reclassified to property, plant and equipment and/or intangibles or expensed to the statement of loss and comprehensive loss to the extent of any impairment.

Exploration and evaluation assets are made up of the following:

	3 months ended February 29, 2020	Year Ended November 30, 2019
Mining Claims		
Opening Balance	**324,528**	306,152
Acquisitions and claims maintenance		18,376
Closing Balance	**324,528**	324,528
Exploration		
Opening Balance	**165,730**	68,332
Additions during the Year	**5,260**	97,398
Closing Balance	**170,991**	165,730
Total Exploration and Evaluation Assets		
Opening Balance	**490,258**	374,484
Additions during the Year	**5,260**	115,774
Closing Balance	**495,519**	490,258

Rock Creek Prospect - Elko County, Nevada

The Rock Creek property is comprised of 74 unpatented lode claims, located approximately 12 miles northwest of the old mining town of Tuscarora, in Elko County, Nevada, United States. The claims lie on BLM administered lands. The Company obtained this exploration property on September 19, 2017. Consideration for the property consisted of $125,430 CDN ($100,000 US) cash and 3,000,000 common shares valued at $0.05, for a total of $150,000, to be issued when the shares of the Company are listed on a recognized stock exchange by way of an initial public offering or any other similar type of going public transaction. The price of the shares was determined using the price of 4,876,000 share issued on September 22, 2017. During the year ended November 30, 2019, the Company issued 3,000,000 common shares valued at $0.05 per share.

8. Share capital

a) Capital stock

The capital stock of the Company consists only of fully paid common shares.

Authorized

- Unlimited number of common shares, without par value, voting and participating.
- Unlimited number of preferred shares, without par value, non-participating. The directors will define the rights, privileges, restrictions and conditions of these shares upon issuance.

b) Issued

Year ended November 30, 2018:

During the year ended November 30, 2018, the Company closed non-brokered private placements of 2,598,312 units (including 1,600,000 units that gave rise to a share-based payment – See Note 9), consisting of one common share and one- or one-half common share purchase warrant, at prices ranging between $0.03 and $0.40 for total proceeds of $396,165.

Year ended November 30, 2019

During the year the Company closed non-brokered private placements of 529,500 units, consisting of one common share and one-half common share purchase warrant, at $0.40 for total proceeds of $211,800. The Company also issued 3,000,000 shares as described in Note 7 above.

3 months ended February 29, 2020

No further issuance of shares were made during the 3 months ended February 29, 2020 apart from the exercise of warrants and share option explained below.

c) Repurchased

During the year 2019, the Company repurchased 375,000 shares for USD25,000 from Kingsmere Mining Ltd.

d) Equity reserve - Warrants

No new warrants were issued during the 3 months ended February 29, 2020. However, as previously noted under part (b), the Company issued one or one-half warrant for each unit, or, 264,750 warrants during the year ended November 30, 2019. Each warrant is exercisable into one common share at a price of $0.60.

Details of common share purchase warrants outstanding are as follows:

	February 29, 2020			November 30, 2019		
	Number of Warrants		Weighted average exercise price	Number of Warrants		Weighted average exercise price
Outstanding - beginning of period	2,822,656	$	0.24	8,496,470	$	0.14
Granted	0	$	-	264,750	$	0.60
Exercised	(1,355,950)	$	0.24	-	$	-
Expired	(1,030,000)	$	0.10	(5,938,564)	$	0.11
Outstanding - end of period	436,706	$	0.58	2,822,656	$	0.24

The fair value of the exercised and expired warrants amounting to $60,363 and $133,019 initially recorded under Warrant Reserve has been transferred back to Share Capital and Retained Earnings respectively.

8. Share capital (continued from previous page)

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

	As at February 29, 2020			As at November 30, 2019		
Expiry date	Number of Warrants		Exercise price	Number of Warrants		Exercise price
December 2019	-	$	0.10	720,000	$	0.10
January 2020	-	$	0.60	4,200	$	0.60
February 2020	-	$	0.11	1,311,250	$	0.11
April 2020	50,000	$	0.60	50,000	$	0.60
June 2020	160,250	$	0.60	160,250	$	0.60
July 2020	89,125	$	0.60	89,125	$	0.60
August 2020	11,375	$	0.60	12,375	$	0.60
September 2020	5,250	$	0.60	147,750	$	0.60
October 2020	14,100	$	0.60	14,100	$	0.60
November 2020	37,606	$	0.60	37,606	$	0.60
December 2020	500	$	0.60	500	$	0.60
January 2021	27,125	$	0.60	38,375	$	0.60
February 2021	17,625	$	0.60	23,875	$	0.60
March 2021	22,750	$	0.60	210,750	$	0.60
April 2021	1,000	$	0.60	2,500	$	0.60
	436,706		0.60	2,822,656		0.25

The fair value of one warrant at the date of the closing was estimated at $0.184 (2019: $0.184), based on the following key assumptions:

