COPPER REEF
MINING CORPORATION

UNAUDITED, CONDENSED, INTERIM, FINANCIAL STATEMENTS

FOR THE THREE & NINE MONTHS ENDED AUGUST 31, 2019 AND 2018

(Expressed in Canadian Dollars)

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 condensed, interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

The accompanying unaudited, condensed interim financial statements of Copper Reef Mining Corp. for the three and nine months ended August 31 2019 and 2018 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors. The accompanying unaudited, condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Copper Reef Mining Corporation
Unaudited, condensed, interim statements of financial position
(Expressed in Canadian Dollars)

	Notes	August 31, 2019	November 30, 2018
Assets			
Current assets			
Cash		$ **3,657**	$ 13,690
Marketable securities	4	**900**	202,400
Amounts receivable	5	**4,938**	9,850
Total current assets		**9,495**	226,100
Non-current assets			
Exploration and evaluation assets	6, 10	**9,244,777**	9,057,283
Total Assets		$ **9,254,272**	$ 9,283,493
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	7,9	$ **356,809**	$ 288,546
Non-current liabilities			
Deferred income taxes		**1,050,500**	1,050,500
Total Liabilities		**1,407,309**	1,339,046
Shareholders' equity			
Share capital	8(a)(b)	**14,093,615**	13,875,415
Stock option reserve	8(c)	**275,000**	275,000
Warrant reserve	8(d)	**98,600**	173,400
Deficit		**(6,620,252)**	(6,379,368)
Total Shareholders' Equity		**7,846,963**	7,944,447
Total Liabilities and Shareholders' Equity		$ **9,254,272**	$ 9,283,493

Going Concern (Note 1)

Commitments and contingencies (Notes 6 and 10)

Subsequent events (Note 14)

Approved on behalf of the Board of Directors

"Stephen L. Masson" ***"William Phillips"***

Chief Executive Officer & Director **Director**

Copper Reef Mining Corporation

Unaudited, Condensed, Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Notes	Three months ended August 31 **2019**	Three months ended August 31 2018	Nine months ended August 31 **2019**	Nine months ended August 31 2018
Expenses					
General and administrative	10	**$ 75,018**	$ 9,980	**$ 88,295**	$ 46,419
Investor relations		**255**	380	**2,366**	3,984
Share based compensation	8(c)	**–**	–	**–**	14,000
Generative exploration	6	**14,292**	19,231	**41,882**	54,070
Total expenses		**89,565**	49,591	**232,543**	218,473
Other income/(loss)					
Unrealized/ realized gain (loss) on marketable securities	4	**(1,846)**	(36,700)	**(139,941)**	37,400
Total other income (loss)		**(1,846)**	(36,700)	**(139,941)**	37,400
Net loss and comprehensive loss for the period		**$ (91,411)**	$ (86,291)	**$ (372,484)**	$ (181,073)
(Loss) per share, basic and diluted		**$ (0.001)**	$ (0.001)	**$ (0.002)**	$ (0.001)
Weighted average shares outstanding, basic and diluted		**158,161,517**	150,211,300	**155,667,811**	148,600,527

Copper Reef Mining Corporation
Unaudited, Condensed, Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)

