RUNNING FOX RESOURCE CORP.
Consolidated Financial Statements

For the Years Ended November 30, 2020 and 2019
(Expressed in Canadian dollars)

MANAGEMENT'S RESPONSIBILITY STATEMENT

The management of Running Fox Resource Corp. is responsible for preparing the consolidated financial statements, the notes to the consolidated financial statements, and other financial information contained in this annual report.

Management prepares the consolidated financial statements in accordance with International Financial Reporting Standards. The consolidated financial statements are considered by management to present fairly the corporation's financial position and results of operations.

The Board of Directors is responsible for ensuring management fulfills its responsibilities. The Audit Committee reviews the results of the audit and the annual consolidated financial statements prior to their submission to the Board of Directors for approval.

The consolidated financial statements have been reported on by Saturna Group Chartered Professional Accountants LLP, the independent auditors appointed by the shareholders upon the recommendation of the Audit Committee. Their report outlines the scope of their examination and their opinion on the consolidated financial statements.

"Steven Schurman"
Chief Financial Officer

March 10, 2021

"Michael Meyers"
Chief Executive Officer

March 10, 2021

SATURNA GROUP
CHARTERED PROFESSIONAL ACCOUNTANTS LLP
1066 West Hastings Street, Suite 1250
Vancouver, BC Canada V6E 3X1

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Running Fox Resource Corp.

Opinion

We have audited the consolidated financial statements of Running Fox Resource Corp. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2020 and 2019, 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 financial position of the Company as at November 30, 2020 and 2019, 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 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.

Other Information

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 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 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; and
- 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 Henry Chow.

Saturna Group LLP

Saturna Group Chartered Professional Accountants LLP

Vancouver, Canada

March 10, 2021

RUNNING FOX RESOURCE CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	November 30, 2020 $	November 30, 2019 $
ASSETS		
Current assets		
Cash	483,228	760,612
Marketable securities (Note 4)	194,752	162,609
Amounts receivable	2,345	2,306
Total current assets	680,325	925,527
Non-current assets		
Property and equipment (Note 5)	7,070	10,426
Total assets	687,395	935,953
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	7,276	42,078
Total liabilities	7,276	42,078
Shareholders' equity		
Share capital	22,816,298	22,816,298
Share-based payment reserve	220,800	220,800
Deficit	(22,356,979)	(22,143,223)
Total shareholders' equity	680,119	893,875
Total liabilities and shareholders' equity	687,395	935,953

Approved and authorized for issuance on behalf of the Board of Directors on March 10, 2021:

/s/ Wayne Waters
Wayne Waters, Director

/s/ Michael Meyers
Michael Meyers, Director

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

RUNNING FOX RESOURCE CORP.
Consolidated Statements of Operations and Comprehensive Loss
(Expressed in Canadian dollars)

	Year Ended	
	November 30, 2020 $	November 30, 2019 $
Production expenses and royalties	–	(2,657)
Gross loss	–	(2,657)
Operating expenses		
Depreciation	3,356	4,595
Management fees (Note 9)	180,000	180,000
Office and administration	7,653	10,191
Professional fees	18,600	18,100
Transfer agent and regulatory fees	13,179	13,855
Travel and automobile	15,282	20,799
Total operating expenses	238,070	247,540
Loss before other income (expense)	(238,070)	(250,197)
Other income (expense)		
Foreign exchange gain (loss)	3,586	(339)
Interest and other income	875	233
Realized gain (loss) on sale of marketable securities (Note 4)	50,493	(50,568)
Unrealized gain (loss) on marketable securities (Note 4)	(66,678)	51,638
Write-off of accounts payable	36,038	–
Total other income (expense)	24,314	964
Net loss and comprehensive loss	(213,756)	(249,233)
Basic and diluted loss per share	–	–
Weighted average shares outstanding, basic and diluted	54,770,548	54,770,548

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

RUNNING FOX RESOURCE CORP.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share capital		Share-based payment reserve	Deficit	Total shareholders' equity
	Number of shares	Amount $	$	$	$
Balance, November 30, 2018	54,770,548	22,816,298	220,800	(21,893,990)	1,143,108
Net loss for the year	–	–	–	(249,233)	(249,233)
Balance, November 30, 2019	54,770,548	22,816,298	220,800	(22,143,223)	893,875
Net loss for the year	–	–	–	(213,756)	(213,756)
Balance, November 30, 2020	54,770,548	22,816,298	220,800	(22,356,979)	680,119

