Blue Star Gold Corp.
(Formerly WPC Resources Inc.)

Consolidated Financial Statements

For the years ended November 30, 2018 and 2017

(Expressed in Canadian Dollars)

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF BLUE STAR GOLD CORP. (FORMERLY WPC RESOURCES INC.)

We have audited the accompanying consolidated financial statements of Blue Star Gold Corp., which comprise the consolidated statements of financial position as at November 30, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and 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, 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 audit 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 the auditors' 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, the auditor considers 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, these consolidated financial statements present fairly, in all material respects, the financial position of Blue Star Gold Corp. as at November 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements, which describes matters and conditions that indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
March 20, 2019

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Blue Star Gold Corp. (Formerly WPC Resources Inc.)

(An Exploration Stage Company)

Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at November 30

	Note	2018	2017
ASSETS			
Current			
Cash		$ 15,137	$ -
Advances and deposits		16,702	21,006
Receivables		6,779	22,283
		38,618	43,289
Long-term deposits	5	7,829	7,829
Property, plant and equipment	9	2,422	4,130
Exploration and evaluation assets	7	2,546,087	2,026,291
		$ 2,594,956	$ 2,081,539
LIABILITIES and SHAREHOLDERS' EQUITY			
Current			
Bank indebtedness		$ -	$ 3,536
Accounts payable and accrued liabilities		73,123	416,828
Due to related parties	10	309,005	471,022
		382,128	891,386
Loan payable	14	200,000	-
		582,128	891,386
Shareholders' equity			
Share capital	8	8,964,629	7,481,689
Reserves - options	8	686,244	686,244
Reserves - warrants	8	106,978	106,978
Deficit		(7,745,023)	(7,084,758)
		2,012,828	1,190,153
		$ 2,594,956	$ 2,081,539

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

Approved and authorized by the Board of Directors on March 20, 2019.

"”Ken Yurichuk” — Ken Yurichuk, Director

"Robert Metcalfe" — Robert Metcalfe, Director

Blue Star Gold Corp. (Formerly WPC Resources Inc.)

(An Exploration Stage Company)

Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

		Years ended November 30,	
	Note	**2018**	**2017**
Expenses			
Amortization	9	$ 1,708	$ 1,708
Bad debt		1,000	-
Insurance		20,000	18,903
Investor and shareholder relations		73,615	56,603
Office and miscellaneous		14,694	18,885
Professional fees	10	92,046	62,406
Property investigation		2,286	40,983
Regulatory and transfer agent fees		17,335	13,084
Rent and administrative services		39,291	37,680
Salaries	10	365,299	379,456
Travel and entertainment		2,991	5,961
		(630,265)	(635,669)
Foreign exchange		-	2,879
Interest income		-	2,818
Impairment of exploration and evaluation assets	7	(30,000)	-
Net loss and comprehensive loss for the period		$ (660,265)	$ (629,972)
Loss per share			
Basic and diluted		$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding			
Basic and diluted		121,109,095	98,900,304

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

Blue Star Gold Corp. (Formerly WPC Resources Inc.)

(An Exploration Stage Company)

Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Share capital					Total shareholders'
	Shares	**Amount**	**Reserves - Warrants**	**Reserves - Options**	**Deficit**	**equity**
Balance - November 30, 2016	**98,900,304**	**$ 7,481,689**	**$ 106,978**	**$ 686,244**	**$ (6,454,786)**	**$ 1,820,125**
Loss for the year	-	-	-	-	(629,972)	(629,972)
Balance - November 30, 2017	**98,900,304**	**7,481,689**	**106,978**	**686,244**	**(7,084,758)**	**1,190,153**
Units issued for cash for private placement	30,700,000	1,535,000	-	-	-	1,535,000
Share issuance costs	-	(52,060)	-	-	-	(52,060)
Loss for the year	-	-	-	-	(660,265)	(660,265)
Balance - November 30, 2018	**129,600,304**	**$ 8,964,629**	**$ 106,978**	**$ 686,244**	**$ (7,745,023)**	**$ 2,012,828**

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

Blue Star Gold Corp. (Formerly WPC Resources Inc.)

