# RT MINERALS CORP.

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED NOVEMBER 30, 2017 AND 2016

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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## INDEPENDENT AUDITORS' REPORT

To the Shareholders of
RT Minerals Corp.

We have audited the accompanying consolidated financial statements of RT Minerals Corp. which comprise the consolidated statements of financial position as at November 30, 2017 and 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of RT Minerals Corp. as at November 30, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of RT Minerals Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
March 29, 2018

## RT MINERALS CORP.

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**AS AT NOVEMBER 30, 2017 AND 2016**
(Expressed in Canadian Dollars)

| | Note | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash | | 45,582 | 1,526 |
| Short-term investments | 5 | 125 | 255,000 |
| Amounts receivable | | 54,923 | 30,471 |
| Prepaid expenses | | 433 | 16,471 |
| | | 101,063 | 303,468 |
| **Non-current assets** | | | |
| Exploration and evaluation assets | 6 | 1,469,330 | 437,490 |
| | | 1,570,393 | 740,958 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 162,873 | 101,280 |
| Due to related parties | 12 | 14,908 | 13,119 |
| | | 177,781 | 114,399 |
| **Equity** | | | |
| Share capital | 8 | 12,498,535 | 11,250,991 |
| Contributed surplus | 8 | 1,561,635 | 1,442,192 |
| Accumulated deficit | | (12,667,558) | (12,066,624) |
| | | 1,392,612 | 626,559 |
| | | 1,570,393 | 740,958 |

Nature of operations and going concern (Note 1)
Commitments (Note 13)
Subsequent events (Note 17)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 29, 2018 and are signed on its behalf by:

*/s/"Paul Antoniazzi"* Director *∕s/"Fred Kiernicki"* Director

# RT MINERALS CORP.

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
**FOR THE YEARS ENDED NOVEMBER 30, 2017 AND 2016**
(Expressed in Canadian Dollars)

| | Note | 2017<br>$ | 2016<br>$ |
|---|---|---|---|
| **Expenses** | | | |
| Employee costs | 10 | 377,367 | 249,213 |
| Finance expense | 10 | 8,746 | - |
| General and administrative expenses | 10 | 231,804 | 248,447 |
| Impairment of exploration and evaluation assets | 6 | - | 95,092 |
| **Total expenses** | | (617,917) | (592,752) |
| **Other income** | 10 | 16,983 | 71,637 |
| **Net loss and comprehensive loss for the year** | | (600,934) | (521,115) |
| **Loss per common share, basic and diluted** | | (0.02) | (0.05) |
| **Weighted average number of common shares outstanding** | | 28,115,814 | 10,006,533 |

# RT MINERALS CORP.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian Dollars)

| | Number of Shares | Share Capital $ | Contributed Surplus $ | Accumulated Deficit $ | Total $ |
|---|---|---|---|---|---|
| Balance at November 30, 2015 | 4,487,626 | 10,420,457 | 1,279,807 | (11,545,509) | 154,755 |
| Net loss for the year | - | - | - | (521,115) | (521,115) |
| Shares issued for private placement | 8,500,000 | 425,000 | - | - | 425,000 |
| Shares issued for warrant exercises | 7,530,000 | 376,500 | - | - | 376,500 |
| Shares issued for Norwalk | 200,000 | 18,000 | - | - | 18,000 |
| Shares issued for Dill River | 200,000 | 18,000 | - | - | 18,000 |
| Share-based payments | - | - | 162,385 | - | 162,385 |
| Share issuance costs | - | (6,966) | - | - | (6,966) |
| Balance at November 30, 2016 | 20,917,626 | 11,250,991 | 1,442,192 | (12,066,624) | 626,559 |
| Net loss for the year | - | - | - | (600,934) | (600,934) |
| Shares issued for private placement | 13,887,000 | 827,560 | - | - | 827,560 |
| Shares issued for warrant exercises | 281,000 | 14,050 | - | - | 14,050 |
| Shares issued for option exercises | 1,501,000 | 280,961 | (130,851) | - | 150,110 |
| Shares issued for Dill River | 100,000 | 6,000 | - | - | 6,000 |
| Shares issued for Dog Lake | 1,500,000 | 105,000 | - | - | 105,000 |
| Shares issued for Golden Reed Mine | 1,000,000 | 40,000 | - | - | 40,000 |
| Shares issued for Norwalk | 100,000 | 6,000 | - | - | 6,000 |
| Share-based payments | - | - | 250,294 | - | 250,294 |
| Share issuance costs | 203,000 | (32,027) | - | - | (32,027) |
| Balance at November 30, 2017 | 39,489,626 | 12,498,535 | 1,561,635 | (12,667,558) | 1,392,612 |