	Notes	Number of Shares	Amount	Stock Option Reserve	Warrant Reserve	Deficit	Total, Shareholder Equity
Balance as at November 30, 2017		**141,881,300**	**$ 13,685,115**	**$ 261,000**	**$ 230,900**	**$ (6,281,543)**	**$ 7,895,472**
Units issued for cash, private placement		8,330,000	257,000	–	–	–	257,000
Value of warrants issued		–	(55,800)	–	55,800	–	–
Broker warrants issued		–	(1,500)	–	1,500	–	–
options issued		–	–	14,000	–	–	14,000
Cash Commissions on issue of shares		–	(9,400)	–	–	–	(9,400)
Warrants expired		–	–	–	(105,000)	105,000	–
Net & comprehensive loss for the period		–	–	–	–	(181,073)	(181,073)
Balances as at August 31, 2018		**150,211,300**	**13,875,115**	**275,000**	**183,200**	**(6,307,516)**	**7,975,999**
Fair value of expired warrants	**8**	**–**	**–**	**–**	**(9,800)**	**9,800**	**–**
Issuance of options	**8**	**–**	**–**	**–**	**–**	**–**	**–**
Net loss & comprehensive loss for the year		**–**	**–**	**–**	**–**	**30,358**	**30,358**
Balance as at November 30, 2018		**150,211,300**	**13,875,415**	**275,000**	**173,400**	**(6,379,386)**	**7,944,447**
Units issued for cash, private placement		**9,055,000**	**275,000**	**–**	**–**	**–**	**275,000**
Fair value warrants issued	**8**	**–**	**(56,800)**	**–**	**56,800**	**–**	**–**
Fair value of expired warrants	**8**	**–**	**–**	**–**	**-131,600**	**131,600**	**–**
Net & comprehensive loss for the period		**–**	**–**	**–**	**–**	**(372,484)**	**(372,484)**
Balance as at August 31, 2019		**159,266,300**	**$ 14,093,615**	**$ 275,000**	**$ 98,600**	**$ (6,620,252)**	**$ 7,846,963**

Copper Reef Mining Corporation
Unaudited, condensed interim statements of cash flows
(Expressed in Canadian Dollars)

	Notes	Nine months ended August 31 2019		2018
Cash Flows from Operating Activities				
Items not affecting cash				
Net Loss for the period		$ **(372,484)**	$	(181,073)
Unrealized (gain)/loss on marketable securities		**139,941**		(37,400)
Share based compensation		**–**		14,000
Increase/(decrease) in amounts receivable		**4,912**		(219)
Increase/(decrease) in amounts payable/accrued	5	**99,956**		23,243
Cash (used in) operating activities		**(127,675)**		(181,449))
Cash Flows from Financing Activities				
Proceeds from share and warrant issuance	8	**275,000**		257,000
Shares for debt		**(78,000)**		–
Share issue costs		**–**		(9,400)
Cash provided from financing activities		**197,000**		247,600
Cash Flows from Investing Activities				
Exploration, evaluation and expenditures,	1,2	**(141,187)**		(103,382)
Gain on sale of sec urities		**61,559**		–
MEAP rebates		**–**		6,678
Cash provided (used in) from investing activities		**(79,268)**		(96,704)
Change in cash		**(10,303)**		(30,552)
Cash, beginning of period		**13,960**		118,832
Cash, end of period		**$ 3,657**	$	88,280
Supplemental Information				
(1) Change in accrued exploration expenditures		**(46,307)**		(66,386)
(2) Changes in accounts payable from shares for debt		78,000		–

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Copper Reef Mining Corporation (the "Company" or "Copper Reef") was incorporated under the laws of the Province of Manitoba on March 27, 1973 as "Copper Reef Mines (1973) Limited". The Company's name was amended to Copper Reef Mining Corporation September 8, 2006. The Company's Head Office is located at 6 Mitchell Road, Flin Flon, Manitoba R8A 1N1.

The shares of the Company are listed on the Canadian Securities Exchange under the symbol "CZC". The Company is engaged in the identification, acquisition and exploration of mineral properties in Canada, with present activities concentrated in the provinces of Manitoba and Saskatchewan.

The financial statements of Copper Reef for the three and nine months ended August 31 2019, were approved and authorized by the Board of Directors on October 18, 2019.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, other land claims and non-compliance with regulatory, social and environmental requirements. These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. These adjustments could be material.

As at August 31, 2019, the Company had not advanced any of its properties to commercial production and is not able to finance day to day activities through operations. During the 9-months ended August 31, 2019 the Company incurred a net loss of $372,484 (2018 – $181,073) and had an accumulated deficit of $6,620,252 as at August 31, 2019 (2018 - $6,307,516). These conditions indicate the existence of material uncertainties which cast significant doubt on the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations.

On October 8, 2019, the Company announced it had closed the first tranche of $335,000 (the "First Tranche") of its previously announced, non-brokered private placement financing (the "Offering", see news releases dated September 16, 2019 and September 18, 2019) to raise up to a maximum of $700,000 Please refer to Note 14 – Subsequent Events.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

a. STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The policies set out below were consistently applied to all periods presented unless otherwise noted below. These financial statements have been prepared on a historical cost basis except for financial instruments carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

b. ACCOUNTING STANDARDS THAT HAVE COME INTO EFFECT DURING THE PERIOD

IFRS 9 – Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

- IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.

