

RED OAK MINING CORP.

INTERIM FINANCIAL STATEMENTS

**FEBRUARY 29, 2020 AND FEBRUARY 28, 2019
(Unaudited – Prepared by Management)**

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NOTICE – NO Auditor Review of the Interim Financial Statements

The accompanying unaudited interim financial statements of Red Oak Mining Corp. (“the Company”), for the nine months ended February 29, 2020, have been prepared by management and have not been the subject of a review by the Company’s external independent auditor.

RED OAK MINING CORP.
Statements of Financial Position
(expressed in Canadian dollars)

	February 29, 2020	May 31, 2019
<u>ASSETS</u>		
Current		
Cash	\$ 166,823	\$ 23,059
Accounts receivable (Note 5)	4,841	15,442
Total current assets	171,664	38,501
Restricted cash (Note 7 (a))	18,204	17,931
Total assets	\$ 189,868	\$ 56,432
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current		
Accounts payable	\$ 77,844	\$ 108,147
Due to related parties (Note 10 (e))	144,027	153,720
Provision for environmental rehabilitation (Note 7 (a))	32,000	32,000
Total liabilities	253,871	293,867
Shareholders' equity		
Share capital (Note 8)	32,707,885	32,507,885
Share subscription (Note 8)	157,050	-
Contributed surplus (Note 9)	1,555,465	1,555,465
Deficit	(34,484,403)	(34,300,785)
Total shareholders' equity	(64,003)	(237,435)
Total liabilities and shareholders' equity	\$ 189,868	\$ 56,432

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 13)

Approved by the Board:

"Jay Roberge"

Director – Jay Roberge

"Ian Graham"

Director – Ian Graham

RED OAK MINING CORP.
Interim Statements of Loss and Comprehensive Loss
(expressed in Canadian dollars)

	Three Months Ended February 29 2020	Three Months Ended February 28, 2019	Nine Months Ended February 29 2020	Nine Months Ended February 28, 2019
Expenses				
Accounting and audit (Note 10 (b) and (c))	\$ 2,240	\$ 700	\$ 7,402	\$ 18,900
Bank charges	265	18	367	146
Consulting fees (Note 10(a)(c))	83,857	-	127,679	58,034
Filing and share transfer fees	11,939	2,006	17,331	9,280
Legal fees	26,604	10,635	26,604	79,058
Office and administration	7,795	93	8,126	2,439
Reclamation costs (Note 7)	-	-	-	30,969
Shareholders' information	-	-	-	2,148
Travel	21,063	-	23,618	12,616
	153,762	13,452	211,126	213,590
Loss before other items	(153,762)	(13,452)	(211,126)	(213,590)
Other items				
Interest income	326	90	505	238
Proceeds from disposition of petroleum and gas assets (Note 7)	27,000	-	27,000	-
Net loss and comprehensive loss for the period	\$ (126,437)	\$ (13,362)	\$ (183,618)	\$ (213,352)
Basic and diluted loss per share	(0.01)	(0.00)	(0.03)	(0.01)
Weighted average number of common shares outstanding	9,092,730	20,417,578	6,927,877	19,990,997

RED OAK MINING CORP.
Interim Statements of Shareholders' Equity
(expressed in Canadian dollars)

	Number of Shares	Share Capital	Share Subscription	Contributed Surplus	Deficit	Shareholder's Equity
Balance, May 31, 2019	5,833,556	\$ 32,507,885	\$ -	\$ 1,555,465	\$ (34,300,785)	\$ (237,435)
Shares issued pursuant to private placements	4,000,000	200,000	-	-	-	200,000
Share subscription	-	-	157,050	-	-	157,050
Shares returned for re-registration	(4,000)	-	-	-	-	-
Net loss for the period	-	-	-	-	(183,618)	(183,618)
Balance, February 29, 2020	9,829,556	\$ 32,707,885	\$ 157,050	\$ 1,555,465	\$ (34,484,403)	\$ (64,003)
Balance, May 31, 2018	5,261,212	\$ 32,307,552	\$ -	\$ 1,555,465	\$ (33,909,714)	\$ (46,697)
Shares issued pursuant to exercise of warrants	572,344	200,333	-	-	-	200,333
Net loss for the period	-	-	-	-	(213,352)	(213,352)
Balance, February 28, 2019	5,833,556	\$ 32,507,885	\$ -	\$ 1,555,465	\$ (33,859,807)	\$ (60,123)

