BLIND CREEK RESOURCES LTD.

Blind Creek
resources ltd.
BCK:TSX.V

FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited – prepared by management)

May 31, 2019

These unaudited condensed interim financial statements of
Blind Creek Resources Ltd. for the six months ended May 31, 2019
have been prepared by management and approved by the Board of Directors.

These unaudited condensed interim financial statements
have not been reviewed by the Company's external auditors.

BLIND CREEK RESOURCES LTD.
(an exploration stage company)
STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	May 31, 2019	November 30, 2018
ASSETS		
Current		
Cash	$ 1,339	$ 293
Receivables and prepaids	6,582	21,316
	7,921	21,609
Investment (Note 4)	6,175	2,850
Equipment (Note 5)	21,135	23,949
Exploration and evaluation assets (Note 6)	1,790,161	1,780,683
	$ 1,825,392	$ 1,829,091
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable	$ 359,293	$ 391,774
Accrued liabilities	-	51,000
Due to related parties (Note 12)	616,054	426,129
	$ 975,347	$ 868,903
Shareholders' equity		
Share capital (Note 7)	16,924,388	16,924,388
Share based payment reserve (Note 7)	3,142,537	3,120,537
Deficit	(19,216,880)	(19,084,737)
	850,045	960,188
	$ 1,825,392	$ 1,829,091

Nature and continuance of operations (Note 1)
Contingencies (Note 16)
Subsequent event (Note 17)

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

BLIND CREEK RESOURCES LTD.
(an exploration stage company)
STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
PERIODS ENDED
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Three months ended May 31, 2019	Three months ended May 31, 2018	Six months ended May 31, 2019	Six months ended May 31, 2018
EXPENSES				
Amortization (Note 5)	$ 1,407	$ 1,871	$ 2,814	$ 3,742
Bank charges and interest	325	1,148	595	1,913
Consulting fees (Note 12)	-	12,000	-	41,492
Filing and transfer agent fees	4,327	5,804	10,202	12,942
Management fees (Note 12)	18,000	45,000	39,000	90,000
Office and miscellaneous	-	1,480	-	3,033
Professional fees (Note 12)	5,758	20,657	8,320	26,938
Salaries and wages (Note 12)	23,517	41,147	45,571	57,973
Share based payments (Note 8)	22,000	60,543	22,000	60,543
Travel, trade shows and promotion	4,864	24,645	6,966	70,294
	$ (80,198)	(214,295)	(135,468)	(368,870)
OTHER ITEMS				
Other than temporary investment recovery (Note 4)	-	11,050	3,325	13,600
	-	11,050	3,325	13,600
Net income (loss) and comprehensive income (loss) for the period	$ (80,198)	$ (203,245)	$ (132,143)	$ (355,270)
Basic and diluted net income (loss) per common share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)
Weighted average number of common shares outstanding	25,727,050	25,678,680	25,727,050	25,573,479

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

BLIND CREEK RESOURCES LTD.
(an exploration stage company)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited – prepared by management)

	Share Capital				
	Common Shares	Amount	Deficit	Share based payment reserve	Total Shareholders' Equity
Balance, November 30, 2017	25,427,050	$ 16,867,388	$ (17,825,203)	$ 3,032,994	$ 2,075,179
Options exercised (Note 7)	300,000	36,000	-	-	36,000
Share-based payments	-	-	-	60,543	60,543
Comprehensive loss for the period	-	-	(355,270)	-	(352,719)
Balance, May 31, 2018	25,727,050	$ 16,903,388	$ (18,180,473)	$ 3,093,537	$ 1,816,452
Balance, November 30, 2018	25,727,050	$ 16,924,388	$ (19,084,737)	$ 3,120,537	$ 960,188
Share-based payments	-	-	-	22,000	22,000
Comprehensive loss for the period	-	-	(132,143)	-	(132,143)
Balance, May 31, 2019	25,727,050	$ 16,924,388	$ (19,216,880)	$ 3,142,537	$ 850,045