# RT MINERALS CORP.

**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED NOVEMBER 30, 2017 AND 2016**
(Expressed in Canadian Dollars)

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| **Operating activities** | | |
| Net loss for the year | (600,934) | (521,115) |
| Items not involving cash: | | |
| Flow-through share premium | (65,740) | - |
| Gain (loss) on disposal of short-term investments | 49,664 | (120,000) |
| Gain on settlement of debt | - | (966) |
| Impairment of exploration and evaluation assets | - | 95,092 |
| Share-based payments | 60,920 | 135,713 |
| Unrealized loss on short-term investments | 50 | 50,000 |
| Changes in non-cash working capital accounts: | | |
| Amounts receivable | (24,452) | (28,685) |
| Prepaid expenses | 16,038 | (15,964) |
| Trade and other payables | 12,945 | (31,800) |
| Total cash used in operating activities | (551,509) | (437,725) |
| **Investing activities** | | |
| Expenditures on exploration and evaluation assets | (629,175) | (249,077) |
| Proceeds from sale (purchase) of short-term investments | 205,161 | (185,000) |
| Total cash flows used in investing activities | (424,014) | (434,077) |
| **Financing activities** | | |
| Proceeds from share issuances | 1,044,250 | 801,500 |
| Share issuance costs | (18,817) | (6,966) |
| Proceeds from (repayments to) related parties | (5,854) | 634 |
| Demand loan received | 10,000 | - |
| Demand loan repayment | (10,000) | - |
| Total cash flows provided by financing activities | 1,019,579 | 795,168 |
| **Total change in cash during the year** | 44,056 | (76,634) |
| **Cash, beginning of year** | 1,526 | 78,160 |
| **Cash, end of year** | 45,582 | 1,526 |
| **Supplemental information** | | |
| Interest paid | 50 | - |
| Income taxes paid | - | - |

Refer to Note 16 for non-cash transactions incurred during the years ended November 30, 2017 and 2016.

## 1. NATURE OF OPERATIONS AND GOING CONCERN

RT Minerals Corp. (the "Company") was incorporated under the Business Corporations Act of British Columbia on March 9, 2007. The Company's business activity is the exploration and evaluation of mineral properties in Canada. The Company is listed on the TSX Venture Exchange ("TSXV"), having the symbol RTM-V, as a Tier 2 mining issuer.

The address of the Company's corporate office and principal place of business is 300 - 555 West Georgia Street, Vancouver, British Columbia, Canada.

The Company has not generated revenue from operations since inception. The Company has accumulated losses of $12,667,558 since inception and expects to incur further losses in the development of its business, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to raise financing and generate future profitable operations. As the Company is in the exploration stage, the recoverability of costs incurred to date on exploration properties is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties and upon future profitable production or proceeds from the disposition of the properties. The Company will periodically have to raise funds to continue operations, and although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future.

## 2. BASIS OF PREPARATION

### Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on March 29, 2018.

### Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as described in Note 3.

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

### Basis of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, RT Minerals Corp (Guyana) Inc. ("RTMG"). RTMG was incorporated in Guyana. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Mineral Exploration and Evaluation Assets

All costs related to the acquisition, exploration and development of resource properties are capitalized and classified as intangible assets. Upon commencement of commercial production, the related accumulated costs are amortized to income using the unit of production method over estimated recoverable ore reserves. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of exploration and evaluation assets is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contains economically recoverable reserves. Amounts capitalized as exploration and evaluation assets represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values.

When options are granted on resource properties or properties are sold, proceeds are reflected as a reduction of the cost of the property. If sale proceeds exceed costs, the excess is reported as a gain in the consolidated statement of comprehensive loss.

### b) Impairment of Non-Financial Assets

Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal; no further substantive expenditures are planned; exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered; or indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

The recoverable amount is the higher of an asset’s fair value less cost to sell or its value in use. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. Value in use is determined using discounted estimated future cash flows of the relevant asset. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are cash-generating units.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### c) Financial Instruments

*Financial Assets*

The Company's financial assets are classified into various categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

*Loans and Receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. Certain amounts receivable are classified as loans and receivables. The Company does not have any assets classified as loans and receivables.

*Fair Value Through Profit or Loss*

A financial asset is classified as fair value through profit or loss ("FVTPL") if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of a portfolio of identified financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. Cash and short-term investments are classified as FVTPL.

*Held-to-Maturity*

Held-to-maturity ("HTM") investments are recognized on a trade-date basis and are measured at amortized cost. The Company does not have any assets classified as HTM investments.

*Available-for-Sale*

Available-for-sale ("AFS") financial assets are initially recognized at fair value. Subsequently, gains and losses arising from changes in fair value are recognized in other comprehensive income. When an AFS financial asset is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### c) Financial Instruments (continued)

*Impairment of Financial Assets*

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

*Financial Liabilities*

The Company has the following non-derivative financial liabilities: trade payables and due to related parties.

Financial liabilities classified as other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition other financial liabilities are measured at amortized cost. Trade payables and amounts due to related parties are classified as other financial liabilities.

Transaction costs associated with financial assets classified at FVTPL are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset. All financial liabilities are initially recorded at fair value and designated upon inception at FVTPL or other financial liabilities.

### d) Short-term Investments

Short-term investments include term deposits and marketable securities. Term deposits are Canadian guaranteed investment certificates that have maturities within 12 months from the consolidated statement of financial position date and are readily convertible into known amounts of cash with minimal risk of fluctuation in fair value. Marketable securities are investments in publicly traded companies.

### e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. At each financial position reporting date presented the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### f) Deferred Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under this method, deferred income taxes and liabilities are recognized to reflect the expected deferred tax consequences arising from temporary differences between the carrying value and the tax bases of the deferred tax assets and liabilities, and are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. Deferred income tax assets are recognized to the extent that it is probable the asset will be realized.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent it is probable that future taxable profit will allow the deferred tax asset to be recovered.

### g) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share warrants and flow-through shares are classified as equity instruments.