(Expressed in Canadian Dollars) For the three and nine months ended August 31 2019 and 2018

4. MARKETABLE SECURITIES

As at August 31 2019 the Company held shares in the following public company.

Jaxon Minerals Inc.	JAX

Activity in marketable securities is summarized as follows:

		August 31 2019				November 30, 2018		
Securities issuer	**Number of shares November 30, 2018**	**Acquired/ (Sold) during period**	**Number of shares August 31 2019**	**Value**	**Unrealized gain/(loss)**	Number of shares held	Value	Unrealized gain/(loss)
JAX	**20,000**	**–**	**20,000**	**$ 900**	**$ (500)**	20,000	$ 1,400	$ (3,700)
RCLF (1)	**533,333**	**(533,333)**	**–**	–	–	1,600,000	192,000	72,000
CNX	**100,000**	**(100,000)**	**–**	–	–	100,000	9,000	(21,000)
Total	**–**	**–**	**–**	**$ 900**	**$ (500)**	–	$ 202,400	$ 47,300

5. AMOUNTS RECEIVABLE

	August 31, 2019	November 30, 2018
Goods and services tax receivable	**$ 4,938**	$ 9,850

(Expressed in Canadian Dollars) For the three and nine months ended August 31 2019 and 2018

6. EVALUATION AND EXPLORATION ASSETS

The following is a continuity schedule of the capitalized expenditures allocated to individual major properties and summarized for minor properties:

	Total	Non Capitalised Expenditures	Total Capitalised Expenditures	Gold Rock Group	Alberts Lake Group	Mink Group	Smelter Group	Hanson Lake	Other Properties
Balance, November 30, 2018			**$ 9,057,283**	**$1,680,317**	**$ 819,504**	**$2,452,930**	**$1,604,957**	**$1,679,928**	**$ 819,644**
Claim acquisition & holding	*$ 8,399*	*$ 4,615*	3,784	1,200	1,291	1,013	–	–	280
Assay	*2,798*	*1,260*	1,538	–	1,538	–		–	–
Geological	*22,307*	–	22,307	–	22,307	–	–	–	–
Field labour costs	*97,180*	*26,367*	70,813	–	69,875	–	938	–	–
Other fields costs	*26,914*	*9,639*	17,275	–	17,275	–	–	–	–
Drilling	*71,778*	–	71,778	–	71,778	–	–	–	–
Total YTD expenditures	*$229,376*	*$ 41,882*	187,494	1,200	184,064	1,013	938	–	280
Balance, August 31, 2019	–	–	$ 9,244,777	$1,681,517	$1,003,568	$2,453,943	$1,605,895	$1,679,928	$ 819,924

(*) During the quarter ended August 31, 2019, $28,763 in exploration that was expensed in Q1 was capitalized.

6. EVALUATION AND EXPLORATION ASSETS (CONT'D)

PROPERTIES INCLUDED IN THE PRECEDING TABLE

Gold Rock Group, Manitoba

The Gold Rock Group includes the Gold Rock, North Star and Star mineral properties, the North Star mining lease and the Gold Rock mining lease. The North Star mineral property and mining lease are subject to 2% Net Smelter Returns royalty (NSR).

The Gold Rock Mining Lease is 100% owned by the Company, subject to a 2% NSR. In addition, the NSR holder retains a 25% Net Profits Interest (NPI) in the first 25 feet below surface of vein material as currently documented.

Also included in the Gold Rock Group is the Murr claim, also owned 100% by the Company, subject to a 1% NSR.

Alberts Lake Group, Manitoba

The Alberts Lake Group includes the Alberts Lake, Lew, Amulet, Mike, Mur and Hanna mineral properties. With the exception of the Mike 6, which carries a 15% Net Profits Interest royalty and the Mur 1, which carries a 2% Net Smelter Returns royalty, all claims are 100% owned by the Company.