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

BLIND CREEK RESOURCES LTD.
(an exploration stage company)
STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED
(Expressed in Canadian Dollars)

	May 31,2019	May 31,2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the period	$ (132,143)	$ (355,270)
Items not affecting cash:		
Amortization	2,814	3,742
Share-based payments	22,000	60,543
(Gain)/Impairment of investments	(3,325)	(13,600)
Changes in non-cash working capital items:		
Receivables	14,734	58,199
Accounts payable and accrued liabilities	(51,717)	29,951
Net cash used in operating activities	(147,637)	(216,435)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(41,242)	(136,815)
Reclamation bond	-	(5,000)
Net cash used in investing activities	(41,242)	(141,815)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares, net	-	36,000
Related party loans and advances (repayments)	189,925	303,472
Net cash provided by financing activities	189,925	339,472
Change in cash during the period	1,046	(18,778)
Cash, beginning of year	293	26,203
Cash, end of period	$ 1,339	$ 7,425

Supplemental disclosure with respect to cash flows:

There were no cash payments of taxes or interest for the periods presented.

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Canada Business Corporations Act on May 31, 2004 and has continued as a company under the Business Corporations Act of British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties. The Company's head office, principal address and registered records office is located at 804 – 750 West Pender St, Vancouver, British Columbia, Canada.

The Company's financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The Company has incurred ongoing losses and has an accumulated deficit. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Such adjustments would be material.

The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition and exploration of exploration and evaluation assets, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and acquire mineral properties. The outcome of these matters cannot be predicted at this time. The Company has incurred losses since inception and the ability of the Company to continue as a going concern depends upon its ability to develop profitable operations and to continue to raise adequate financing. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of its mineral properties and upon future profitable production.

2. BASIS OF PRESENTATION

Statement of Compliance

These unaudited interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 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") and Interpretations of the IFRS Interpretations Committee.

These unaudited condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the audited annual financial statements of the Company for the year ended November 30, 2018

Approval of the financial statements

The financial statements of the Company for the period ended May 31, 2019 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 23, 2019.

2. BASIS OF PRESENTATION (continued)

Critical Accounting Estimates and Judgments

The preparation of these 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 financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, 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 following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

ii) The recognition of deferred tax assets. The Company considers whether the realization of deferred tax assets is probable in determining whether or not to recognize these deferred tax assets.

iii) The recorded value of provisions. This amount represents a best estimate of the probable amount payable taking into account available evidence including past history of payments and uncertainty of outflow of future resources.

3. SIGNIFICANT ACCOUNTING POLICIES

Equipment

Equipment is recorded at cost less accumulated amortization, with amortization calculated on a declining balance basis at the following annual rates:

Exploration equipment	20%
Mobile equipment	30%

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are identified and written off. The assets' residual values, amortization methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Subsequent expenditures relating to items of equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditure is recognized as repairs and maintenance.

Exploration and evaluation assets

All costs related to the acquisition of exploration and evaluation assets are capitalized on a property by property basis, net of recoveries. Exploration and evaluation costs incurred prior to the determination of the feasibility of mining operations and a decision to proceed with development are expensed to operations as incurred. If economically recoverable ore reserves are developed, capitalized costs of the related property are classified as mining assets and amortized using the unit-of-production method. When a property is abandoned, all related costs are written off to operations.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

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

From time to time, the Company may acquire or dispose of an exploration and evaluation asset pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale of an option of the Company's property are recorded as a reduction of the mineral property cost. The Company recognizes amounts received in excess of the carrying amount in profit or loss.

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Evaluation and exploration assets are assessed for impairment by management when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. When there is little prospect of further work on a property being carried out by the Company or its partners, when a property is abandoned, or when the capitalized costs are no longer considered recoverable, the related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

Decommissioning liabilities

An obligation to incur decommissioning and site rehabilitation costs occurs when environmental disturbance is caused by exploration, evaluation, development or ongoing production.