The proceeds from the issue of units are allocated between common shares and share purchase warrants based on the residual value method. The fair value of common shares is based on the market closing price on the date the units are issued. Equity instruments issued to agents as financing costs are measured at their fair value at the date of grant. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

*Flow-Through Shares*

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred and renounced, the Company derecognizes the liability. The de-recognition of the liability is recorded as other income.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g) Share Capital (continued)

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource exploration expenditures within a two-year period. Any portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through share proceeds.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

### h) Earnings (Loss) Per Share

The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the earnings (loss) attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is determined by adjusting the earnings (loss) attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

### i) Share-based Payments

The Company operates an incentive stock option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued. If it is determined that the fair value of the goods or services cannot be reliably measured, it would then be recorded at the date the goods or services were received. The fair value of share-based compensation is charged to the consolidated statement of comprehensive loss with a corresponding credit recorded to contributed surplus. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

The fair value of options is determined using the Black-Scholes option pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### i) Share-based Payments (continued)

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense in the consolidated statement of comprehensive loss.

The Black-Scholes option pricing model requires management to make estimates, which are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

### j) Foreign Currency Translation

The presentation currency and functional currency of the Company and its Guyana subsidiary is the Canadian dollar as this is the principal currency of the economic environment in which they operate. The Company's Guyana subsidiary is financially and operationally dependent on the Company. The Company translates transactions in foreign currencies into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Monetary assets and liabilities are translated at the exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated at historical rates. The resulting exchange gains or losses are recognized in comprehensive loss.

### k) New Accounting Standards, Interpretations and Amendments to Existing Standards

The IASB did not issue any new or revised accounting standards which were effective for the Company's financial year beginning on December 1, 2016. Therefore, the Company did not adopt any new accounting standards for the year ended November 30, 2017.

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended November 30, 2017, and have not been applied in preparing these consolidated financial statements.

The following new standards, amendments and interpretations have not been early adopted in these consolidated financial statements and are not expected to have a material effect on the Company's future results and financial position:

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### k) New Accounting Standards, Interpretations and Amendments to Existing Standards (continued)

**Accounting standards effective for annual periods beginning on or after January 1, 2018**

**IFRS 15 *Revenue from Contracts with Customers*** – In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

**IFRS 9 *Financial Instruments*** – In November 2009, as part of the IASB project to replace IAS 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

**Accounting standards effective for annual periods beginning on or after January 1, 2019**

**IFRS 16 *Leases*** – IFRS 16 Leases will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical estimates and judgements in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

### i) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting impairment, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

### ii) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

### iii) Income Taxes

Significant judgment is required in determining the provision for income taxes and the recognition of deferred income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes that they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than any amount recognized as current or deferred taxes.

### iv) Going Concern

As described in Note 1, management uses its judgement in determining whether the Company is able to continue as a going concern.

### v) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating the fair value for share-based payment transactions are disclosed in Note 9.

(Expressed in Canadian Dollars)

## 5. SHORT-TERM INVESTMENTS

Short-term investments consist of term deposits and marketable securities. As at November 30, 2017 and 2016, the fair values of the short-term investments are as follows:

| | November 30, 2017 $ | November 30, 2016 $ |
|---|---|---|
| Term deposits | - | 185,000 |
| Marketable securities | 125 | 70,000 |
| | 125 | 255,000 |

On October 28, 2015, pursuant to a property sale agreement, the Company received 1,000,000 common shares of Investissements Gema Inc. ("Gema"), a private company incorporated in Canada, which were recorded at a nominal value. Pursuant to a letter agreement dated February 25, 2016, the Company and Gema agreed to exchange the 1,000,000 common shares of Gema for 200,000 common shares of Opawica Explorations Inc. ("Opawica"), a company with directors in common with the Company. The exchange of the Gema shares for the Opawica shares was completed on June 28, 2016, and resulted in the recognition of a gain of $120,000 in the consolidated statement of comprehensive loss (Note 10).

A summary table of the Company's investment in Opawica marketable securities is as follows:

| | Number of shares | Amount $ |
|---|---|---|
| Balance, November 30, 2015 | - | - |
| Opawica shares received on June 28, 2016 | 200,000 | 120,000 |
| Unrealized loss | - | (50,000) |
| Balance, November 30, 2016 | 200,000 | 70,000 |
| Proceeds on sale | (199,500) | (20,161) |
| Loss on sale | - | (49,664) |
| Unrealized loss | - | (50) |
| Balance, November 30, 2017 | 500 | 125 |

(Expressed in Canadian Dollars)

