

Consolidated Financial Statements of
JAEGER RESOURCES CORP.
Years Ended November 30, 2019 and 2018
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Jaeger Resources Corp.

We have audited the consolidated financial statements of Jaeger Resources Corp. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2019 and 2018 and the consolidated statements of operations and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at November, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility for the Consolidated Financial Statements

We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company has not generated any revenues and has negative cash flow from operations of \$86,284 during the year ended November 30, 2019 and, as of that date, the Company had a working capital deficit of \$451,104 and an accumulated deficit of \$25,466,514. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Lonny Wong.



Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

April 29, 2020

JAEGER RESOURCES CORP.

Consolidated statements of financial position
(Expressed in Canadian dollars)

	November 30, 2019 \$	November 30, 2018 \$
Assets		
Current assets		
Cash	1,995	228
Amounts receivable	738	4,431
Prepaid expenses	33,900	1,500
Total current assets	36,633	6,159
Non-current assets		
Exploration and evaluation assets (Note 3)	255,274	169,201
Total assets	291,907	175,360
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	377,956	326,672
Due to related parties (Note 4)	109,781	14,335
Total liabilities	487,737	341,007
Shareholders' deficit		
Share capital	21,963,187	21,931,187
Share-based payment reserve	3,307,497	3,307,497
Deficit	(25,466,514)	(25,404,331)
Total shareholders' deficit	(195,830)	(165,647)
Total liabilities and shareholders' deficit	291,907	175,360

Nature of operations and continuance of business (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on April 29, 2020:

/s/ "Bruce Downing"

Bruce Downing, Director

/s/ "Don Bossert"

Don Bossert, Director

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

JAEGER RESOURCES CORP.

Consolidated statements of operations and comprehensive loss
(Expressed in Canadian dollars)

	Year ended November 30, 2019 \$	Year ended November 30, 2018 \$
Expenses		
Bad debts	—	13,829
Consulting fees	5,200	8,825
Directors' fees (Note 4)	16,000	16,000
Insurance	8,942	6,549
Investor relations	250	4,263
Office and miscellaneous	2,171	12,314
Professional fees	14,100	12,898
Rent (Note 4)	9,456	8,668
Transfer agent and regulatory fees	13,173	12,813
Total operating expenses	69,292	96,159
Net loss before other income (expense)	(69,292)	(96,159)
Other income (expense)		
Foreign exchange gain (loss)	7,109	(36,242)
Gain on settlement of debt (Note 6)	—	2,047,623
Gain on disposal of subsidiary (Note 5)	—	214,420
Interest expense (Note 4)	—	(129,854)
Write-off of accounts payable	—	(10,622)
Total other income (expense)	7,109	2,085,325
Net income (loss) and comprehensive income (loss) for the year	(62,183)	1,989,166
Earnings per share, basic and diluted	—	0.13
Weighted average number of shares outstanding, basic and diluted	47,080,352	15,584,491

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

JAEGER RESOURCES CORP.

Consolidated statements of changes in equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Deficit	Total shareholders' deficit
	Shares #	Amount \$	\$	\$	\$
Balance, November 30, 2017	14,702,898	20,972,748	3,307,497	(27,393,497)	(3,113,252)
Shares issued pursuant to mineral property option agreement	1,000,000	35,000	—	—	35,000
Shares issued pursuant to debt settlements	30,781,289	923,439	—	—	923,439
Net income for the year	—	—	—	1,989,166	1,989,166
Balance, November 30, 2018	46,484,187	21,931,187	3,307,497	(25,404,331)	(165,647)
Shares issued pursuant to mineral property option agreement	1,600,000	32,000	—	—	32,000
Net loss for the year	—	—	—	(62,183)	(62,183)
Balance, November 30, 2019	48,084,187	21,963,187	3,307,497	(25,466,514)	(195,830)

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

JAEGER RESOURCES CORP.

Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Year ended November 30, 2019 \$	Year ended November 30, 2018 \$
Operating activities		
Net income (loss)	(62,183)	1,989,166
Items not involving cash:		
Bad debts	—	13,829
Gain on disposal of subsidiary	—	(214,420)
Gain on settlement of debt	—	(2,047,623)
Write-off of accounts payable	—	10,622
Changes in non-cash operating working capital:		
Amounts receivable	3,693	12,403
Prepaid expenses	(32,400)	2,083
Accounts payable and accrued liabilities	4,606	732,923
Due to related parties	—	(530,093)
Net cash used in operating activities	(86,284)	(31,110)
Investing activities		
Exploration and evaluation asset expenditures	(27,440)	(17,547)
Proceeds from government grant for exploration expenditures	20,045	—
Disposal of subsidiary	—	(656)
Net cash used in investing activities	(7,395)	(18,203)
Financing activities		
Proceeds from related party advances	117,671	40,067
Repayments to related parties	(22,225)	—
Net cash provided by financing activities	95,446	40,067
Change in cash	1,767	(9,246)
Cash, beginning of year	228	9,474
Cash, end of year	1,995	228
Non-cash investing and financing activities:		
Shares issued pursuant to settlement of debt	—	923,439
Shares issued pursuant to mineral property option agreement	32,000	35,000
Exploration and evaluation asset additions included in accounts payable and accrued liabilities	46,678	—

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

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

1. Nature of Operations and Continuance of Business

Jaeger Resources Corp. (formerly Bandera Gold Ltd.) (the “Company”) was incorporated under the Business Corporations Act of Alberta on November 23, 1993. The Company is an exploration stage company currently focused on the exploration of mineral property interests. It has not yet determined whether its properties contain ore reserves that are economically recoverable. The recoverability of amounts spent for mineral properties is dependent upon the discovery 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 disposition of the properties. The operations of the Company will require various licenses and permits from various governmental authorities which may be granted subject to various conditions and may be subject to renewal from time to time. There can be no assurance that the Company will be able to comply with such conditions and obtain or retain all necessary licenses and permits that may be required to carry out exploration, development, and mining operations at its projects. Failure to comply with these conditions may render the licenses liable to forfeiture. The Company’s registered office is 9320 49th Street, Edmonton, Alberta, Canada, T6B 2L7.

Subsequent to year end during March 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. The impact on the Company is not currently determinable, but management continues to monitor the situation.

These consolidated financial statements have been prepared on the going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. During the year ended November 30, 2019, the Company has not generated any revenues and incurred negative cash flow from operations of \$86,284. As at November 30, 2019, the Company has a working capital deficit of \$451,104 and an accumulated deficit of \$25,466,514. The Company’s ability to continue as a going concern is dependent upon its ability to generate and maintain future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company’s liabilities and commitments as they become due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These factors indicate the existence of a material uncertainty that may cast doubt on the ability of the Company to continue as a going concern. These consolidated financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

2. Significant Accounting Policies

(a) Statement of Compliance and Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) on a going concern basis.

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Agave Resources S.A de C.V. located in Mexico. All significant inter-company balances and transactions have been eliminated on consolidation.

These consolidated financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is also the Company’s functional currency.

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(b) Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used include, among others, impairment of exploration and evaluation assets, measurement of share-based compensation, and unrecognized deferred income tax assets.

The assessment of whether the going concern assumption is appropriate requires management to take into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The Company is aware that material uncertainties related to events or conditions may cast significant doubt upon the Company's ability to continue as a going concern.

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the consolidated statement of operations in the period when the new information becomes available.

(c) Application of New IFRS

IFRS 9, Financial Instruments

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 introduces a new expected credit loss ("ECL") model for all financial assets in scope of the impairment requirements. The new ECL will result in an allowance for credit losses being recorded on financial assets irrespective of whether there has been an actual loss event.

The Company adopted the amendments to IFRS 9, effective November 1, 2018 using the full retrospective method, with no significant impact on the Company's financial statements.

(d) Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance, are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value to be cash equivalents.

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(e) Exploration and Evaluation Assets

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project has been established as commercially viable and technically feasible, related development costs are capitalized into development costs on the consolidated statement of financial position. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs which give rise to a future benefit. Exploration and evaluation assets are also tested for impairment before the assets are transferred to development costs.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written-off to the consolidated statement of operations.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

(f) Impairment of Non-Financial Assets

At each reporting date, the Company assesses whether there are indicators of impairment for its non-financial assets, including mineral properties and property and equipment. If indicators exist, the Company determines if the recoverable amount of the asset or cash generating unit ("CGU") is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. The Company has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks and materiality to define its CGUs.