Decommissioning and site rehabilitation costs arising from the installation of plant and other site preparation work, discounted to their net present value, are provided when the obligation to incur such costs arises and are capitalized into the cost of the related asset. These costs are charged against operations through depreciation of the asset and unwinding of the discount on the provision.

Depreciation is included in operating costs while the unwinding of the discount is included as a financing cost. Changes in the measurement of a liability relating to the decommissioning or site rehabilitation of plant and other site preparation work are added to, or deducted from, the cost of the related asset.

The costs for the restoration of site damage, which arises during production, are provided at their net present values and charged against operations as extraction progresses.

Changes in the measurement of a liability, which arises during production, are charged against profit or loss. The discount rate used to measure the net present value of the obligations is the pre-tax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets

The Company's tangible and intangible assets are reviewed for indications of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is 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. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there is an indication that 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 depreciation or amortization, if no impairment loss had been recognized.

Loss per share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the period. The Company computes the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Share-based payments

The Company grants options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period for employees using the graded vesting method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes Option Pricing Model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. Consideration received on the exercise of stock options is recorded in share capital and the related share-based payment in reserves is transferred to share capital.

Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in profit or loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to tax payable with regard to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax assets and liabilities and the related deferred tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Flow-through shares

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a flow-through premium liability and included as a liability. Upon related expenditures being incurred, the Company proportionately derecognizes the liability and recognizes the offsetting amount in profit or loss.

Financial instruments

IFRS 7 *Financial Instruments: Disclosures* requires classification of fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Financial assets

The Company classifies its financial assets in the following categories: held-to-maturity, fair value through profit and loss ("FVTPL"), loans and receivables, and available-for-sale ("AFS"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

(a) Held-to-maturity

Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(b) Fair value through profit or loss

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

A financial asset is classified as FVTPL if:

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

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

(c) Available-for-sale investments

AFS financial assets are non-derivatives that are either designated as AFS or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets, other than impairment losses, are recognized as other comprehensive income and classified as a component of equity.

(d) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the reporting period in which they are identified. Interest income is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

(ii) Financial liabilities

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as FVTPL unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

New or revised accounting standards not yet adopted

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9 - Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 - Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2018. Management has determined that the adoption of IFRS 9 will not have a significant effect on its financial statements.

IFRS 7: Amended to require additional disclosures on transition from IAS 39 and IFRS 9, effective for annual periods beginning on or after January 1, 2018.

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will not have a material impact on its results and financial position. Disclosure changes are anticipated.

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 financial statements.

4. INVESTMENT

Available-for-sale investment consists of an investment in common shares of Pan Andean Minerals Ltd. ("Pan Andean") (formerly BC Gold Corp), a TSX-Venture Exchange listed company. At May 31, 2019, the fair value of the shares was $6,175 (November 30, 2018: $2,850) which represented an unrealized market-to-market gain of $3,325 (November 30, 2018: gain of $300) recorded as other than temporary recovery in profit or loss.

	May 31, 2019		November 30, 2018	
	Number of shares	Fair Value	Number of shares	Market Value
Pan Andean Minerals Ltd.	95,000	$6,175	85,000	$2,850

(Expressed in Canadian Dollars)

5. EQUIPMENT

Cost		Mobile Equipment		Field Equipment		Total
Balance November 30, 2018 and May 31, 2019	$	133,293	$	92,935	$	226,228

Accumulated amortization		Mobile Equipment		Field Equipment		Total
Balance at November 30, 2017	$	121,322	$	73,474	$	194,796
Amortization		3,591		3,892		7,483
Balance at November 30, 2018		124,913		77,366		202,279
Amortization		1,257		1,557		2,814
Balance at May 31, 2019	$	126,170	$	78,923	$	205,093

Carrying amounts		Mobile Equipment		Field Equipment		Total
Balance at November 30, 2018	$	8,380	$	15,569	$	23,949
Balance at May 31, 2019	$	7,123	$	14,012	$	21,135

6. EXPLORATION AND EVALUATION ASSETS

Realization of assets
The investment in mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs represent costs incurred to date and do not necessarily reflect present or future values.