## 6. EXPLORATION AND EVALUATION ASSETS

| | Ballard Lake $ | Norwalk $ | Dill River $ | Dog Lake $ | Golden Reed $ | Golden Stock $ | Lac Mica $ | Total $ |
|---|---|---|---|---|---|---|---|---|
| Exploration costs | | | | | | | | |
| Administration | 26,860 | - | - | - | - | - | - | 26,860 |
| Drilling | 88,718 | - | - | - | - | - | - | 88,718 |
| Geological survey | - | - | - | - | - | - | 1,300 | 1,300 |
| Property examination | 16,872 | - | - | - | - | 72 | - | 16,944 |
| Reports | 1,583 | 1,583 | - | - | - | - | - | 3,166 |
| Sampling | 46,024 | 4,540 | - | - | - | - | - | 50,564 |
| Technical assessment | 37,385 | 6,665 | 1,748 | - | - | 998 | - | 46,796 |
| | 217,442 | 12,788 | 1,748 | - | - | 1,070 | 1,300 | 234,348 |
| Acquisition of property | 79,564 | 23,000 | 21,000 | - | - | 4,400 | 1,134 | 129,098 |
| Impairment | - | - | - | - | - | (92,658) | (2,434) | (95,092) |
| Balance at November 30, 2016 | 378,954 | 35,788 | 22,748 | - | - | - | - | 437,490 |
| Exploration costs | | | | | | | | |
| Administration | 29,289 | 166,971 | 3,375 | 1,875 | - | - | - | 201,510 |
| Community consultations | 6,077 | 14,662 | 3,469 | - | - | - | - | 24,208 |
| Drilling | 2,432 | 167,320 | - | - | - | - | - | 169,752 |
| Geological survey | - | 1,200 | - | - | - | - | - | 1,200 |
| Geophysical survey | - | 163,362 | - | - | - | - | - | 163,362 |
| Mapping | - | 20,620 | - | - | - | - | - | 20,620 |
| Reports | 18,375 | 6,574 | - | - | - | - | - | 24,949 |
| Sampling | - | 69,782 | - | - | - | - | - | 69,782 |
| Technical assessment | 24,249 | 36,311 | 21,069 | 1,994 | - | - | - | 83,623 |
| | 80,422 | 646,802 | 27,913 | 3,869 | - | - | - | 759,006 |
| Acquisition of property | 76,774 | 22,060 | 16,000 | 115,000 | 43,000 | - | - | 272,834 |
| Balance at November 30, 2017 | 536,150 | 704,650 | 66,661 | 118,869 | 43,000 | - | - | 1,469,330 |

## 6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

### a) Ballard Lake Property (Wawa, Ontario)

On February 6, 2015, as amended March 25, 2015, the Company signed an Agreement (the "Property Agreement") with an arms-length vendor to acquire the Ballard Lake gold and diamond property located approximately 50 km northeast of Wawa, Ontario. Under the terms of the Property Agreement, the Company would acquire a 100% interest, subject to a 2% retained royalty, in the property and as consideration would issue 400,000 common shares of the Company to the vendor. The shares were issued on April 28, 2015 and had a fair value of $80,000.

On October 12, 2016, the Company signed an agreement with the vendor to pay a 2% retained royalty on any additional mineral claims staked on land that is contiguous to the property, and the Company shall have the right to repurchase 1% of the royalty on the property at any time for $1,000,000. Through staking, the Company has increased the Ballard Lake property's size to approximately 366 square kilometres.

### b) Norwalk Property (Wawa, Ontario)

On September 20, 2016, the Company signed an option agreement (the "Option Agreement") to acquire a 100% interest, subject to a 2% retained royalty, in the Norwalk gold property located six kilometres south of the town of Wawa, Ontario. The Company may earn its interest in the property by paying an initial consideration of $5,000 (paid) and issuing 200,000 common shares of the Company (issued on October 5, 2016 with a fair value of $18,000) upon receipt of TSXV approval of the Option Agreement (the "Acceptance Date") (approved October 5, 2016); and making additional optional payments of

i. $15,000 (paid) and 100,000 common shares (issued on October 5, 2017 with a fair value of $6,000) on the first anniversary of the Acceptance Date;
ii. $25,000 and 100,000 common shares on the second anniversary of the Acceptance Date; and
iii. $45,000 and 100,000 common shares on the third anniversary of the Acceptance Date.

### c) Dill River Property (Wawa, Ontario)

On September 23, 2016, the Company signed an option agreement (the "Option Agreement") to acquire a 100% interest, subject to a 2% retained royalty, in the Dill River gold property located seven kilometres east of the town of Wawa, Ontario. The Company may earn its interest in the property by paying an initial consideration of $3,000 (paid) and issuing 200,000 common shares of the Company (issued on October 5, 2016 with a fair value of $18,000) upon receipt of TSXV approval of the Option Agreement (the "Acceptance Date") (approved October 5, 2016); and making additional optional payments of

i. $10,000 (paid) and 100,000 common shares (issued on October 5, 2017 with a fair value of $6,000) on the first anniversary of the Acceptance Date;
ii. $17,000 and 100,000 common shares on the second anniversary of the Acceptance Date; and
iii. $20,000 and 100,000 common shares on the third anniversary of the Acceptance Date.

## 6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

### d) Dog Lake Property (Wawa, Ontario)

On June 8, 2017, the Company signed an Agreement with an arms-length vendor to acquire a 100% interest, subject to a 2% retained royalty, in the Dog Lake gold property located approximately 59 kilometres northeast of Wawa, Ontario in consideration of $10,000 (paid) and 1,500,000 common shares of the Company (issued on June 23, 2017 with a fair value of $105,000).

### e) Golden Reed Mine Property (Wawa, Ontario)

On October 18, 2017, the Company signed an option agreement (the "Option Agreement") to acquire a 100% interest, subject to a 2% retained royalty, in the Golden Reed Mine gold property located approximately six kilometres southeast of the town of Wawa, Ontario. The Company shall have the right to purchase 1% of the royalty on the property at any time for $1,000,000. The Company may earn its interest in the property by paying an initial consideration of $3,000 (paid) and issuing 1,000,000 common shares of the Company (issued on November 14, 2017 with a fair value of $40,000) upon receipt of TSXV approval of the Option Agreement (the "Acceptance Date") (approved November 13, 2017); and making an additional optional payment of 1,000,000 common shares on the first anniversary of the Acceptance Date.

## 7. DEMAND LOAN

On July 31, 2017, the Company received a demand loan of $10,000 from an arm's length party, bearing interest at 2% per annum. The demand loan was repaid on October 31, 2017 along with interest of $50.