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

	Years ended November 30, 2018	2017
Operating activities		
Loss for the year	$ (660,265)	$ (629,972)
Items not affecting cash:		
Amortization	1,708	1,708
Foreign exchange	-	(2,879)
Impairment of exploration and evaluation assets	30,000	-
Changes in non-cash working capital		
Advances and deposits	4,304	11,803
Deposits	-	(7,829)
Receivables	15,504	24,097
Accounts payable and accrued liabilities	(219,597)	297,934
Due to related parties	(162,017)	203,686
	(990,363)	(101,452)
Investing activities		
Exploration and evaluation assets expenditures	(673,904)	(45,010)
Reclamation deposits	-	8,936
	(673,904)	(36,074)
Financing activities		
Proceeds from issuance of shares	1,535,000	-
Loan received	200,000	-
Share issuance costs	(52,060)	-
	1,682,940	-
Net change in cash	18,673	(137,526)
Foreign exchange effect on cash	-	2,879
Cash (bank indebtedness), beginning of year	(3,536)	131,111
Cash (bank indebtedness), end of year	$ 15,137	$ (3,536)
SUPPLEMENTAL NON-CASH DISCLOSURES		
Exploration and evaluation assets included in accounts payable and accrued liabilities	$ 169,760	$ 293,868
Reversal of property acquisition cost	$ -	$ 175,000

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

1. Nature of Operations

Blue Star Gold Corp. ("Blue Star" or the "Company") was incorporated on April 13, 2007 pursuant to the *Business Corporations Act* of British Columbia. Effective January 18, 2019, the Company changed its name from WPC Resources Inc. to Blue Star Gold Corp. The Company's principal business activity is the acquisition and exploration of mineral property interests. The Company is in the exploration stage and substantially all the Company's efforts are devoted to financing and developing these property interests. There has been no determination whether the Company's interests in unproven exploration and evaluation assets contain economically recoverable mineral resources.

The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol "BAU", and its corporate head office is located at 1125, 595 Howe Street, Vancouver, British Columbia V6C 2T5.

2. Basis of Presentation

a) Statement of compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these consolidated financial statements.

These consolidated financial statements were authorized by the Board of Directors on March 20, 2019.

b) Going concern

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 its resource properties 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.

These consolidated financial statements have been prepared in accordance with IFRS on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. As at November 30, 2018, the Company has an accumulated deficit of $7,745,023 (2017 - $7,084,758) and has a working capital deficit of $343,510 (2017 – $848,097) and has incurred significant losses. These circumstances may cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The recovery of amounts capitalized for exploration and evaluation assets at November 30, 2018 and 2017 in the consolidated statement of financial position is dependent upon the ability of the Company to arrange appropriate financing to complete the development and continued exploration of the properties.

The Company's ability to continue as a going concern is dependent upon its ability to raise funds primarily through the issuance of shares or obtain profitable operations. The outcome of these matters cannot be predicted at this time.

c) Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, WPC Resources (USA) Inc., a company incorporated under the laws of Nevada, and Inukshuk Exploration Incorporated ("Inukshuk"), a company incorporated under the laws of British Columbia. All significant intercompany transactions have been eliminated upon consolidation. Control is based on whether an investor has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of returns.

d) Functional and presentation currency

The Company and its wholly owned subsidiaries' reporting and functional currency is the Canadian dollar. Monetary assets and liabilities of the Company are translated into Canadian dollars at the exchange rate in effect on the statement of financial position date, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the average rates over the reporting period. Gains and losses from these translations are included in profit or loss.

e) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

f) Estimates and judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows.

Critical accounting estimates

i. Recognition of deferred taxes

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

ii. Share-based payments

Estimating the fair value of granted stock options 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 rate of forfeitures, volatility and dividend yield, and making assumptions about them.

iii. Recoverable amount of exploration and evaluation assets

The carrying value of exploration and evaluation assets and the likelihood of future economic recoverability of these carrying values is subject to significant management estimates. The application of the Company's accounting policy for and determination of recoverability of capitalized assets is based on assumptions about future events or circumstances. New information may change estimates and assumptions made. If information becomes available indicating that recovery of expenditures is unlikely, the amounts capitalized are impaired and recognized as a loss in the period that the new information becomes available. A change in estimate could result in the carrying amount of capitalized assets being materially different from their presented carrying costs.