Mink Narrows Group, Manitoba

The Mink Narrows Group includes the Mink Narrows, Mystic and Payuk mineral properties. The claims are 100% owned by the Company.

Smelter Property, Manitoba

The Smelter Property is comprised of three contiguous claims, which are 100% owned by the Company.

Hanson Lake, Saskatchewan

The Hanson Lake Property consists of a single claim located in the Hanson Lake area of Saskatchewan.

OTHER PROPERTIES

Otter/Twin Lakes Group, Manitoba

The Company holds a 100% interest in the Otter Group claims, comprised of the Otter Lake and Twin Lakes mineral claims. The vendor retained a 1% NSR on the Otter Lake claims. The Twin Lakes property is owned 100% by the Company.

Pikoo, Saskatchewan

On January 23, 2014, the Company acquired a 100% interest in two claims located in Saskatchewan from CanAlaska Uranium Ltd. subject to a 2% Net Smelter Returns royalty. All terms and conditions of the purchase have been fulfilled.

The Agreement is subject to a 2.5% Net Smelter Returns Royalty ("NSR") to CanAlaska Uranium Ltd.

(Expressed in Canadian Dollars) For the three and nine months ended August 31 2019 and 2018

6. EVALUATION AND EXPLORATION ASSETS (CONT'D)

Kiss/Kississing

The Kississing/Kiss Group includes the Kississing and Kiss mineral properties. The claims are 100% owned by the Company.

Lucille

The Lucille Lake property includes three, unpatented mineral claims all of which are owned 100% by the Company, with no underlying agreements or royalties.

Fort LaCorme

During the year ended November 30, 2017, the Company abandoned the Ft. LaCorme property for a non-cash loss of $80,000, which consisted solely of the value of the shares issued to the vendor of the property.

Burn, Manitoba

The Burn property is 100% owned by the Company.

Optioned Property – East Big Island

On March 3, 2017, the Company entered into an option agreement (“Agreement) with Callinex Mines Inc. (“Callinex”) whereby Callinex has the option to acquire a 100% interest subject to a 1% Net Smelter Returns royalty (“NSR”) in favour of the Company’s East Big Island property.

During the year ended November 30, 2018, Callinex abandoned the option and the Company retained title to the property.

The carrying value of the East Big Island property was $nil in both 2018 and 2017.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		August 31, 2019		November 30, 2018
Related and Related accrued liabilities(*)	**$**	**292,347**	$	240,343
Non-related, trade payables		**46,462**		48,203
Non-related accrued liabilities		**18,000**		–
Total	**$**	**356,809**	$	288,546

(*) Please refer to Note 9 – Related Parties Transactions and Balances

8. SHARE CAPITAL

a) AUTHORIZED SHARE CAPITAL

Unlimited number of common shares without par value

b) ISSUED SHARE CAPITAL

As at August 31 2019, the Company had 159,266,300 issued and fully paid common shares (August 31 2018 – 150,211,300).

i) During the period ended August 31 2019, the Company completed the following private placements:

December 31, 2018 845,000 flow-through units at a price of $0.05 per flow-through unit, representing proceeds of $42,250 and 3,590,000 Class "A" units at a price of $0.025 per unit representing proceeds of $89,750 for an aggregate total raised of $132,000.

A single warrant exercisable at $0.05 per warrant was attached to each share. The flow-through warrants expire after 24 months on December 31, 2020. The non-flow-through warrants expire after 12 months on December 31, 2019.

March 20, 2019 1,100,000 flow-through units at a price of $0.05 per flow-through unit representing proceeds of $55,000 and 3,520,000 Class "A" units at a price of $0.025 per unit representing proceeds of $88,000 for an aggregate total raised of $143,000.

A single warrant exercisable at $0.05 per warrant was attached to each share. All flow-through warrants expire after 24 months on March 20, 2021 and all non-flow through warrants expire after 12 months on March 20, 2020.

Included in the March 20, 2019 non-flow-through financing was the issuance of 3,120,000 shares for debt of $78,000 all issued to directors and/or officers.