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

RUNNING FOX RESOURCE CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended November 30, 2020 $	Year Ended November 30, 2019 $
Operating activities		
Net loss	(213,756)	(249,233)
Items not involving cash:		
Depreciation	3,356	4,595
Realized loss (gain) on sale of marketable securities	(50,493)	50,568
Unrealized loss (gain) on marketable securities	66,678	(51,638)
Write-off of accounts payable	(36,038)	–
Changes in non-cash operating working capital items:		
Amounts receivable	(39)	192
Accounts payable and accrued liabilities	1,236	(2,676)
Net cash used in operating activities	(229,056)	(248,192)
Investing activities		
Proceeds from sale of marketable securities	2,080,799	368,201
Purchase of marketable securities	(2,129,127)	(431,345)
Net cash used in investing activities	(48,328)	(63,144)
Decrease in cash	(277,384)	(311,336)
Cash, beginning of year	760,612	1,071,948
Cash, end of year	483,228	760,612

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

1. Nature of Operations

Running Fox Resource Corp. (the "Company") was incorporated under the laws of the province of British Columbia on September 1, 1981. The Company is in the business of reviewing, optioning or acquiring suitable projects and developing those projects for eventual cash flow in Canada and the United States of America. The Company's head office is located at 8148 Carr Crescent, Arvada, Colorado, USA.

2. Basis of Presentation

(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").

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments which are measured at fair value. These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

(b) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Running Fox (US) Inc.

The Company's consolidated financial statements include the accounts of all subsidiaries subject to control by the Company. Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is obtained and continue to be consolidated until the date that such control ceases. Intercompany balances, transactions, and unrealized intercompany gains and losses are eliminated upon consolidation.

(c) Use of Estimates and Judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments, 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 period. These estimates are, by their nature, 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 future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the reporting date that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the impairment of marketable securities and unrecognized deferred income tax assets.

The Company's policy for property and equipment requires judgment in determining whether the present value of future expected economic benefits exceeds capitalized costs. The policy requires management to make certain estimates and assumptions about future economic benefits related to its oil and gas property. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of capitalized cost is unlikely, the capitalized costs are written off to the consolidated statement of operations.

3. Significant Accounting Policies

(a) 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.

(b) Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of property and equipment consists of the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Computer hardware	45%
Equipment	30%
Vehicles	30%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition is included in the consolidated statement of operations when the item is derecognized and is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The date of disposal is the date when the Company is no longer subject to the risks of and is no longer the beneficiary of the rewards of ownership. Where the asset is sold, the date of disposal coincides with the date the revenue from the sale of the asset is recognized.

(c) Impairment and Derecognition of Non-Current Assets

Impairment

The carrying value of all categories of non-current assets are reviewed at least annually by management for indicators that the recoverable amount may be less than the carrying value. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a CGU, the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU’s fair value less costs to sell and its value in use. An impairment loss is recognized in the consolidated statement of operations to the extent the carrying amount exceeds the recoverable amount.

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset or CGU through their use. Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

3. Significant Accounting Policies (continued)

(c) Impairment and Derecognition of Non-Current Assets (continued)

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Impairment losses are recognized in other expenses. Assumptions, such as commodity prices, discount rate, and expenditures, underlying the fair value estimates are subject to risks uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

Derecognition

The carrying amount of an item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from derecognition is included in the consolidated statement of operations when the item is derecognized and is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item. The date of disposal is the date when the Company is no longer subject to the risks of and is no longer the beneficiary of the rewards of ownership. Where the asset is sold, the date of disposal coincides with the date the revenue from the sale of the asset is recognized.

(d) 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, 2020 and 2019, the Company had no potentially dilutive shares outstanding.

(e) Share-based Payments

The grant date fair value of share-based payment awards granted to employees is recognized as share-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.

3. Significant Accounting Policies (continued)

(e) Share-based Payments (continued)

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.