Environmental
The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral properties, the potential for production on the properties may be diminished or negated.

Exploration and evaluation asset costs and activity is as follows:

	AB Zinc	Blende	Engineer	Yukon Carlin	Total
November 30, 2017	$ 254,940	$ 1,406,348	$ 545,696	$ 1	$ 2,206,985
Acquisition	-	-	-	-	-
Property development expenditures					
Consulting	1,613	90,323	47,799	-	139,735
Maintenance	-	10,086	3,249	-	13,335
Reporting	-	-	2,180	-	2,180
Sampling	-	17,372	5,850	-	23,222
Spin out of Engineer Gold Mines	-	-	(604,774)	-	(604,774)
November 30, 2018	$ 256,553	$ 1,524,129	$ -	$ 1	$ 1,780,683
Acquisition	-	-	-	-	-
Property development expenditures					
Consulting	-	7,118	-	-	7,118
Reporting	-	2,360	-	-	2,360
May 31, 2019	$ 256,553	$ 1,533,607	$ -	$ 1	$ 1,790,161

AB Zinc, NWT

On July 27, 2017, the Company entered into an agreement with Eagle Plains Resources Ltd. ("Eagle Plains") whereby the Company has the exclusive right to purchase a 100% undivided interest in the 3000 ha AB Zinc Property (the "Property") located 263 kilometres west of Norman Wells, N.W.T.

Under the terms of the agreement the Company can acquire a 100% interest in the Property, subject only to the Eagle Plains Net Smelter Returns ("NSR"), by issuing to Eagle Plains 1,000,000 shares on TSX Venture Exchange ("Exchange") acceptance of this Purchase and Sale Agreement (issued August 22, 2017 at a fair value of $190,000 (Note 7)), and a further 1,000,000 shares on or before 30 months after Exchange acceptance. In the event that the Property is placed into commercial production, Eagle Plains shall be entitled to a royalty of 2% of NSR, with a 1% buyback to 1% upon payment of $1,000,000 to Eagle Plains, and a second option to purchase the remaining 1% NSR upon payment of $7,000,000.

Blende, Yukon

The Company has a 100% undivided interest in the Blende property located in the Mayo Mining District of the Yukon Territory.

Upon completion of a feasibility study, the Company will be required to pay $50,000 annually to the vendor until commencement of commercial production. The property is subject to a 2% NSR and a 1% Underlying Royalty Interest.

6. EXPLORATION AND EVALUATION ASSETS (continued)

Engineer, B.C.

The Engineer property was transferred to Engineer Gold Mines Ltd. during the current year per a transfer agreement that was signed in concurrence with an arrangement agreement (Note 15). Upon transfer of the property, the $50,000 reclamation bond that the Company previous posted with the MEMPR was refunded. The Company also sold portable assessment credits of which no value was recorded to Engineer Gold Mines Ltd. for $21,000, which was recorded as a recover of exploration and evaluation assets.

Yukon Carlin Gold Trend and Silver Property

The Company holds certain claims within the Yukon Carlin Trend, Yukon.

7. SHARE CAPITAL

Authorized: Unlimited common shares without par value

During the period ended May 31, 2019 no shares were issued.

During the year ended November 30, 2018:

Issued:
On February 15, 2018, the Company issued 250,000 shares for the exercise of options at $0.12 per share for total proceeds for $30,000. $17,500 was transferred from reserves to share capital as a result of the exercise.

On May 29, 2018, the Company issued 50,000 shares for the exercise of options at $0.12 per share for total proceeds for $6,000. $3,500 was transferred from reserves to share capital as a result of the exercise.

Share-based payment reserve

The share-based payment reserve represents the fair value of stock options or warrants until such time that the share-based instruments are exercised, at which time the corresponding amount will be transferred to share capital. During the year ended November 30, 2018 an amount of $21,000 was transferred to share capital.