Warrants Reserve	**3 Months ended February 29, 2020**	Year ended November 30, 2019
Exercise Price	$0.60	$0.60
Expected Life	**2 years**	2 years
Dividend Yield	**Nil**	Nil
Volatility	**81.6%**	81.6%
Risk Free Interest Rate	**1.75%**	1.75%

9. Share-Based Payments

The Company offers a stock option plan for its officers, directors, employees and consultants. The fair value of stock options for each vesting period is determined using the Black Scholes option pricing model and is recorded over the vesting period as an increase to stock-based compensation and contributed surplus. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest. Upon the exercise of stock options, the proceeds received by the Company and the related contributed surplus are recorded as an increase to share capital. In the event that vested stock

9. Share-Based Payments (Continued from previous page)

options expire, previously recognized share-based compensation is not reversed. In the event that stock options are forfeited, previously recognized share-based compensation associated with the unvested portion of the stock options forfeited is reversed.

The fair value of share-based payment transactions to non-employees and other share-based payments including shares issued to acquire exploration and evaluation assets are based on the fair value of the goods and services received. If the fair value cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or services.

During the 3 months ended February 29, 2020, the Company did not issue any stock options (2019: Nil).

However, in 2018, the Company issued 175,000 stock options to directors of the Company at an exercise price of $0.40. The vesting date of the stock options was April 20, 2018. The options expire on April 20, 2020.

During the 3 months ended February 29, 2020, 50,000 options were exercised @ $0.40 (2019: Nil). The fair value of $7,300 initially recorded under Contributed Surplus has been credited to the Share Capital Account.

During 2018, the Company issued 1.6M common shares to the CEO of the Company for services rendered in 2018. The difference between the consideration paid for the shares and the fair value of those shares was recorded as share- based payments, for a total amount of $351,917.

To determine the fair value of the options, the following inputs were used in the Black Scholes option pricing model:

Stock Options Granted	Year ended November 30, 2018
Options granted	175,000
Exercise price	**$0.40**
Expected life	**2 years**
Dividend yield	**Nil**
Volatility	**146%**
Anticipated forfeiture	**0%**
Estimated stock price	**$0.24**
Risk free interest rate	**1.93%**

10. Loss per share

Loss per share has been calculated using the weighted average number of common shares outstanding For the 3 months ended February 29, 2020 and for 3 months ended February 28, 2019 as follows:

	3 months ended	
	February 29, 2020	February 28, 2019
Net loss for the year attributable to shareholders	**69,041**	49,071
Weighted average number of common shares outstanding	**12,347,381**	9,462,145
Basic and diluted loss per share	**0.01**	0.01

For the 3 months ended February 29, 2020 and for 3 months ended February 28, 2019, potential dilutive common shares from incentive stock options and warrants have not been included in the loss per share calculation as they would result in a reduction of the loss per share.

11. Related party transactions

Transactions with key management

Key management personnel of the Company are officers and members of the Board of Directors, as well as the Chairman of the Board.

The Chairman has not drawn any fees during the 3 months ended February 29, 2020 (3 months ended February 28, 2019: Nil).

Key management personnel of the Company comprise of the members of the board of directors, as well as the President and Chief Executive Officer and the Chief Financial Officer ("CFO"). The compensation paid to key management is presented below:

For the 3 months ended February 29, 2020, the Company incurred fees of $16,875 relating to the services of the CFO (3 months ended February 28, 2019 $9,000). These fees are recorded under Legal and Professional fees in the statement of net loss.

For the 3 months ended February 29, 2020, the Company incurred consultant fees of $9,000 (3 months ended February 28, 2019 $9,000) paid to Chief Executive Officer ("CEO"). These fees are recorded under Legal and Professional fees in the statement of net loss.

For the 3 months ended February 29, 2020, the Company incurred expenses of $2,780 (3 months ended February 28, 2019 $Nil) paid to Stock Works Agency Inc., a Company owned by the Chief Executive Officer ("CEO"). These fees are recorded under Marketing and Promotion in the statement of net loss.

For the 3 months ended February 29, 2020, the Company incurred consultant fees of $5,230 (3 months ended February 28, 2019 $ Nil) paid to VP of Exploration. These fees are recorded under Land in the Balance Sheet.

The Company commenced remunerating the Directors with effect from February 1, 2020, During the 3 months ended February 29, 2020, the Company accrued Directors Fees as under:

Director	3 months ended February 29, 2020	3 months ended February 28, 2019
	$	$
Jim MacKenzie	750	-
Dimitrious Liakopolous	2000	-
Louis Lapointe	750	-
Wei-Tek Tsai	750	-

Of the above $2,750 is yet to be paid by the Company and is held under Current Liabilities.

During the 3 months ended February 29, 2020 the Company has received an interest free advance of $'NIL" (Year ended November 30, 2019: $10,000) from the Chairman of the Board that is repayable on demand. During the 3 months ended February 29, 2020, the Company had repaid an amount of $6,000 (Year ended November 30, 2019: $3,773). The balance outstanding against the loan stands at $227 (Year ended November 30, 2019: 6,227).