If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in the consolidated statement of operations. The recoverable amount is the greater of the value in use or fair value less costs to sell. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less costs to sell considers the continued development of a property and market transactions in a valuation model.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in the consolidated statement of operations. The recovery is limited to the original carrying amount less depreciation, if any, that would have been recorded had the asset not been impaired.

(g) Rehabilitation Provisions

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant, and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability including risks specific to the countries in which the related operation is located. When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant, and equipment. These costs are depreciated using either the unit of production or straight-line method depending on the asset to which the obligation relates.

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements
Years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Rehabilitation Provisions(continued)

The obligation is increased for the accretion and the corresponding amount is recognized as a finance expense. The obligation is also adjusted for changes in the estimated timing, amount of expected future cash flows, and changes in the discount rate. Such changes in estimates are added to or deducted from the related asset except where deductions are greater than the carrying value of the related asset in which case, the amount of the excess is recognized in the consolidated statement of operations.

Due to uncertainties concerning environmental remediation, the ultimate cost to the Company of future site restoration could differ from the amounts provided. The estimate of the total provision for future site closure and reclamation costs is subject to change based on amendments to laws and regulations, changes in technology, price increases and changes in interest rates, and as new information concerning the Company's closure and reclamation obligations becomes available.

(h) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the respective instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are included in the initial carrying value of the related instrument and are amortized using the effective interest method. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of operations.

Fair value estimates are made at the statement of financial position date based on relevant market information and information about the financial instrument. All financial instruments are classified into either: fair value through profit or loss ("FVTPL") or amortized cost.

The Company has made the following classifications:

Cash	Amortized cost
Amounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to related parties	Amortized cost

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. A financial asset is classified as held for trading if:

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

Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets which are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method, less any impairment.

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(h) Financial Instruments (continued)

Financial assets at amortized cost (continued)

Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless designated as fair value through profit or loss.

Impairment of financial assets

Financial assets, other than those classified as FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of operations. Loss allowances are based on the lifetime ECL's that result from all possible default events over the expected life of the trade receivable, using the simplified approach.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of operations to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

(i) Foreign Currency Translation

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing at the reporting date are recognized in the consolidated statement of operations.

Foreign operations

The assets and liabilities of foreign operations are translated to Canadian dollars at exchange rates at the reporting date. The revenue and expenses of foreign operations are translated to Canadian dollars at exchange rates at the dates of the transactions.

(j) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in the consolidated statement of operations. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(j) Income Taxes (continued)

Deferred income tax

Deferred income tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(k) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as stock-based compensation expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Where equity instruments are granted to parties other than employees, they are recorded by reference to the fair value of the services received. If the fair value of the services received cannot be reliably estimated, the Company measures the services received by reference to the fair value of the equity instruments granted, measured at the date the counterparty renders service.

All equity-settled share-based payments are reflected in share-based payment reserve, unless exercised. Upon exercise, shares are issued from treasury and the amount reflected in share-based payment reserve is credited to share capital, adjusted for any consideration paid.

(l) Loss Per Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The treasury stock method is used for the calculation of diluted loss per share, whereby all "in the money" stock options and share purchase warrants are assumed to have been exercised at the beginning of the period and the proceeds from their exercise are assumed to have been used to purchase common shares at the average market price during the period. When a loss is incurred during the period, basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is considered to be anti-dilutive. As at November 30, 2019, the Company has nil (2018 – 890,000) potentially dilutive shares outstanding.

(m) Comprehensive Income

Comprehensive income is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders. As at November 30, 2019 and 2018, the Company does not have any items impacting comprehensive income.

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements
Years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(n) Accounting Standards Issued But Not Yet Effective

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended November 30, 2018, and have not been applied in preparing these consolidated financial statements.