Critical accounting judgments

i. Impairment of exploration and evaluation assets

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

ii. Going concern

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

3. Significant Accounting Policies

a) Exploration and evaluation assets

All costs related to the acquisition, exploration and evaluation of mineral resource interests are capitalized by project. Costs incurred before the Company has obtained legal rights to explore an area are recognized in the consolidated statement of loss and comprehensive loss. The Company recognizes the payment or receipt of amounts required under option agreements as an addition or reduction, respectively, in the book value of the property under option when paid or received.

Development expenditures incurred subsequent to a determination of the feasibility of mining operations and to increase or to extend the life of existing production, are capitalized and will be amortized using the unit-of-production method based upon estimated proven and probable reserves. Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

The amounts shown for exploration and evaluation assets represent costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects, as well as future profitable production or proceeds from the disposition thereof.

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

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

b) Loss per share

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

c) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in reserves is recorded when stock options are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based payments previously recorded in reserves.

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

d) Income taxes

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

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amounts of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

e) Provision for environmental rehabilitation

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

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

The Company is not aware of any environmental rehabilitation liabilities as at November 30, 2018 and 2017.

f) Financial instruments

i. Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale – Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

ii. Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

Borrowing and other financial liabilities – This category includes non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the consolidated statement of loss and comprehensive loss over the period to maturity using the effective interest method.

iii. Classification

The Company has classified its cash as fair value through profit or loss. The Company's receivables are classified as loans and receivables. The Company's accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities.

g) Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization is recorded at rates designed to amortize the cost of capital assets over their estimated useful lives.

Amortization is recorded in profit or loss at the following annual rates:

Office equipment	5-year straight-line

h) Future accounting changes

A number of new standards, amendments to standards, and interpretations are not yet effective as of November 30, 2018, and have not been applied in preparing these consolidated financial statements. These new standards are being evaluated but are not expected to have a material effect on the consolidated financial statements of the Company. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the discussion below. The Company intends to adopt the following standards and amendments when effective:

i. IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- *Classification and measurement of financial assets:*
  Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- *Classification and measurement of financial liabilities:*
  When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- *Impairment of financial assets:*
  An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- *Hedge accounting:*
  Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

This new standard is effective for the Company's annual period beginning December 1, 2018.

ii. Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 *Share-based Payment)*

The amendments provide guidance on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;

- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

This new standard is effective for the Company's annual period beginning December 1, 2018.

iii. IFRS 16 *Leases*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost and is then depreciated similarly to property and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining Whether an Arrangement Contains a Lease,* SIC-15 *Operating* Leases – Incentives and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

This new standard is effective for the Company's annual period beginning December 1, 2019.

The Company does not expect that the new and amended standards will have a significant impact on its financial statements.

4. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. Further information relating to liquidity risk is disclosed in note 6.

In the management of capital, the Company includes the components of shareholders' equity.

The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, enter into joint venture property arrangements, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and investments.

To facilitate the management of its capital requirements, the Company prepares budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The budgets are approved by the Board of Directors.

There were no changes in the Company's approach to capital management during year ended November 30, 2018. The Company is not subject to externally imposed capital requirements.

5. Deposits

During the year ended November 30, 2017, the Company signed a new lease agreement and paid $7,829 as a rental deposit. The lease agreement is effective until April 30, 2020 (note 13).

6. Management of Financial Risk

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

> Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
>
> Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and
>
> Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

a) Fair value

The carrying value of receivables, accounts payable and accrued liabilities, and amounts due to related parties approximated their fair value due to the short-term nature of these financial instruments.

b) Interest rate risk

The Company has minimal exposure at November 30, 2018 and 2017 to interest rate risk through its financial instruments as the loan payable has a fixed, simple interest rate of 7% per annum.

c) Currency risk

As at November 30, 2018 and 2017, the majority of the Company's cash was held in Canadian dollars, the Company's functional and reporting currency. Currency risk is minimal.

d) Credit risk

Concentration of credit risk exists with respect to the Company's cash, as substantially all amounts are held at major financial institutions. The credit risk associated with cash is minimized by ensuring that these financial assets are placed with financial institutions with investment-grade ratings by a primary ratings agency.

e) Liquidity risk

The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at November 30, 2018, the Company had cash of $15,137 (2017 – cash deficit of $3,536) to settle current liabilities of $382,128 (2017 - $891,386). The Company's current working capital is insufficient to support the Company's near term general administrative and corporate operating requirements on an on-going basis.