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

RED OAK MINING CORP.
Interim Statements of Cash Flows
(expressed in Canadian dollars)

	Three Months Ended February 29 2020	Three Months Ended February 28, 2019	Nine Months Ended February 29 2020	Nine Months Ended February 28, 2019
Cash flows from operating activities				
Loss for the periods from continuing operations	\$ (126,437)	\$ (13,362)	\$ (183,618)	\$ (213,352)
	(126,437)	(13,362)	(183,618)	(213,352)
Changes in non-cash working capital items:				
(Increase) decrease in accounts receivable	12,426	(136)	10,601	(6,423)
(Increase) decrease in prepaid expenses	-	7,561	-	-
Increase (decrease) in accounts payable	6,161	1,136	(30,303)	17,229
Net cash used in operating activities	(107,849)	(4,801)	(203,320)	(202,546)
Cash flows from investing activities				
Restricted cash	(92)	(90)	(273)	(237)
Net cash used in investing activities	(92)	(90)	(273)	(237)
Cash flows from financing activities				
Common shares	200,000	-	200,000	-
Shares subscription	33,200	-	157,050	-
Warrants exercised	-	-	-	200,333
Increase (decrease) in due to related party	(8,610)	(3,150)	(9,693)	(25,050)
Net cash provided by financing activities	224,590	(3,150)	347,357	175,283
Increase (decrease) in cash during the period	116,649	(8,041)	143,764	(27,500)
Cash, beginning of the period	50,174	36,878	23,059	56,337
Cash, end of the period	\$ 166,823	\$ 28,837	\$ 166,823	\$ 28,837

Supplemental disclosure with respect to cash flows (Note 11)

RED OAK MINING CORP.
Notes to the Interim Financial Statements
Periods Ended February 29, 2020 and 2019
(expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Red Oak Mining Corp. (“The Company”) is incorporated in the Province of British Columbia (extra-provincially registered in the Province of Alberta). The Company’s registered and record office is located at Miller Thomson LLP, Pacific Centre 400-725 Granville St, Vancouver, BC V7Y 1G5.

At February 29, 2020 the Company had a working capital deficiency of \$82,208 (May 31, 2019 – deficiency \$255,366) and had not yet achieved profitable operations, has accumulated losses of \$34,484,403 (May 31, 2019 - \$34,300,785) since its inception and expects to incur further losses in the development of its business, all of which casts substantial 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 generate future profitable operations and/or to obtain the necessary financing including support from related parties to meet its ongoing levels of corporate overhead, and discharge its liabilities as they come due. The Company is also depending on the continued patience of its related and third-party creditors with respect to outstanding amounts. At this time the Company is managing its financial resources to minimize expenditures while it determines its future direction. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business.

Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, these financial statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these financial statements.

2. BASIS OF PRESENTATION

(a) Statement of compliance

These interim financial statements including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These financial statements were approved and authorized for issue by the Board of Directors on April 28, 2020.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out below. All financial information in these financial statements is presented in Canadian dollars which is the functional currency of the Company. The accounting policies set out below have been applied consistently by the Company.

RED OAK MINING CORP.
Notes to the Interim Financial Statements
Periods Ended February 29, 2020 and 2019
(expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

(c) Use of 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. 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 in the period of 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 accounting estimates and judgments 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 financial statements are discussed below:

Judgments

Going concern assumption

The continued use of the going concern assumption is based on the Company's judgments regarding the availability, timing, and costs of obtaining financing. The use of the going concern assumption is also based on the Company's judgments regarding the continued support and patience of related parties and third party creditors. In applying the going concern assumption, the Company has not taken into account the uncertainty surrounding the timing of receipt of the restricted cash and the uncertainty surrounding the timing of payments of accounts and loans payable in determining the fair values of its financial instruments.

Estimates

Provision for environmental rehabilitation

Provisions for environmental rehabilitation are based on the Company's best estimate of the probable outflow to complete reclamation work. The final costs of the currently recognized environmental rehabilitation provision may be higher or lower than currently provided for.