All class A units consisted of, and separated immediately into, one common share of the Issuer and one share-purchase warrant, each entitling the holder to purchase one common share at a purchase price of $0.05 cents per warrant for a period of twelve (12) months following the date of issuance. The flow-through units consist of, and separated immediately upon closing into, one common share, to be issued as a flow-through share within the meaning of the *Income Tax Act* (Canada), and one warrant. Each warrant attached to the flow-through units shall entitle the holder to purchase one common share for a purchase price of $0.05 per Common Share for a period of twenty four (24) months following the date of issuance.

Directors, management and technical advisors participated in the above private placements for a total of $157,500 including the shares for debt of $78,000 and comprising 945,000 flow through shares and 3,865,000 Class "A" units.

(Expressed in Canadian Dollars) For the three and nine months ended August 31 2019 and 2018

8 SHARE CAPITAL – ISSUED SHARE CAPITAL (CONT'D)

c) INCENTIVE STOCK OPTIONS

Pursuant to the Company's stock option plan (the "Plan"), the Company may grant to its employees, officers, directors and consultants, options to purchase common shares of the Company at a fixed price as determined by the board of directors. The options vest in accordance with the terms of their granting and have a maximum term of five years. The common shares reserved for issuance under the Plan will not exceed, in aggregate, 10% of the Company's common shares issued and outstanding at the time of grant.

No options were issued during the period ended August 31, 2019.

The following table summarizes the Company's outstanding stock options as at August 31, 2019:

Grant Date	Number of Options	Expiry	Weighted Average Exercise Price $	Remaining Contractual Life - years	Estimated Grant Date Fair Value $
August 2, 2017	13,050,000	August 1, 2022	$ 0.05	2.92	$ 261,000
January 16, 2018	1,000,000	January 16, 2023	0.05	3.38	14,000
Total	14,050,000		$ 0.05	2.95	$ 275,000

d) WARRANTS

Outstanding warrants as at August 31 2019 were:

Date of Issue	Total Issued	Price	Expiry date	Estimated Grant Date Fair Value	Years to expiry
Issued April 6, 2018	240,000	$ 0.05	April 25, 2020	$ 1,500	0.65
Issued April 6, 2018	1,950,000	0.05	April 25, 2020	40,300	0.65
Issued December 31, 2018	845,000	0.05	Dec. 31, 2020	7,600	1.33
Issued December 31, 2018	3,590,000	0.05	Dec. 31, 2019	21,500	0.33
Issued March 22, 2019	400,000	0.05	March 21, 2021	2,400	1.55
Issued March 22, 2019	1,100,000	0.05	March 21, 2020	6,600	0.55
Issued March 22, 2019	3,120,000	0.05	March 21. 2020	18,700	0.55
August 31, 2019	**11,245,000**	**$ 0.05**	–	**$ 98,600**	**0.59**

(Expressed in Canadian Dollars) For the three and nine months ended August 31 2019 and 2018

8 SHARE CAPITAL – ISSUED SHARE CAPITAL – WARRANTS (CONT'D)

The following table is a summary of warrant activity for the nine-months ended August 31, 2019:

	Total issued	Expiry date	Exercise price	Estimated grant date fair value
Balance November 30, 2018	**15,432,000**	**–**	**–**	**$ 173,400**
Issued December 31, 2018	845,000	Dec. 31, 2020	$ 0.05	7,600
Issued December 31, 2018	3,590,000	Dec. 31, 2019	0.05	21,500
Issued March 22, 2019	400,000	March. 21 2021	0.05	2,400
Issued March 22, 2019	1,100,000	March 21 2020	0.05	6,600
Issued March 22, 2019	3,120,000	March 21 2020	0.05	18,700
Expired April 4, 2019	(900,000)	–	–	(20,700)
Expired April 4, 2019	(400,000)	–	–	(4,100)
Expired April 6, 2019	(6,380,000)	–	–	(15,500)
Expired May 26, 2019	(1,750,000)	–	–	(43,700)
Expired May 26, 2019	(3,500,000)	–	–	(43,700)
Expired May 27, 2019	(312,000)	–	–	(3,900)
Balance August 31, 2019	**11,245,000**	**–**	**$ 0.05**	**$ 98,600**