(Expressed in Canadian dollars)

7. Exploration and Evaluation Assets

	Hood River (Canada)	Ulu (Canada)	Lupin (Canada)	Total
Balance, November 30, 2016	$1,133,917	$1,001,688	$23,000	$2,158,605
Acquisition	-	-	-	-
Exploration costs				
Assaying	-	7,666	-	7,666
Expediting	-	-	7,000	7,000
Permits	20,713	7,307	-	28,020
Total additions during the year	20,713	14,973	7,000	42,686
Adjustment to acquisition cost	(175,000)	-	-	(175,000)
Balance, November 30, 2017	$ 979,630	$1,016,661	$30,000	$2,026,291
Acquisition	100,000	400,000	-	500,000
Exploration costs				
Consulting	2,113	11,974	-	14,087
Permits	24,150	(260)	-	23,890
Travel	2,160	9,659	-	11,819
Total additions during the year	128,423	421,373	-	549,796
Less: Mineral property impairment	-	-	(30,000)	(30,000)
Balance, November 30, 2018	$1,108,053	$1,438,034	$ -	$2,546,087

a) Hood River property

On May 15, 2014, the Company signed a letter of intent (the “LOI”) to acquire 100% of the outstanding shares of Inukshuk Exploration Inc. (“Inukshuk”). Inukshuk owns a 100% interest in the Hood River Property in Nunavut through a 20-year renewable mineral exploration agreement (“MEA”) dated June 1, 2013, issued by Nunavut Tunngavik Incorporated (“NTI”). On February 26, 2018 the Company and shareholders of Inukshuk signed the final Transaction Agreement (the “Definitive Agreement”) and NSR Royalty Agreement covering the acquisition. Both agreements have an effective date of September 18, 2014.

Pursuant to the terms of the LOI, the Company acquired 100% of the outstanding shares of Inukshuk by issuing the shareholders (the “Vendors”) and their assignees 8,000,000 common shares of the Company (issued in 2014 at a fair value of $560,000) upon receipt of TSX-V preliminary approval (received September 18, 2014) for the transaction. In addition to the share payment, the Company is obligated to fulfil the following commitments:

i. Enter into a 3% net smelter returns (“NSR”) royalty agreement (“Royalty Agreement”) with the Vendor on the terms outlined below;
ii. Complete a technical report, prepared in accordance with NI 43-101 *Standards of Disclosure for Mineral Projects*, on the Hood River Property;
iii. Pay all costs incurred to complete the transaction contemplated in the LOI;
iv. Maintain the property in good standing for the period the LOI is in effect and ensure that in the event the transaction is terminated, the Hood River Property is returned to the Vendor with at least two years of assessments filed and two years, calculated from the next anniversary date, of NTI payments in place; and
v. Engage one of the Vendors as Project Manager on the Hood River Property while the LOI is in effect.

The signing of the Definitive Agreement resulted in a reduction of $175,000 in acquisition costs that were previously capitalized.

Under the terms of the Royalty Agreement in the Definitive Agreement, the Company will pay the following:

i. Pay a 3% NSR royalty on the disposition of all minerals produced from the Hood River Property;
ii. Make advance royalty payments totalling $500,000 in accordance with the following schedule:
   (1) $25,000 (paid) within 25 business days of TSX-V preliminary approval;
   (2) an additional $100,000 (paid) on or before February 28, 2018;
   (3) an additional $125,000 on or before February 28, 2019;
   (4) an additional $125,000 on or before February 28, 2020; and
   (5) an additional $125,000 on or before February 28, 2021.

iii. Offer the vendor a right of conveyance if the Company abandons the Hood River Property; and
iv. Maintain the Hood River Property in good standing during the conveyance period.