(f) Foreign Currency Translation

The Company's functional and reporting currency is the Canadian dollar. Transactions denominated in foreign currencies are translated using the exchange rate in effect on the transaction date or at an average rate. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange in effect at the consolidated statement of financial position date. Non-monetary items are translated using the historical rate on the date of the transaction. Revenues and expenses are translated at average rates for the periods. Foreign exchange gains and losses are included in the consolidated statement of operations.

(g) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(h) 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.

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.

3. Significant Accounting Policies (continued)

(i) Financial Instruments

Classification and measurement – initial recognition

On initial recognition, all financial assets and liabilities are classified and recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss (“FVTPL”).

Classification and measurement – subsequent to initial recognition

Subsequent measurement of financial assets and liabilities depends on their classification and measurement basis.

Financial Assets

Subsequent to initial recognition, financial assets are measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss, depending on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortized cost if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that do not meet the above conditions are classified as fair value through profit or loss.

The Company’s marketable securities are measured at fair value through profit or loss. The Company’s cash and amounts receivable are measured at amortized cost.

Financial Liabilities

Subsequent to initial recognition, financial liabilities are measured at amortized cost, unless designated as fair value through profit or loss. The Company’s accounts payable and accrued liabilities are measured at amortized cost.

Impairment of Financial Assets

The Company applies the expected credit loss (“ECL”) model to its financial assets measured at amortized cost. Under the ECL model, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Upon recognition of a financial asset, 12-month ECLs are recognized in the consolidated statement of operations and a loss allowance is established. At each reporting date, if the credit risk associated with a financial asset has increased significantly and is not considered low, lifetime ECLs are recognized in the consolidated statement of operations.

(Expressed in Canadian dollars)

3. Significant Accounting Policies (continued)

(j) Adoption of New Accounting Standards

IFRS 16 *Leases* was issued by the IASB on January 13, 2016, and replaced IAS 17 *Leases*. The new standard provides guidance for the recognition, measurement and disclosure of leases and requires a lessee to recognize right-of-use assets and lease liabilities for all qualified lease contracts. The new standard became effective for annual periods beginning on or after January 1, 2019. This standard had no impact on the Company's consolidated financial statements.

(k) 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, 2020, and have not been applied in preparing these consolidated financial statements. These accounting standards or amendments are either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

4. Marketable Securities

Marketable securities are comprised of common shares of publicly-traded companies, and are classified as fair value through profit or loss and measured at fair value with unrealized gains and losses recognized through the consolidated statement of operations. The fair value of the marketable securities has been determined directly by reference to public price quotations in an active market.

	2020 $	2019 $
Opening Balance	162,609	98,395
Acquisitions	2,129,127	431,345
Proceeds from disposition	(2,080,799)	(368,201)
Realized gain (loss) on sale of marketable securities	50,493	(50,568)
Unrealized gain (loss) and effects of foreign exchange	(66,678)	51,638
Ending Balance	194,752	162,609

5. Property and Equipment

	Equipment $	Vehicles $	Computer hardware $	Oil and gas property $	Total $
Cost:					
Balance, November 30, 2018, 2019 and 2020	1,534	55,841	3,585	3,699,496	3,760,456
Accumulated Depreciation, Depletion, and Impairment:					
Balance, November 30, 2018	1,534	41,412	2,993	3,699,496	3,745,435
Additions	–	4,329	266	–	4,595
Balance, November 30, 2019	1,534	45,741	3,259	3,699,496	3,750,030
Additions	–	3,030	326	–	3,356
Balance, November 30, 2020	1,534	48,771	3,585	3,699,496	3,753,386
Carrying Amounts:					
Balance, November 30, 2019	–	10,100	326	–	10,426
Balance, November 30, 2020	–	7,070	–	–	7,070

5. **Property and Equipment** (continued)

Oil and gas property

Oil and Gas Project – Alberta, Canada

The Company had a 5 ~ 15% non-operated option interest in certain oil and gas leasehold lands located in southwestern Alberta, Canada, with no interest in the area infrastructure. There are no reserves or proven technically and economically recoverable resources connected with this property.

The property's carrying value was reduced to $nil during the year ended November 30, 2015.