(d) New standards and interpretations

New Standards Recently Adopted

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

RED OAK MINING CORP.
Notes to the Interim Financial Statements
Periods Ended February 29, 2020 and 2019
(expressed in Canadian dollars)

(d) New standards and interpretations (continued)

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

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

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

(a) Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Asset retirement obligation	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

(ii) Measurement

Financial assets and liabilities at amortized cost

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

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of income (loss) in the period in which they arise.

RED OAK MINING CORP.
Notes to the Interim Financial Statements
Periods Ended February 29, 2020 and 2019
(expressed in Canadian dollars)

(d) New standards and interpretations (continued)

(iii) Impairment of financial assets at amortized cost

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

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of income (loss).

Effective for annual periods beginning on or after June 1, 2019

IFRS 16 – Leases

This standard specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019.

RED OAK MINING CORP.
Notes to the Interim Financial Statements
Periods Ended February 29, 2020 and 2019
(expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

(b) Exploration and evaluation assets

Mineral properties and exploration and evaluation expenditures

Acquisition costs of exploration and evaluation assets together with direct exploration and evaluation expenditures thereon are deferred in the accounts at cost. These are classified as intangible assets. Once a project has been established as commercially viable and technically feasible, mineral properties are reclassified as tangible assets and related development expenditures are capitalized. When production is attained these costs will be amortized using the unit of production method based upon estimated proven recoverable reserves. When deferred expenditures on individual producing properties exceed the estimated net realizable value, the properties are written down to the estimated value. Costs relating to properties abandoned are written off when the decision to abandon is made.

The amounts shown for resource properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

(c) Earnings (loss) per share

Basic earnings/loss per share is computed by dividing the income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period. Diluted earnings/loss per common share is computed by dividing the income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

(d) Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized immediately that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

RED OAK MINING CORP.
Notes to the Interim Financial Statements
Periods Ended February 29, 2020 and 2019
(expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mining properties and other assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

The Company's estimates are reviewed annually for changes in regulatory requirements, 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 and loss for the year. The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provision as incurred.

(f) Agent warrants and warrants

Warrants issued to agents in connection with an equity financing are recorded at fair value and charged to share issue costs associated with the offering with an offsetting credit to contributed surplus in shareholders' equity.

Warrants included in units offered to subscribers in connection with financings are valued using the residual value method whereby proceeds are first allocated to the fair value of the shares and the excess if any, allocated to the warrants.

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES

(a) Fair value of financial instruments

IFRS requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value.

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS prioritizes the inputs into three levels that may be used to measure fair value

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.

RED OAK MINING CORP.
Notes to the Interim Financial Statements
Periods Ended February 29, 2020 and 2019
(expressed in Canadian dollars)

4. FINANCIAL INSTRUMENTS, RISK MANAGEMENT AND CAPITAL DISCLOSURES

(continued)

	Level 1	Level 2	Level 3	Total
February 29, 2020				
Cash	\$166,823	\$ -	\$ -	\$166,823
Restricted cash	18,204	-	-	18,204
	\$185,027	\$ -	\$ -	\$185,027
May 31, 2019				
Cash	\$ 23,059	\$ -	\$ -	\$ 23,059
Restricted cash	17,931	-	-	17,931
	\$ 40,990	\$ -	\$ -	\$ 40,990

The fair value of cash and restricted cash are determined based on Level 1 inputs which consist of quoted prices in active markets for identical assets. The fair value of loans payable are determined based on Level 2 inputs and estimated using the present value of future cash flows based on current interest rates for financial instruments with similar conditions and maturity. As at February 29, 2020, the Company believes that the carrying values of accounts receivable, accounts payable and accrued liabilities and due to related parties approximate the fair values because they are due on demand.

(b) Risk management

Credit Risk

The Company is exposed to credit risk with respect to its cash. To minimize this risk, cash is placed with major Canadian financial institutions.