Prior to the commencement of commercial production on the Hood River Property, the Company has the option to acquire up to 2% of the NSR for up to $8,000,000 under the following terms:

i. Purchase an initial 0.5% of the NSR for $1,000,000;
ii. Purchase an additional 0.5% of the NSR for an additional $1,500,000;
iii. Purchase an additional 0.5% of the NSR for an additional $2,500,000; and
iv. Purchase an additional 0.5% of the NSR for an additional $3,000,000.

b) Ulu property

On May 30, 2014, the Company, entered into an option agreement (the "Option Agreement") with Elgin Mining Inc. and Bonito Capital Corp. (collectively, "Elgin"), to acquire an 80% undivided interest in the Ulu Property ("Ulu"). The TSX-V approved the Option Agreement on September 18, 2014 (the "Approval Date").

Pursuant to the Option Agreement, to earn a 70% interest in Ulu, the Company issued 5,000,000 shares, paid $125,000, and incurred $300,000 in property expenditures.

On September 10, 2014, Mandalay Resources Corporation ("Mandalay") acquired Elgin.

On January 8, 2018, the Company and Mandalay entered into the New Ulu Property Option Agreement. The new option agreement supersedes all prior agreements covering Ulu.

The New Ulu Property Option Agreement provides that the Company can purchase a 100% interest in the Ulu Gold Property (after Mandalay has completed permanent reclamation of historic surface mining and infrastructure disturbances that are beyond the needs of the exploration-stage project) by satisfying the following conditions:

i. $200,000 to be paid upon the receipt of TSXV approval for the New Ulu Property Option Agreement (paid);
ii. $200,000 to be paid on or before May 31, 2018 (paid);
iii. Issue 15,000,000 shares on or before December 31, 2019;
iv. Post security required by the Kitikmeot Inuit Association ("KIA") and the Nunavut Water Board ("NWB") relating to future exploration-stage activities on the mining lease and related water license to facilitate the transfer of the Mining Lease; and
v. Assume all future reclamation and site monitoring expenses and liabilities associated with the Ulu in a manner reasonably satisfactory to Mandalay, the KIA and the NWB.

c) Lupin property

On November 2, 2017, the Company announced that it had entered into a letter agreement (the "LOI") with Mandalay under which the Company may acquire Mandalay's subsidiary, Lupin Mines Incorporated ("Lupin") and the historic Lupin Gold Mine. The LOI replaced all prior agreements with Mandalay to acquire Lupin. On June 12, 2018, the Company received a notice from Mandalay that it wished to terminate the LOI and Mandalay was no longer interested in selling Lupin. As a result, the Company has recorded an impairment expense of $30,000 during the year ended November 30, 2018 to write down the property to $nil in accordance with Level 3 of the fair value hierarchy.

Title to resource properties

Although the Company has taken steps to verify the title to exploration properties 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 or transfers and title may be affected by undetected defects.

Realization of assets

The investment in and expenditures on exploration properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims are allowed to lapse.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

8. Share Capital and Reserves

a) Authorized

Unlimited number of common shares without par value.

b) Share issuances

At November 30, 2018, the Company had 129,600,304 (2017 – 98,900,304) common shares issued and outstanding.

- On February 7, 2018, the Company announced a non-brokered private placement of up to 34,000,000 units (the "Units") at a price of $0.05 per Unit for gross proceeds of $1,700,000 (the "Offering"). Each Unit consists of one common share ("Common Share") and one-half common share purchase warrant (a "Warrant"). Each full Warrant will be exercisable to purchase one Common Share at a price of $0.10 for twelve months following the close of the private placement.
- On February 14, 2018, the Company closed the first tranche of the non-brokered private placement by issuing 13.6 million Units at a price of $0.05 per Unit for gross proceeds of $680,000. On April 16, 2018, the Company closed the second and final tranche of the non-brokered private placement and issued 6.9 million Units for gross proceeds of $345,000 and further 11.5 million Units for additional gross proceeds of $575,000.
- All securities issued pursuant to the First Tranche, including the Common Shares underlying the Warrants, are subject to a statutory hold period which will expire on June 14, 2018. All securities issued pursuant to the second and final tranche, including the Common Shares and any Common Shares issued upon the exercise of the Warrants, are subject to a statutory hold period which expires on August 16, 2018.
- On October 29, 2018, 1,300,000 Units issued for proceeds of $65,000 pursuant to the non-brokered private placement were cancelled.