## 8. SHARE CAPITAL AND RESERVES

### a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

The holders of common shares are entitled to receive dividends and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

**8. SHARE CAPITAL AND RESERVES (CONTINUED)**

The Company issued the following common shares during the year ended November 30, 2017:

i) On March 17, 2017, the Company completed a non-brokered private placement consisting of 300 units at a price of $1,400 per unit for total proceeds of $420,000. Each unit consists of 10,000 flow-through common shares, 10,000 non flow-through common shares, and 20,000 share purchase warrants exercisable at a price of $0.10 for a two-year term. The securities issued were subject to a hold period expiring July 18, 2017. A 10% commission consisting of $8,610 cash and 123,000 common shares with a value of $0.07 per share was paid on $172,200 of the private placement.

ii) In March 2017, 33,500 share purchase warrants with an exercise price of $0.05 per share were exercised for gross proceeds of $1,675.

iii) In April 2017, 1,330,000 stock options with an exercise price of $0.10 per share were exercised for gross proceeds of $133,000.

iv) In May 2017, 247,500 share purchase warrants with an exercise price of $0.05 per share were exercised for gross proceeds of $12,375.

v) In May 2017, 170,000 stock options with an exercise price of $0.10 per share were exercised for gross proceeds of $17,000.

vi) On June 23, 2017, the Company issued 1,500,000 common shares with a fair value of $0.07 per share pursuant to the Dog Lake property acquisition described in Note 6(d).

vii) In June 2017, 1,000 stock options with an exercise price of $0.11 per share were exercised for gross proceeds of $110.

viii) On October 5, 2017, the Company issued 100,000 common shares with a fair value of $0.06 per share pursuant to the Norwalk property option described in Note 6(b).

ix) On October 5, 2017, the Company issued 100,000 common shares with a fair value of $0.06 per share pursuant to the Dill River property option described in Note 6(c).

x) On October 11, 2017, the Company completed the initial tranche of a non-brokered private placement consisting of 4,600,000 non flow-through units priced at $0.05 (the "NFT Units") and 2,187,000 flow-through units priced at $0.07 (the "FT Units") for total proceeds of $383,090. Each NFT Unit consists of one common share and one share purchase warrant (the "Warrant") exercisable into one further common share at a price of $0.07 for a term of one year. Each FT Unit consists of one flow-through common share and one half of a share purchase warrant, with each whole Warrant exercisable into one further common share at a price of $0.07 for a term of one year. A 10% commission comprised of $2,500 cash and 50,000 common shares at $0.05 per share was paid on $50,000 of the private placement. All securities issued in the private placement are subject to a hold period expiring February 12, 2018. The Company recorded a flow-through premium liability of $43,740.

**8. SHARE CAPITAL AND RESERVES (CONTINUED)**

xi) On October 19, 2017, the Company completed the final tranche of a non-brokered private placement consisting of 1,100,000 flow-through units priced at $0.07 (the "FT Units") for total proceeds of $77,000. Each FT Unit consists of one flow-through common share and one half of a share purchase warrant, with each whole Warrant exercisable into one further common share at a price of $0.07 for a term of one year. A 10% commission comprised of $2,100 cash and 30,000 common shares at $0.07 per share was paid on $42,000 of the private placement. All securities issued in the private placement are subject to a hold period expiring February 20, 2018. The Company recorded a flow-through premium liability of $22,000.

xii) On November 14, 2017, the Company issued 1,000,000 common shares with a fair value of $0.04 per share pursuant to the Golden Reed Mine property option described in Note 6(e).

The Company issued the following common shares during the year ended November 30, 2016:

xiii) On May 16, 2016, the Company completed a non-brokered private placement consisting of 4,500,000 flow-through units and 4,000,000 non flow-through units at a price of $0.05 per unit for total proceeds of $425,000. Each flow-through unit consists of one flow-through common share and one common share purchase warrant exercisable at $0.05 for a term of five years.

xiv) In September 2016, 1,165,000 share purchase warrants with an exercise price of $0.05 per share were exercised for gross proceeds of $58,250.

xv) On October 5, 2016, the Company issued 200,000 common shares with a fair value of $0.09 per share pursuant to the Norwalk property option described in Note 6(b).

xvi) On October 5, 2016, the Company issued 200,000 common shares with a fair value of $0.09 per share pursuant to the Dill River property option described in Note 6(c).

xvii) In October 2016, 5,375,000 share purchase warrants with an exercise price of $0.05 per share were exercised for gross proceeds of $268,750.

xviii) In November 2016, 990,000 share purchase warrants with an exercise price of $0.05 per share were exercised for gross proceeds of $49,500.

**b) Preferred Shares**

The Company is authorized to issue an unlimited number of preferred shares. No preferred shares have been issued since the Company's inception.

(Expressed in Canadian Dollars)

## 8. SHARE CAPITAL AND RESERVES (CONTINUED)

### c) Contributed Surplus

| | November 30, 2017 $ | November 30, 2016 $ |
|---|---|---|
| Fair value of warrants issued | 284,725 | 284,725 |
| Fair value of stock options granted or vested | 1,276,910 | 1,157,467 |
| Contributed surplus | 1,561,635 | 1,442,192 |

### d) Share Purchase Warrants

A summary of the Company's share purchase warrants at November 30, 2017 and 2016 and the changes for the years then ended is presented below:

| | Number of Warrants | Weighted Average Exercise Price |
|---|---|---|
| Balance at November 30, 2015 | 947,406 | $0.52 |
| Issue of warrants | 8,500,000 | $0.05 |
| Exercise of warrants | (7,530,000) | $0.05 |
| Expiry of warrants | (30,000) | $0.60 |
| Balance at November 30, 2016 | 1,887,406 | $0.28 |
| Issue of warrants | 12,243,500 | $0.08 |
| Exercise of warrants | (281,000) | $0.05 |
| Expiry of warrants | (766,906) | $0.50 |
| Balance at November 30, 2017 | 13,083,000 | $0.09 |