The weighted average grant date fair value of the warrants issued in 2019 was $0.011 (2018 – $0.011), which was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019 YTD
Expected dividend yield	**0%**
Expected volatility	**117%**
Risk-free interest rate	**2.03%**
Life (years)	**2.0**

(Expressed in Canadian Dollars) For the three and nine months ended August 31 2019 and 2018

9. RELATED PARTY TRANSACTIONS AND BALANCES

a) RELATED PARTY BALANCES

		August 31 2019		November 30, 2018	
Related party	**Purpose**	**Amounts charged during the period**	**Amounts payable/ accrued**	Amount Charged during the period	Amounts payable/ accrued
Corporation controlled by an officer	Filing fees	**$ 5,598**	**$ 4,685**	$ 6,185	$ 16,807
Accounting firm of which an officer of the Company is a partner	Professional fees	**10,846**	**16,300**	8,987	41,587
Corporation controlled by a director and significant shareholder	Management fees, Director	**63,805**	**32,133**	54,805	122,013
	Exploration	**121,464**	**62,300**	197,978	19,359
	Office, rent and general expenses	**67,279**	**176,930**	85,045	40,578
Totals		**$ 268,992**	**$ 292,347**	$ 353,000	$ 240,343

During the period ended August 31 2019, the Company recorded director's fees of $nil (2018 - $nil).

The accounts payable and accrued liabilities to related parties are unsecured and non-interest bearing with no fixed terms of repayment (Note 7).

b) KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration of directors and other members of management were as follows:

	August 31 2019	November 30, 2018
Short term employee benefits (1)	**$ 63,805**	$ 54,805
Share based compensation	**–**	14,000
Totals	**$ 63,805**	$ 68,805

(1) Includes management expenses of $18,805

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and key executives is determined by the compensation committee having regard to the performance of individuals and market trends.

c) SHARE SUBSCRIPTIONS

See Note 8(b) for descriptions of related party share subscriptions.

10. COMMITMENTS AND CONTINGENCIES

a) CONSULTING AGREEMENT

Consulting Agreement

The Company entered into an exploration management services agreement dated December 31, 2010 with M'Ore Exploration Services Ltd. ("M'Ore") and the President and significant shareholder of M'Ore, who is an officer, director and shareholder of the Company. Pursuant to the agreement, M'Ore provides consulting and management services to the Company and incurs various administrative expenses, including administrative salaries and office and vehicle rentals on behalf of the Company. The term of the agreement is for a period of two years ended December 31, 2012 and can be renewed thereafter at the end of every 12 months. This agreement has been extended to December 31, 2019 and has an automatic renewal each year unless either party submits 90 day's notice of termination.

This would result in management fees and salaries incurred by M'Ore being capped at $200,000 per annum. Additional charges to the Company in prior years consisted of a lease with M'Ore whereby the Company would pay $30,000, plus operating expenses, per annum for rental of office and storage space. The lease also specifies rates to be charged for the use of various items of equipment if and when utilized by the Company.

b) CONTINGENCIES

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

c) FLOW-THROUGH EXPENDITURES

During the period ended August 31, 2019, the Company renounced $97,250 in Canadian Exploration Expenditures. As at August 31, 2019, the remaining obligation for these flow through expenditures was $Nil.

11. SEGMENTED INFORMATION

All of the Company's assets, liabilities and operations are domiciled in Canada.

12. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the evaluation and exploration of its mineral exploration properties and to maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of share capital as well as cash. There were no changes to the Company policy for capital management during the period ended August 31 2019.

(Expressed in Canadian Dollars) For the three and nine months ended August 31 2019 and 2018

12 CAPITAL MANAGEMENT (CONT'D)

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, acquire or dispose of assets, or adjust the amount of cash and marketable securities. In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company is not subject to any externally imposed capital requirements. The Company's investment policy is to invest its excess cash in highly liquid investments that are readily convertible into cash with maturities of three months or less from the original date of acquisition or when it is needed, selected with regards to the expected timing of expenditures from continuing operations. The Company expects that its current capital resources together with the $335,000 financing completed October 8, 2019 will be sufficient to fund its present operational commitments and working capital needs for the coming twelve months. However, additional funding will be required to meet any new operational commitments if further drilling programs are to be carried out.