Interest Rate Risk

The Company is not exposed to significant interest rate risk due to the relatively short-term maturity of its monetary assets and liabilities.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company does not have operating cash flow and therefore has relied primarily on equity financings and loans from related parties to meet its capital requirements. As at February 29, 2020 the Company has a working capital deficiency of \$82,208 (May 31, 2019 - deficiency \$255,366). The Company will need to obtain additional financing to meet the obligations as they come due.

Commodity Price Risk

The Company's ability to raise capital to fund exploration or development activities is subject to risk associated with fluctuations in the market prices of resource commodities.

RED OAK MINING CORP.
Notes to the Interim Financial Statements
Periods Ended February 29, 2020 and 2019
(expressed in Canadian dollars)

5. ACCOUNTS RECEIVABLE

	February 29, 2020		May 31, 2019	
GST/HST receivable	\$	4,841	\$	15,442
	\$	4,841	\$	15,442

6. INVESTMENT

The Company owns 14% (175,000 common shares) of Universal Wing Geophysics Corp. (“UWG”), a former subsidiary of the Company. UWG is a private Company without a quoted market price in an active market. The shares were initially measured at a fair value of \$1 was subsequently written off during the year ended May 31, 2018.

7. EXPLORATION AND EVALUATION ASSETS

Provost Property, Alberta

In February 2003, the Company acquired a 100% interest in an oil well (16-28) and an 18% interest in a shut-in gas well (02/13-17) located in the Provost area of Alberta.

During the year ended May 31, 2010, the Company abandoned the oil well and determined that it would be required to perform additional reclamation work. Management’s best estimate of the cost for the associated reclamation work is \$16,000. This estimate has been estimated as of August 31, 2019 to be \$32,000 (May 31, 2019 - \$32,000) based on quotations obtained by third party consultants and an additional reclamation obligation amount was recorded. The Company previously deposited \$16,000 with the Alberta Energy Resources Conservation Board (“AECB”), which amount is shown as restricted cash on the statement of financial position. The \$16,000 deposit plus interest will be refunded once the AECB is satisfied that the Company has performed all necessary decommissioning activities.

During the period ended February 29, 2020, the Company has spent \$nil (May 31, 2019 - \$45,719) on reclamation work.

In October 2019, the Company signed a Notice of Assignment with Tamarack Acquisition Corp (the “Assignee) to transfer 100% working interest in the shut-in gas well (02/13-17) located in the Provost area of Alberta for a total proceeds of \$27,000.

RED OAK MINING CORP.
Notes to the Interim Financial Statements
Periods Ended February 29, 2020 and 2019
(expressed in Canadian dollars)

8. SHARE CAPITAL

- (a) Authorized: Unlimited common shares without par value
- (b) **Issued during the period ended February 29, 2020:**
- (i) On December 17, 2019, the Company consolidated its shares at a ratio of 3.5:1.
- (ii) On December 17, 2019, the Company closed the first tranche of a private placement, issuing 4,000,000 shares at an issue price of \$0.05 per share for total proceeds of \$200,000.
- (iii) In January 2020, the Company returned 4,000 shares to treasury for re-registration.
- (iv) The Company received \$157,050 share subscription proceeds for the second tranche of the private placement announced in September 2019 and subsequently closed in March 2020. (Note 12)

Issued during the year ended May 31, 2019:

The Company received \$200,333 pursuant to exercise of 2,003,333 warrants at the exercise price of \$0.10.

(c) **Warrants**

- i) As at February 29, 2020, the Company had nil warrants outstanding.
- ii) Summary of warrants outstanding at May 31, 2019:

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance at May 31, 2018	765,714	0.35	0.25 years
Exercised	(572,344)	0.35	
Expired	(193,370)	0.35	
Balance at May 31, 2019	-	\$ -	0.00 years

(d) **Stock options**

- i) As at February 29, 2020, the Company had nil warrants outstanding.
- ii) Summary of options outstanding at February 29, 2020:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Balance at May 31, 2018	485,714	\$ 0.35	4.49 years
Balance at May 31, 2019	485,714	0.35	3.49 years
Cancelled	(485,714)	0.35	
Balance at November 30, 2019	-	\$ -	

RED OAK MINING CORP.
Notes to the Interim Financial Statements
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(expressed in Canadian dollars)

9. STOCK-BASED COMPENSATION AND CONTRIBUTED SURPLUS

The following table reconciles the Company's contributed surplus:

Balance, May 31, 2018 and 2019	\$	1,555,465
Balance, February 29, 2020	\$	1,555,465

The Company has a stock option plan in place under which it is authorized to grant options of up to 10% of its outstanding shares to officers, directors, employees and consultants. The exercise price of each option is to be determined by the Board of Directors and at prices equal to or greater than the closing market price on the day preceding the date the options were granted. Each option should have a maximum term of five years.