As at November 30, 2017, the Company had outstanding and exercisable warrants as follows:

| Number of Warrants Outstanding and Exercisable | | | |
|---|---|---|---|
| November 30, 2017 | November 30, 2016 | Exercise Price per Share | Expiry Date |
| - | 766,906 | $0.50 | April 2, 2017 |
| 5,693,500 | - | $0.07 | October 11, 2018 |
| 550,000 | - | $0.07 | October 19, 2018 |
| 150,500 | 150,500 | $0.60 | December 27, 2018 |
| 6,000,000 | - | $0.10 | March 17, 2019 |
| 689,000 | 970,000 | $0.05 | May 16, 2021 |
| 13,083,000 | 1,887,406 | $0.09 | |

(Expressed in Canadian Dollars)

## 9. SHARE-BASED PAYMENTS

### a) Option Plan Details

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The Plan was approved by the Board on March 21, 2011, was approved by the Company's shareholders on April 29, 2011, and came into effect on August 5, 2011 upon acceptance by the TSXV of the Company's listing application and commencement of trading on the TSXV. The Plan provides for the issuance of options to acquire shares of the Company up to 10% of the then issued and outstanding shares of the Company. It incorporates the new TSXV option plan policies effective December 15, 2008, as well as provisions concerning the new requirements of the Canada Revenue Agency concerning withholding tax payments on exercised options, and provisions to accommodate electronic trading and the issuance of uncertificated shares.

A summary of the Company's stock options at November 30, 2017 and 2016 and the changes for the years then ended is presented below:

| | **November 30, 2017** | | **November 30, 2016** | |
|---|---|---|---|---|
| | Options Outstanding | Weighted Average Exercise Price | Options Outstanding | Weighted Average Exercise Price |
| Opening balance | 1,528,000 | $0.12 | 70,000 | $1.00 |
| Granted | 3,030,000 | $0.11 | 1,528,000 | $0.12 |
| Exercised | (1,501,000) | $0.10 | - | - |
| Expired | - | - | (70,000) | $1.00 |
| Forfeited | (200,000) | $0.10 | - | - |
| Cancelled | (449,000) | $0.11 | - | - |
| Ending balance | 2,408,000 | $0.12 | 1,528,000 | $0.12 |

In January 2017, the Company granted 200,000 stock options with an exercise price of $0.10 per share expiring January 20, 2018 to a consultant conducting investor relations activities. These options were to vest over a period of 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting. On March 21, 2017, the investor relations contract was terminated and the 200,000 unvested options were forfeited.

In April 2017, the Company granted 1,150,000 stock options with an exercise price of $0.10 per share expiring April 13, 2019 to consultants. All options vested immediately.

In May 2017, the Company granted 1,680,000 stock options with an exercise price of $0.11 per share expiring May 17, 2019 to consultants. All options vested immediately.

(Expressed in Canadian Dollars)

**9. SHARE-BASED PAYMENTS (CONTINUED)**

During the year ended November 30, 2017, 1,500,000 stock options with an exercise price of $0.10 were exercised for gross proceeds of $150,000 and 1,000 stock options with an exercise price of $0.11 were exercised for gross proceeds of $110.

During the year ended November 30, 2017, 160,000 stock options with an exercise price of $0.10 per share and 289,000 stock options with an exercise price of $0.11 per share were cancelled.

In May 2016, the Company granted 528,000 stock options with an exercise price of $0.15 per share expiring May 16, 2018 to directors and employees. All options vested immediately.

In October 2016, the Company granted 1,000,000 stock options with an exercise price of $0.10 per share expiring October 20, 2018 to directors and consultants. All options vested immediately.

During the year ended November 30, 2016, 70,000 stock options expired unexercised.

Details of stock options outstanding and exercisable as at November 30, 2017 and 2016 are as follows:

| Expiry Date | Exercise Price | November 30, 2017 | November 30, 2016 |
|---|---|---|---|
| May 16, 2018 | $0.15 | 528,000 | 528,000 |
| October 20, 2018 | $0.10 | 250,000 | 1,000,000 |
| April 13, 2019 | $0.10 | 240,000 | - |
| May 17, 2019 | $0.11 | 1,390,000 | - |
| | | 2,408,000 | 1,528,000 |

The weighted average remaining contractual life of stock options outstanding at November 30, 2017 was 1.17 years (November 30, 2016: 1.74 years).