(Expressed in Canadian dollars)

- In total, the Company issued 30,700,000 Units for gross proceeds of $1,535,000. Finder's fees and other share issuance costs of $52,060 were paid in cash in connection with the private placement. The former CFO of the Company purchased 700,000 Units for gross proceeds of $35,000, and a director of the Company purchased 13,000,000 Units for gross proceeds of $650,000.

c) Stock options

The Company has a stock option plan under which the aggregate number of common shares to be reserved for exercise of all options granted under the plan and any other share compensation arrangement shall not exceed 10% of the issued shares of the Company at the time of granting of options. The stock option plan provides for the granting of stock options to regular employees and persons providing investor relations or consulting services up to a limit of 5% and 2%, respectively, of the Company's total number of issued and outstanding shares per year. Options granted to consultants providing investor relations services shall vest at a minimum over a period of twelve months with no more than one-quarter of such options vesting in any three-month period. Options, other than options granted to consultants providing investor relations services, shall vest immediately.

Stock option transactions are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
Balance, November 30, 2017 and 2016	**5,250,000**	**$0.10**
Expired	(1,950,000)	$0.10
Balance, November 30, 2018	**3,300,000**	**$0.10**

At November 30, 2018 and 2017, the Company has the following outstanding stock options enabling holders to acquire common shares as follows:

		November 30, 2018		**November 30, 2017**	
Exercise Price	Expiry Date	Outstanding	Exercisable	Outstanding	Exercisable
$ 0.10	September 19, 2019	825,000	825,000	1,325,000	1,325,000
$ 0.10	April 30, 2018	-	-	350,000	350,000
$ 0.10	August 19, 2020	2,475,000	2,475,000	3,575,000	3,575,000
		3,300,000	3,300,000	5,250,000	5,250,000

(Expressed in Canadian dollars)

d) Warrants

Share purchase warrant transactions are summarized as follows:

	Number of warrants outstanding	Weighted average exercise price
Balance, November 30, 2016	**27,343,000**	**$0.10**
Expired	(12,543,000)	$0.10
Balance, November 30, 2017	**14,800,000**	**$0.10**
Granted	15,350,000	$0.10
Expired	(14,800,000)	$0.10
Balance, November 30, 2018	**15,350,000**	**$0.10**

During the year ended November 30, 2018, the Company issued 15,350,000 warrants with an exercise price of $0.10, pursuant to the private placement closed on April 16, 2018, and 14,800,000 warrants expired unexercised.

During the year ended November 30, 2017, 12,543,000 warrants exercisable at $0.10 per warrant expired unexercised.

As at November 30, 2018 and 2017, the following share purchase warrants were outstanding:

		Number of Warrants	
Expiry Date	Exercise Price	**November 30, 2018**	**November 30, 2017**
April 18, 2018	$0.10	-	14,800,000
February 14, 2019	$0.10	6,300,000	-
April 16, 2019	$0.10	9,050,000	-
		15,350,000	14,800,000

Subsequent to November 30, 2018, 6,300,000 warrants expired unexercised.

e) Agent warrants

As at November 30, 2018 and 2017, the Company has agent warrants outstanding entitling the holders to acquire common shares as follows:

	November 30, 2018		**November 30, 2017**	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	1,071,200	$ 0.10	1,071,200	$ 0.10
Expired	(1,071,200)	$ 0.10	-	-
Outstanding and exercisable, end of year	-	$0.10	1,071,200	$0.10

(Expressed in Canadian dollars)

As at November 30, 2018 and 2017, the following share purchase warrants were outstanding:

		Number of Warrants	
Expiry Date	Exercise Price	**November 30, 2018**	**November 30, 2017**
April 18, 2018	$0.10	-	1,071,200
		-	1,071,200

9. Property and Equipment

	Office equipment $
Cost	
At November 30, 2016, 2017 and 2018	8,543
Accumulated Amortization	
At November 30, 2016	2,705
Amortization charge	1,708
At November 30, 2017	4,413
Amortization charge	1,708
At November 30, 2016, 2017 and 2018	6,121
Net book value	
At November 30, 2017	4,130
At November 30, 2016, 2017 and 2018	2,422

10. Related Party Transactions and Key Management Compensation

Related party transactions are in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed by the related parties. Amounts due to or from related parties are non-interest bearing and unsecured. The amount advanced to the director(s) of the Company is for business purposes, such as travel and accommodation and is included in prepaid expenses. Repayment terms, if any, are determined at the time of the advance.