- New standard, IFRS 16, *Leases*

The Company has not early adopted this revised standard and it will not have a material impact on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

3. Exploration and Evaluation Assets

	Taylor Brook \$
Acquisition costs:	
Balance, November 30, 2017	80,000
Additions	35,000
Balance, November 30, 2018	115,000
Additions	32,000
Balance, November 30, 2019	147,000
Mineral exploration costs:	
Balance, November 30, 2017	36,654
Geological	17,547
Balance, November 30, 2018	54,201
Assays	1,559
Claims renewal fees	1,700
Geological (Note 4)	47,750
Geophysical surveys and maps	17,041
Travel	6,068
Government grant received	(20,045)
Balance, November 30, 2019	108,274
Carrying amounts:	
Balance, November 30, 2018	169,201
Balance, November 30, 2019	255,574

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

3. Exploration and Evaluation Assets (continued)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties.

Taylor Brook Property, New Brunswick, Canada

On February 22, 2017 (as amended on May 15, 2019), the Company entered into an option agreement with Stratabound Minerals Corp. ("Stratabound") to acquire an 80% interest in the Taylor Brook Property located in the Bathurst Mining Camp in the province of New Brunswick. To earn this interest, the Company has to:

- (i) issue to Stratabound 1,000,000 of the Company's common shares (issued) on the exercise of the agreement;
- (ii) issue to Stratabound 1,000,000 common shares of the Company on or before February 22, 2018 (issued);
- (iii) issue to Stratabound 1,600,000 common shares of the Company as of the later of the effective date of amendment agreement made May 15, 2019 (issued);
- (iv) incur not less than \$55,000 in exploration expenditures on the property, including such work required to maintain the property in good standing by June 27, 2018 and make the 2017 required renewal payment on or before February 22, 2018 (paid);
- (v) incur \$85,000 cumulative in exploration expenditures on the property, including such work required to maintain the property in good standing by October 27, 2018 and make the 2018 required renewal payment on or before February 22, 2019 (paid);
- (vi) incur \$125,000 cumulative in exploration expenditures on the property, including such work required to maintain the property in good standing by February 22, 2020 (incurred) and make the 2019 required renewal payment as when required (paid);
- (vii) incur \$200,000 cumulative in exploration expenditures on the property, including such work required to maintain the property in good standing by February 22, 2021 and make the 2020 required renewal payment as when required;
- (viii) incur \$300,000 cumulative in exploration expenditures on the property, including such work required to maintain the property in good standing by February 22, 2022 and make the 2021 required renewal payment as when required;
- (ix) incur \$300,000 cumulative in exploration expenditures on the property, including such work required to maintain the property in good standing by February 22, 2023 and make the 2022 required renewal payment as when required;

The agreement may be terminated by Stratabound by providing 30 days of written notice upon the Company failing to meet the obligations noted above. The Company may also terminate the agreement upon providing the optionor written notice.

4. Related Party Transactions

- (a) As at November 30, 2019, included in accounts payable and accrued liabilities is \$86,214 (2018 - \$17,058) owed to officers and directors of the Company. The amounts owing are unsecured, non-interest bearing, and due on demand.
- (b) As at November 30, 2019, \$109,781 (2018 - \$14,335) is owed to directors of the Company for cash advances to the Company. The amounts owing are non-interest bearing, unsecured, and due on demand.
- (c) During the year ended November 30, 2019, rent of \$9,456 (2018 – \$8,668) was incurred to a company controlled by a director of the Company.

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

4. Related Party Transactions (continued)

- (d) During the year ended November 30, 2019, directors' fees of \$16,000 (2018 – \$16,000) was incurred to directors of the Company.
- (e) During the year ended November 30, 2019, the Company incurred \$nil (2018 - \$129,854) of interest expense on related party loans.
- (f) During the year ended November 30, 2019, geological fees of \$44,800 (2018 - \$nil) was incurred to the Chief Executive Officer of the Company.

5. Disposal of Subsidiary

On May 17, 2018, two directors of the Company gave notice as per the General Security Agreement dated November 23, 2011 that they were exercising their rights under the agreement to transfer control of the Nueva California subsidiary in Colombia that controls the Belmira Property concessions (all investments in the Belmira Property were impaired on November 30, 2013). The Company transferred all shares of Nueva California to the two directors, along with all assets, liabilities, rights and obligations, resulting in a gain of \$214,420.

6. Share Capital

Authorized: Unlimited number of common shares without par value
Unlimited number of preferred shares, issuable in series

Share transactions during the year ended November 30, 2019:

- (a) On July 17, 2019, the Company issued 1,600,000 common shares with a fair value of \$32,000 pursuant to a mineral property option agreement. The fair value of the common shares was determined based on the end-of-day market price of the Company's common shares on the date of issuance.