During the period ended February 29, 2020, the Company has recognized \$nil (May 31, 2019 - \$nil) stock-based compensation expenses.

10. RELATED PARTY TRANSACTIONS

Key Management Compensation

During the period ended February 29, 2020, the Company entered into the following transactions with the related parties:

- (a) Incurred consulting and management fees of \$40,500 (February 29, 2019 - \$5,000) with Tehma Venture and Tehama Capital Corp. (companies controlled by the director, President and CEO of the Company).
- (b) Incurred accounting fees of \$7,280 (February 29, 2019 - \$nil) with Jin Passage Consulting Inc. (a company controlled by the CFO of the Company).
- (c) As at February 29, 2020, \$144,027 (February 29, 2019 - \$53,500) was owing to companies controlled by directors and officers of the Company.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-cash investing and financing activities for the period ended November 30, 2019, were nil.

Non-cash investing and financing activities for the period ended November 30, 2018, were nil.

12. LETTER OF INTENT WITH CB HOLDING GROUP CORP.

On July 12, 2018, the Company entered into a letter of intent with CB Holding Group Corp. ("CBH"). CBH is a Nevada corporation, that will operate a vaporizer pen distribution and sale business through a wholly owned California subsidiary (the "California Subsidiary"), with an Exclusive Distribution Agreement in the State of California, and through a wholly owned Nevada subsidiary, (the "Nevada Subsidiary") with an Exclusive Distribution Agreement in the State of Nevada, allowing for the distribution and sale of vaporizers. The Company and CBH plan to enter into a definitive Share Exchange Agreement (the "Definitive Agreement") whereby all outstanding securities of CBH will be exchanged for securities of the Company (the "Transaction"), which will constitute a reverse takeover by CBH and a change of business of the Corporation from mining to the production and sale of vaporizers for cannabis and CBD. The final structure of the Definitive Agreement is subject to applicable corporate, securities and tax considerations. The Transaction is an arm's length transaction.

RED OAK MINING CORP.
Notes to the Interim Financial Statements
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12. LETTER OF INTENT WITH CB HOLDING GROUP CORP. (continued)

On closing of the Transaction, it is anticipated that the Company will carry on with sale of CBH's vaporizer pens. In connection with the completion of the Transaction, the Corporation intends to delist its securities from the TSX Venture Exchange (the "TSXV") and seek listing of the same on the Canadian Securities Exchange (the "CSE"). Red Oak plans to change its name on closing of the Transaction.

The completion of the Transaction is subject to a number of conditions, including but not limited to, the execution of the Definitive Agreement, completion of satisfactory due diligence including the delivery and satisfactory review of the audited financial statements of CBH and the audited carve out financial statements from Caesarbrutus, completion of various financings, completion of the name change, approval of the listing of the Company's securities on the CSE and approval to delist the same from the TSXV, and the approval of the Transaction by each of the TSXV, CSE and the board of directors and shareholders of each of the Company and CBH (if and as applicable). The LOI contains customary deal support provisions, including a break fee of US\$750,000 payable by CBH to Red Oak if the proposed Transaction is not completed in certain circumstances. In addition, the LOI contains mutual customary exclusivity and non-solicitation covenants that expire October 30, 2018.

On December 21, 2018 the letter of intent was terminated. As per the mutual release agreement signed by both CBH and the Company, CBH is to compensate the Company with \$82,000 in cash and 500,000 in common shares of CBH.

The 500,000 common shares of CBH were received by the Company subsequent to the year end.

13. SUBSEQUENT EVENTS

In March 2020, the Company closed the second tranche of the private placement for total gross proceeds of \$300,000 at a price of \$0.05 per share.

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(expressed in Canadian dollars)