As at November 30, 2018, $309,005 (2017 - $471,022) was due to directors and officers of the Company:

		November 30, 2018		**November 30, 2017**
CEO	$	14,322	$	62,240
CFO		3,000		-
Director		50,000		-
Former director		39,840		101,680
Former CFO		39,840		144,759
Director of subsidiary		162,003		162,003
Company with director in common		-		340
	$	309,005	$	471,022

(Expressed in Canadian dollars)

During the years ended November 30, 2018 and 2017, the Company entered into the following transactions with related parties:

Nature of expenditure		**November 30, 2018**		**November 30, 2017**
Salaries to CEO, former CFO and former director	$	212,160	$	270,000
Management fees to CFO		10,000		-
Professional fees		6,375		-
	$	228,535	$	270,000

11. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. At November 30, 2018 and 2017, the Company's exploration and evaluation assets are located in Canada, as disclosed in note 7. All expenses and cash receipts pertaining to exploration and evaluation activities are capitalized.

12. Income Taxes

As at November 30, 2018, the Company had accumulated non-capital losses for tax purposes in Canada of approximately $4,835,000. The losses expire as follows:

2027	$ 11,000
2028	21,000
2029	133,000
2030	294,000
2031	368,000
2032	383,000
2033	280,000
2034	375,000
2035	1,008,000
2036	690,000
2037	611,000
2038	661,000
	$ 4,835,000

(Expressed in Canadian dollars)

Significant unrecognized tax benefits and unused tax losses for which no deferred tax asset is recognized as of November 30 are as follows:

	2018	**2017**
Non-capital losses carried forward	$4,835,130	$4,207,815
Excess of unused exploration expenditures over the carrying value of mineral property interests	500,739	487,431
Property and equipment	7,730	4,415
Investment tax credits	79,102	171,827
Share issue costs	17,878	50,833
Unrecognized deductible temporary differences	**$5,440,579**	**$4,922,321**

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27.00% (2017 – 26.00%) to income before income taxes.

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

	2018	**2017**
Net loss for the year	$ (660,265)	$ (629,972)
Statutory income tax rate	27%	26%
Income tax benefit computed at statutory tax rate	$ (178,272)	$ (163,792)
Items not deductible for income tax purposes	42	775
Over provided in prior years	(28,313)	-
Unused tax losses and tax offsets not recognized	193,342	212,229
Effect of change in tax rates	13,201	(49,212)
Deferred income tax expense	**$ -**	**$ -**

13. Commitments

The Company leases premises under a lease agreement expiring April 30, 2020. Minimum annual lease payments required under the contract is as follows:

For the year ending November 30	$
2019	64,163
2020	26,735
Total	90,898

14. Loan Payable

During the year ended November 30, 2018, the Company entered into a loan agreement for $200,000. The loan is due on November 30, 2020 and has a simple interest rate of 7% per annum.

15. Events After the Reporting Date

On February 14, 2019, 6,300,000 warrants exercisable at $0.10 per warrant expired unexercised.

On December 19, 2018 a loan agreement was entered into with Dr. Georg Pollert, a Director of the Company, in the amount of $250,000. $200,000 was received in cash on December 31, 2018 and the remaining $50,000 was payable prior to year-end (note 10). The loan will pay 7.5% simple interest per annum payable on or before the date of repayment of December 31, 2020. In consideration, Dr. Georg Pollert will receive 1,000,000 Bonus Shares priced at $0.05 each.

On March 1, 2019 a loan agreement was entered into with Dr. Georg Pollert, a Director of the Company, in the amount of $250,000. The loan will pay 7.5% simple interest per annum payable on or before the date of repayment of March 31, 2021. In consideration, Dr. Georg Pollert will receive 1,000,000 Bonus Shares priced at $0.05 each.