**b) Fair Value of Options Issued During the Year**

The weighted average fair value at grant date of options granted during the year ended November 30, 2017 was $0.088 per option (2016: $0.106). The fair value was determined using the Black-Scholes option-pricing model using the following assumptions:

| | 2017 | 2016 |
|---|---|---|
| Expected stock price volatility | 205% - 222% | 225% - 254% |
| Risk-free interest rate | 0.76% | 0.53% - 0.54% |
| Dividend yield | - | - |
| Expected life of options | 2 years | 2 years |
| Stock price on date of grant | $0.10 - $0.105 | $0.10 - $0.15 |
| Forfeiture rate | - | - |

(Expressed in Canadian Dollars)

## 10. NATURE OF INCOME AND EXPENSES

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Other income and expenses include: | | |
| Flow-through share premium | 65,740 | - |
| Gain (loss) on disposal of short-term investments | (49,664) | 120,000 |
| Gain on settlement of debt | - | 966 |
| Gain (loss) on foreign exchange | 540 | (60) |
| Interest income | 417 | 731 |
| Unrealized loss on short-term investments | (50) | (50,000) |
| | 16,983 | 71,637 |
| Employee costs include: | | |
| Consulting fees | 271,185 | 65,649 |
| Management fees | 5,860 | 13,645 |
| Salaries and benefits | 39,402 | 34,206 |
| Share-based payments | 60,920 | 135,713 |
| | 377,367 | 249,213 |
| Finance expense includes: | | |
| Loan interest expense | 50 | - |
| Part XII.6 tax | 8,696 | - |
| | 8,746 | - |
| General and administrative expense include: | | |
| Accounting and audit fees | 28,730 | 15,730 |
| Filing fees | 36,946 | 18,484 |
| Investor communications | 40,368 | 113,345 |
| Legal fees | 23,804 | 16,491 |
| Office expenses | 57,708 | 40,510 |
| Transfer agent | 7,961 | 8,742 |
| Travel and automobile | 36,287 | 35,145 |
| | 231,804 | 248,447 |

(Expressed in Canadian Dollars)

## 11. INCOME TAXES

There is no current or deferred income tax expense in the current year due to the losses incurred for tax purposes. At November 30, 2017, the Company had non-capital losses of approximately $4,380,000 to reduce future taxable income in Canada expiring between 2027 to 2037. At November 30, 2017, the Company had non-capital losses of approximately $513,000 to reduce future taxable income in Guyana with an indefinite expiry period.

No deferred tax asset has been recognized in respect of the losses due to the uncertainty of future profits. A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| | 2017 | 2016 |
|---|---|---|
| Combined statutory rate | 26% | 26% |
| | $ | $ |
| Income tax recovery at statutory rates | (156,000) | (135,000) |
| Non-deductible items for tax purposes and other items | 5,000 | 21,000 |
| Change in tax rates | (69,000) | - |
| Adjustments related to exploration and evaluation assets | 163,000 | 65,000 |
| Change in unrecognized deferred tax assets | 57,000 | 49,000 |
| Deferred income tax recovery | - | - |

The rate reconciliation above only includes the amounts related to the Canadian entity.

The significant components of the Company's deferred income tax assets and liabilities are as follows:

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Deferred income tax assets | | |
| Mineral properties | 662,000 | 808,000 |
| Non-capital losses available for future periods | 1,336,000 | 1,139,000 |
| Share issuance costs and other | 10,000 | 11,000 |
| Deferred income tax assets | 2,008,000 | 1,958,000 |
| Unrecognized deferred tax assets | (2,008,000) | (1,958,000) |
| Net deferred income tax assets | - | - |

(Expressed in Canadian Dollars)

## 12. RELATED PARTY TRANSACTIONS

All related party transactions are recorded at the exchange amount which is the amount agreed to by the Company and the related party.

### a) Office Expenses

Office expenses of $9,704 (2016: $6,399) were charged by a company with common directors that is a co-tenant to the Company's office premises sublease. At November 30, 2017, $143 (November 30, 2016: $1,889) in amounts owing to the co-tenant were included in due to related parties.

### b) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include directors, the chief executive officer and chief financial officer of the Company. Key management personnel compensation is comprised of the following:

| | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Short-term employee benefits and director fees | 135,850 | 68,900 |
| Share-based payments | - | 82,367 |
| | 135,850 | 151,267 |

Due to related parties at November 30, 2017 includes $14,765 (November 30, 2016: $11,230) in amounts owing to directors, officers, and companies with common directors for unpaid project management services and expenses.

## 13. COMMITMENTS

i) In relation to the May 2016 flow-through financing described in Note 8(a)(xiii), the Company was committed to incur $225,000 in Canadian exploration expenditures by December 31, 2017 under the Canada Revenue Agency's look-back rule. During the year ended November 30, 2016, the Company incurred $191,331 in qualifying exploration expenditures. The remaining commitment of $33,669 in qualifying exploration expenditures was incurred during the year ended November 30, 2017.

ii) In relation to the March 2017 flow-through financing described in Note 8(a)(i), the Company was committed to incur $209,994 in Canadian exploration expenditures by December 31, 2018 under the Canada Revenue Agency's look-back rule. The Company completed the qualifying exploration expenditures during the year ended November 30, 2017.

iii) In relation to the October 2017 flow-through financing described in Notes 8(a)(x) and 8(a)(xi), the Company was committed to incur $230,057 in Canadian exploration expenditures by December 31, 2018 under the Canada Revenue Agency's look-back rule. The Company completed the qualifying exploration expenditures during the year ended November 30, 2017.

(Expressed in Canadian Dollars)

## 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

*Fair values*

The Company's financial instruments include cash, term deposits, short-term investments, amounts receivable, trade and other payables, and amounts due to related parties. The fair value of these financial instruments approximates their carrying values due to the relative short-term maturity of these instruments.

The following table summarizes information regarding the carrying and fair values of the Company's financial instruments:

| | November 30, 2017 | | November 30, 2016 | |
|---|---|---|---|---|
| | **Fair Value** | **Carrying Value** | **Fair Value** | **Carrying Value** |
| | **$** | **$** | **$** | **$** |
| FVTPL assets (i) | 45,707 | 45,707 | 256,526 | 256,526 |

(i) Cash and short-term investments

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value 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 for the asset or liability that are not based on observable market data.