6. Share Capital

Authorized capital: unlimited common shares without par value

7. Stock Options

The Company's shareholders have approved 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. As the board of directors has not formally approved the plan, the Company has not enacted the stock option plan. As at November 30, 2020 and 2019, the Company had no outstanding stock options.

8. Segmented Information

The Company is currently identifying new business opportunities. All assets are located in Canada.

9. Related Party Transactions

During the year ended November 30, 2020, the Company incurred $180,000 (2019 – $180,000) in management fees to the Chief Executive Officer of the Company.

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, marketable securities, 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 issuances 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, 2019.

11. Financial Instruments and Risk Management

(a) Fair Values

Assets and liabilities measured at fair value on a recurring basis were presented on the Company's consolidated statement of financial position as at November 30, 2020 as follows:

	Fair Value Measurements Using			
	Quoted prices in active markets for identical instruments (Level 1) $	Significant other observable inputs (Level 2) $	Significant unobservable inputs (Level 3) $	Carrying Amount $
Marketable securities	194,752	–	–	194,752

The fair values of other financial instruments, which include cash, and accounts payable and accrued liabilities, 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 consist primarily of cash and amounts receivable. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Foreign Exchange Rate Risk

The Company has entities in Canada and United States, but operates primarily in Canada. Foreign exchange risk arises from purchase transactions as well as financial assets and liabilities denominated in foreign currencies.

As at November 30, 2020, the Company had approximately US$118,000 of cash held in US dollars. A fluctuation of 5% in the foreign exchange rate between the US dollar and the Canadian dollar would result in an increase or decrease in the Company's net loss of approximately $8,000. The Company does not use derivative instruments to hedge exposure to foreign exchange rate risk.

(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 is not exposed to significant interest rate risk as it does not have any liabilities with variable rates.

(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 relies on the Company raising debt or equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

(f) Market Risk

The Company is also exposed to market risk with respect to its portfolio of marketable securities. The Company's investments are in the form of publicly traded shares of publicly listed companies, of which the market values may fluctuate. At November 30, 2020, a 10% increase or decrease in the price of the Company's marketable securities would decrease or increase the Company's net loss by approximately $19,500.

(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:

	2020 $	2019 $
Canadian statutory income tax rate	27%	27%
Income tax recovery at statutory rate	(57,714)	(67,293)
Tax effect of:		
Permanent differences and other	9,964	7,308
Change in unrecognized deferred income tax assets	47,750	59,985
Income tax provision	–	–

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

	2020 $	2019 $
Deferred income tax assets		
Exploration and evaluation assets	201,782	201,782
Marketable securities	18,479	19,010
Non-capital losses carried forward	1,622,660	1,575,285
Property and equipment	7,009	6,103
Total gross deferred income tax assets	1,849,930	1,802,180
Unrecognized deferred income tax assets	(1,849,930)	(1,802,180)
Net deferred income tax assets	–	–

As at November 30, 2020, the Company has non-capital losses carried forward of $6,009,850, which are available to offset future years' taxable income. These losses expire as follows:

	$
2026	205,421
2029	385,570
2030	455,489
2031	267,390
2032	3,110,969
2033	242,494
2034	156,218
2035	42,017
2036	217,793
2037	211,772
2038	270,718
2039	268,538
2040	175,461
	6,009,850

The Company also has available mineral resource related expenditure pools totalling $747,341, which may be deducted against future taxable income on a discretionary basis.

13. COVID-19 Impact

The outbreak of the novel coronavirus COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020, has adversely impacted the Canadian and global economies, caused disruptions to financial markets, and created significant uncertainty. In response to the outbreak, governments worldwide have enacted various measures, including the implementation of travel restrictions, mandatory quarantine periods, and social distancing, among others, to contain the spread of the virus. The Company's activity levels have been reduced due to the pandemic, and the Company's ability to explore and evaluate potential projects has been curtailed.

The Company is closely following the progression of COVID-19 and its potential impact on the Company. Even after the COVID-19 pandemic has subsided, the Company may experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future; therefore, the Company cannot reasonably estimate the impact of the pandemic at this time on our business, liquidity, capital resources, and financial results.