13. FINANCIAL INSTRUMENTS

a) FAIR VALUE

The carrying values of cash, amounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of those financial instruments.

As at August 31, 2019	Loans, receivables and other liabilities	Assets at fair value through profit & loss	Total
Cash	$ 3,657	$ –	$ 3,657
Marketable securities	–	900	900
Amounts receivable	4,938	`–	4,938
Accounts payable and accrued liabilities	356,809	–	356,809
As at August 31 2018			
Cash	$ 88,280	$ –	$ 88,280
Marketable securities	–	192,500	192,500
Amounts receivable	5,301	–	5,301
Accounts payable and accrued liabilities	349,489	–	349,489

13 FINANCIAL INSTRUMENTS – FAIR VALUE (CONT'D)

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are as follows:

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

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

Level 3: Inputs that are not based on observable market data.

As at August 31 2019 and November 30, 2018, the financial instruments recorded at fair value on the statement of financial position are marketable securities which are measured using Level 1 of the fair value hierarchy.

b) FINANCIAL RISK MANAGEMENT

Credit Risk

The Company is exposed to credit risk with respect to its cash and amounts receivable. Cash has been placed on deposit with major Canadian financial institutions.

Amounts receivable consist of GST.

The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash, by purchasing term deposits held at a major Canadian financial institution. Concentration of credit risk exists with respect to the Company's cash as the majority of the amounts are held at a single Canadian financial institution.

The credit risk associated with cash is minimized by ensuring the majority of these financial assets are held with major Canadian financial institutions with strong investment-grade ratings by a primary rating agency.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

The Company's expected source of cash flow for the upcoming year ended November 30, 2019 will be through equity financings.

The Company maintained cash at August 31 2019 in the amount of $3,657 (2018 – $88,280. At August 31 2019, the Company had accounts payable and accrued liabilities of $356,809 (2018 – $349,489).

13 FINANCIAL INSTRUMENTS – LIQUIDITY RISK (CONT'D)

On October 8, 2019, the Company announced had closed the first tranche of $335,000 (the "First Tranche") of its previously announced non-brokered private placement financing (the "Offering", see news releases dated September 16, 2019 and September 18, 2019) to raise up to a maximum of $700,000 Please refer to Note 14 – Subsequent Events.

Market Risk

The significant market risks to which the Company is exposed are interest rate risk, currency risk and commodity price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash. A 1% change in interest rates on cash outstanding at August 31 2019 would not have a significant impact on the Company's net loss for the period ended August 31 2019.

Currency risk

The Company is not exposed to any material currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk, financial market risk, or currency risk. The Company is exposed to price risk through its investments in marketable securities.

Marketable securities

Risk to the Company from its marketable securities is derived from two factors:

- The ability of the issuer to sustain itself financially; and
- The ability to monetize the securities of the issuer.

The Company's marketable securities are detailed in Note 4.

A 10% price decrease in the quoted market value at August 31 2019 would have resulted in a $3,264, change to the Company's net loss for the period (2018 - $8,100).

13. FINANCIAL INSTRUMENTS (CONT'D)

Commodity risk

The Company is exposed to price risk with respect to commodity prices, specifically precious and non-precious metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decision by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in investment patterns and monetary systems and political developments. As the Company does not have production assets, management believes this risk is minimal.

14. SUBSEQUENT EVENTS

On October 8, 2019, the Company announced had closed the first tranche of $335,000 (the "First Tranche") of its previously announced non-brokered private placement financing (the "Offering", see news releases dated September 16, 2019 and September 18, 2019) to raise up to a maximum of $700,000 through the sale of up to 35,000,000 Class "A" Units (the "Units") at a price of $0.02 per Unit. Each Unit shall consist of, and separate immediately upon closing into, one common share and one common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one common share at an exercise price of $0.05 per share for a period of twelve (12) months from the date of issue of such Warrant.

The First Tranche is comprised of 16,750,000 Units, and the Issuer has issued 16,750,000 common shares with a hold period to February 9, 2020. Directors and management did not participate in the First Tranche.