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

| As at November 30, 2017 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Cash | 45,582 | - | - | 45,582 |
| Short-term investments | 125 | - | - | 125 |

There were no transfers from Level 1 to Levels 2 or 3 and there were no transfers from Levels 2 or 3 to Level 1 during the years ended November 30, 2017 and 2016.

The Company believes the recorded values of all other financial instruments approximate their current fair values because of their nature and respective maturity dates.

The Company's financial instruments are exposed to certain financial risks: credit risk, liquidity risk, market risk and currency risk.

## 14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

*Credit risk*

Credit risk is the risk of an unexpected loss associated with counterparty's inability to fulfil its contractual obligations. Management evaluates credit risk on an ongoing basis and monitors activities related to amounts receivable including the amounts of counterparty concentrations. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and amounts receivable. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risk the Company only holds its cash with high credit chartered Canadian financial institutions. As at November 30, 2017, the Company has no financial assets that are past due or impaired due to credit risk defaults.

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations with respect to financial liabilities as they fall due. The Company's financial liabilities consist of its accounts payable and amounts due to related parties. The Company handles its liquidity risk through the management of its capital structure as described in Note 15. All of the Company's financial liabilities are due on demand, do not generally bear interest and are subject to normal trade terms.

The following are the contractual maturities of financial liabilities as at November 30, 2017:

| | Carrying Amount $ | Contractual Cash Flows $ | Within 1 year $ | Within 2 years $ | Within 3 years $ | Over 3 years $ |
|---|---|---|---|---|---|---|
| Trade payables | 140,298 | 140,298 | 140,298 | - | - | - |
| Due to related parties | 14,908 | 14,908 | 14,908 | - | - | - |
| Total | 155,206 | 155,206 | 155,206 | - | - | - |

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for-trading, available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to-maturity, loans or receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company has no fluctuating interest bearing debt. The Company's ability to raise capital to fund exploration or development activities is subject to risks associated with fluctuations in gold and metal prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

*Currency risk*

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currencies. The Company does not hedge its exposure to fluctuations in foreign exchange rates. The Company's Guyana subsidiary is exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar.

(Expressed in Canadian Dollars)

## 15. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern such that it can support continued development of its exploration and evaluation assets, pursue the acquisition and exploration of other mineral interests, and to maintain a flexible capital structure for its projects for the benefit of its shareholders and other stakeholders. The Company is not exposed to externally imposed capital requirements.

The Company considers items included in equity to be capital. 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. In order to maintain or adjust its capital structure, the Company may issue new shares, sell assets to settle liabilities, option its properties for cash from optionees, enter into joint venture arrangements, return capital to its shareholders or adjust the amount of cash.

## 16. NON-CASH TRANSACTIONS

| Non-cash Financing and Investing Activities | 2017<br>$ | 2016<br>$ |
|---|---|---|
| Shares issued for mineral properties | 157,000 | 36,000 |
| Shares issued for finder's fees | 13,210 | - |
| Share-based payments capitalized to mineral properties | 189,374 | 26,672 |

## 17. SUBSEQUENT EVENTS

### a) Private Placements

On December 22, 2017, the Company completed a non-brokered private placement consisting of 4,000,000 units priced at $0.05 for total proceeds of $200,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of $0.05 for a one-year term. The securities issued are subject to a hold period expiring April 23, 2018.

On December 29, 2017, the Company completed a non-brokered private placement consisting of 3,500,000 flow-through units priced at $0.05 for total proceeds of $175,000. Each flow-through unit consists of one flow-through common share and one half of a share purchase warrant, with each whole warrant exercisable into one further common share at a price of $0.06 for a one-year term. A 10% commission comprised of $2,000 cash and 40,000 common shares at $0.05 per share was paid on $40,000 of the private placement. The securities issued are subject to a hold period expiring April 30, 2018.

In relation to the December 2017 flow-through financing described above, the Company is committed to incur $174,965 in Canadian exploration expenditures by December 31, 2018 under the Canada Revenue Agency's look-back rule. The Company completed the qualifying exploration expenditures during the period ended February 28, 2018.

**17. SUBSEQUENT EVENTS (CONTINUED)**

**b) Golden Reed Mine Property**

On January 31, 2018, the Company issued 1,000,000 common shares with a fair value of \$0.05 per share to exercise the Golden Reed Mine property option described in Note 6(e) and acquire 100% interest in the Property, subject to a 2% retained royalty. The shares issued are subject to a hold period expiring June 1, 2018.

**c) South Wawa Property**

On February 14, 2018, the Company signed an Agreement with an arms-length vendor to acquire a 100% interest in the South Wawa gold property located approximately 10 kilometres south of Wawa, Ontario in consideration of 350,000 common shares of the Company (issued on March 1, 2018 with a fair value of \$15,750). The shares issued are subject to a hold period expiring July 2, 2018.

**d) Stock Options**

In February 2018, the Company granted 750,000 stock options with an exercise price of \$0.05 per share expiring February 14, 2020 to consultants. All options vested immediately.

In February 2018, the Company cancelled 300,000 stock options with an exercise price of \$0.10 per share and 1,390,000 stock options with an exercise price of \$0.11 per share and granted/repriced 800,000 stock options with an exercise price of \$0.05 per share expiring February 14, 2020 to consultants. All options vested immediately.

In March 2018, the Company granted 2,500,000 stock options with an exercise price of \$0.05 per share expiring March 7, 2020 to consultants and a director.