Share transactions during the year ended November 30, 2018:

- (b) On February 12, 2018, the Company issued 1,000,000 common shares with a fair value of \$35,000 pursuant to a mineral property option agreement. The fair value of the common shares was determined based on the end-of-day market price of the Company's common shares on the date of issuance.
- (c) On November 29, 2018, the Company issued 29,012,914 common shares with a fair value of \$870,387 to settle debt of \$1,450,646 pursuant to debt settlement agreements with various directors and officers of the Company, the spouse of the Chief Financial Officer of the Company, and companies controlled by directors of the Company. This resulted in a gain on settlement of debt of \$2,012,256. The fair value of the common shares was determined based on the end-of-day market price of the Company's common shares on the date of issuance.
- (d) On November 29, 2018, the Company issued 1,768,375 common shares with a fair value of \$53,052 to settle debt of \$88,419 pursuant to debt settlement agreements with non-related parties. This resulted in a gain on settlement of debt of \$35,367. The fair value of the common shares was determined based on the end-of-day market price of the Company's common shares on the date of issuance.

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements
Years ended November 30, 2019 and 2018
(Expressed in Canadian dollars)

7. Share Purchase Warrants

The following table summarizes the continuity of share purchase warrants:

	Number of warrants	Weighted average exercise price \$
Balance, November 30, 2017 and 2018	890,000	0.08
Expired	(890,000)	0.08
Balance, November 30, 2019	—	—

8. Stock Options

The Company has adopted a stock option plan pursuant to which options may be granted to directors, officers, employees, and consultants of the Company to a maximum of 10% of the issued and outstanding common shares. The exercise price of each option is set by the Board of Directors at the time of grant but cannot be less than the market price (less permissible discounts) on the TSX Venture Exchange. Options can have a maximum term of five years and typically terminate ninety days following the termination of the optionee's employment or engagement. Vesting of options is at the discretion of the Board of Directors at the time the options are granted.

9. Financial Instruments and Risk Management

(a) Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of financial instruments, which include cash, amounts receivable, accounts payable and accrued liabilities, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

(b) Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consists primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consists of GST receivable. GST receivable is due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company is exposed to foreign currency risk, as certain monetary financial instruments are denominated in U.S dollars. As at November 30, 2019, total assets and liabilities include accounts payable of the Canadian equivalent of US\$201,394 (2018 – US\$201,394). The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in the U.S dollar by 5% would increase or decrease net loss by approximately \$13,000. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

9. Financial Instruments and Risk Management (continued)

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by maximizing the interest earned on excess funds while maintaining the liquidity necessary to fund daily operations. Fluctuations in market interest rates do not have a significant impact on the Company's results of operations due to the short term to maturity of the investments held.

(e) 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 currently settles its financial obligations out of cash. The ability to do this is dependent on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

10. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital and share-based payment reserve.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended November 30, 2018.

11. Segmented Information

The Company has one operating segment, being the exploration of mineral properties. All mineral properties are located in Canada.

JAEGER RESOURCES CORP.

Notes to the consolidated financial statements

Years ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

12. Income Taxes

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2019 \$	2018 \$
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(16,789)	537,075
Tax effect of:		
Permanent differences and other	(1,919)	(57,892)
True up of prior year difference	57,893	—
Expiry of losses	—	35,245
Loss of foreign resource pools	—	3,684,125
Change in unrecognized deferred income tax assets	(39,185)	(4,198,553)
Income tax provision	—	—

The significant components of deferred income tax assets and liabilities are as follows:

	2019 \$	2018 \$
Deferred income tax assets		
Capital losses carried forward	48,466	48,466
Non-capital losses carried forward	1,063,913	1,103,098
Resource properties	101,636	101,636
Total gross deferred income tax assets	1,214,015	1,253,200
Unrecognized deferred income tax assets	(1,214,015)	(1,253,200)
Net deferred income tax asset	—	—

As at November 30, 2019, the Company has non-capital losses carried forward of \$3,940,420 which are available to offset future years' taxable income. These losses expire as follows:

	\$
2023	28,474
2024	15,700
2026	76,852
2027	3,439
2028	38,861
2029	120,828
2030	470,703
2031	622,185
2032	473,017
2033	604,194
2034	450,449
2035	495,265
2036	285,390
2037	185,771
2039	69,292
	3,940,420

The Company also has available mineral resource related expenditure pools totalling \$631,703, which may be deducted against future taxable income on a discretionary basis.