12. Capital management policies and procedures

The Company's objectives in managing capital is to safeguard its ability to continue its operations, to increase the value of the assets of the business and to provide an adequate return to owners. These objectives will be achieved by identifying the right exploration prospects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares to improve its financial performance and flexibility.

The Company monitors capital on the basis of the carrying amount of equity. Capital for reporting period under review is summarized in Note 8 and in the statement of changes in equity. The Company is not subject to any externally imposed capital requirements.

13. Financial assets and liabilities

The carrying amounts and fair value of financial instruments presented in the statement of financial position are as follows:

	As at February 29, 2020		As at November 30, 2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
	$	**$**	$	$
Financial assets				
Cash and cash equivalents	**253,276**	**253,276**	**16,667**	**16,667**
Share subscription receivable				
Financial liabilities				
Accounts payable and accrued liabilities	**50,769**	**50,769**	**44,875**	**44,875**
Shareholder Loan	**227**	**227**	**6,227**	**6,227**

The carrying value of cash and cash equivalents, subscription receivable, accounts payable and accrued liabilities and shareholder loan is considered to be a reasonable expectation of fair value because of the short-term maturity of these instruments.

14. Financial risks

The Company is exposed to various risks in relation to its financial instruments. The main types of risks the Company is exposed to are credit risk and liquidity risk.

The Company's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

Credit risk relates to the risk that one party to a financial instrument will not fulfill some or all of its obligations, thereby causing the Company to sustain a financial loss. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets, cash and cash equivalents and receivables at the reporting date for the aggregate amounts of $19,959 at November 30, 2019 (2018: $234,041). The risk related to cash and cash equivalents is considered negligible as the Company is dealing with a reputable financial institution whose credit rating is excellent and the cash held in trust is accessible as and when required.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Within 3 months	
	February 29, 2019	November 30, 2019
	$	$
Trade Payables	50,769	44,875
Shareholder Loan	227	6,227
Total Liabilities	50,996	51,102

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date. Where the counterparty has a choice of when an amount is paid, the liability has been included on the earliest date on which payment can be required.

15. Commitments

The Company has no commitment.

16. Subsequent events

Issue and Repurchase of Share units:

During March 2020, the Company repurchased 300,000 shares from Kingsmere Mining Ltd. for USD 20,000.

During April 2020, the Company issued 500,000 Common Shares to Onyx Capital GMBH as part of their engagement.

Option to purchase 100% interest in Divide Mine and the Castile Mountain Project:

On April 14, 2020, the Company entered into a lease with an option to purchase a 100% interest in the Divide Mine, a high-grade precious metal vein target located in Elko County, northcentral Nevada. This property is comprised of 12 unpatented lode claims covering 247 acres (110ha). The claims cover the majority of the old workings and potential strike extension of the Divide Mine. The agreement is a third-party agreement with Geological Services Inc., a Utah corporation with an office located at #3 Knob Hill Road, Park City, Utah 84098 USA.

The Company has entered into a lease with an option to purchase a 100% interest in the Castile Mountain precious metal prospect located in Elko County, northcentral Nevada. This property is comprised of 8 unpatented lode claims covering 164.8 acres (66.7 ha). The Castile Mountain prospect lies on the southeast side of the Tuscarora volcanic field, the largest Eocene age (39 million years before present) volcanic field in Nevada.

The terms of the agreement are as follows (US$):

Advance Minimum Royalty:

On or before 15 April 2020 $25,000

1st Anniversary $35,000

2nd Anniversary $50,000

3rd Anniversary $75,000*

4th Anniversary $100,000*

5th Anniversary $150,000*

(And each year thereafter)

Payments can be recovered from production.

1-mile Area of Interest on locatable land.

$2,000,000 buyout *can be exercised at any time, subject to a retained 2% NSR.

* = indexed to CPI.

Marketing Agreement with Onyx Capital GMBH

On April 15, 2020, the Company engaged Onyx Capital GmbH of Germany (“Onyx”) to be the Company’s key business development, technology, M&A and marketing consultant in Europe. Onyx is engaged for a 2-year period and will receive 500,000 shares and warrants of the Company and a total of 50,000 €.

Equity Financing

In April 2020, the Company announced an equity financing. The terms are for a financing of up to 5,000,000 units at $0.56 per unit, each unit consisting of one common share and one purchase warrant at an exercise price of $0.70 for 3 years from the date of the issuance. Subject to the Exchange approval the Company will issue eight percent (8%) finder's fees cash and eight percent (8%) compensation full warrants, exercisable at a price of CAD$0.70 any time for three years from the date of issuance.

Warrants

During April 2020, 50,000 warrant priced at $0.60 per warrant expired. Also, during the same month $7,500 warrants at $0.60 per warrant were exercised. Furthermore, a total of 500,000 warrants priced at $1.20 were issued to Onyx Capital GMBH as per of their engagement.

During May 2020, 37,500 warrant priced at $0.60 were exercised for total proceed of $22,500.

Options

In April 2020, the 50,000 Options were exercised while the remaining 75,000 options expired.