(Expressed in Canadian Dollars)

8. STOCK OPTIONS

The Company has a rolling stock option plan (the "plan") that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan.

A summary of the changes in options follows:

	Number of Options Outstanding	Weighted Average Exercise Price
Balance, November 30, 2017	1,850,000	$ 0.14
Issued	1,472,705	0.16
Exercised	(300,000)	0.12
Cancelled	(450,000)	0.12
Balance, November 30, 2018	2,572,705	$ 0.15
Issued	1,100,000	0.05
Expired	(1.100,000)	0.15
Balance, May 31, 2019	2,572,705	$ 0.11

As at May 31, 2019, the following options were outstanding:

Total Number of Options	Exercise Price	Expiry Dates
672,705	$ 0.17	May 1, 2020
800,000	$ 0.15	June 28, 2020
1,100,000	$ 0.05	March 19, 2021
2,572,705		

As at May 31, 2019 the weighted average remaining contractual life of the stock options was 1.35 years (May 31, 2018 – 1.13 years) and the weighted average exercise price was $0.11 (May 31, 2018 – $0.15).

On May 1, 2018 the Company granted 672,705 incentive stock options to consultants exercisable for a period of two years at a price of $0.17. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $60,543 using the Black-Scholes Option Pricing Model with the following assumptions: i) exercise price per share of $0.17; ii) expected share price volatility of 111%; iii) risk free interest rate of 1.93%; iv) no dividend yield, v) expected life of 2 years and vi) fully vested on grant.

On June 29, 2018 the Company granted 800,000 incentive stock options to consultants exercisable for a period of two years at a price of $0.15. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $48,000 using the Black-Scholes Option pricing Model with the following assumptions: i) exercise price per share of $0.15; ii) expected share price volatility of 103%; iii) risk free interest rate of 1.91%; iv) no dividend yield, v) expected life of 2 years and vi) fully vested on grant.

On March 20, 2019 the Company granted 1,100,000 incentive stock options to consultants exercisable for a period of two years at a price of $0.05. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $22,000 using the Black-Scholes Option pricing Model with the following assumptions: i) exercise price per share of $0.05; ii) expected share price volatility of 98%; iii) risk free interest rate of 1.60%; iv) no dividend yield, v) expected life of 2 years and vi) fully vested on grant.

Subsequent to May 31, 2019 350,000 options with an exercise price of $0.05 and expiry date of March 19, 2021 were exercised.

(Expressed in Canadian Dollars)

9. WARRANTS

A summary of the changes in warrants follows:

	Number of Warrants Outstanding	Weighted Average Exercise Price
Balance, November 30, 2017, 2108 and May 31, 2019	2,121,167	$ 0.35

As at May 31, 2019, the following share purchase warrants were outstanding:

Total Number of Warrants	Exercise Prices	Expiry Dates
2,121,167	$ 0.35	December 31, 2021

Warrant expiry dates were extended to December 31, 2021. There was no fair value adjustment for the warrant extension.

As at May 31, 2019 the weighted average remaining contractual life of the share purchase warrants was 1.77 years (May 31, 2018 – 0.51) and the weighted average exercise price was $0.35 (May 31, 2018 – $0.35).

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, investment, accounts payable, and due to related parties. Cash has been designated as fair value through profit and loss, receivables as loans and receivables, investments as AFS, and accounts payable and due to related parties are designated as other financial liabilities. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments. Cash and investments are measured using level one of the fair value hierarchy.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and other price risk. There has been no change in the way management managed these risks for the year.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. Cash is held in a large Canadian financial institution, which has a strong credit rating from a primary credit rating institution. There is nominal risk associated with receivables as this is due primarily from a government agency.

b) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company’s monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company’s financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of November 30, 2018. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

(Expressed in Canadian Dollars)

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

c) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity issuances. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments. All the Company's financial liabilities have contractual maturities less than 30 days and are subject to normal trade terms. The Company is exposed to liquidity risk.

d) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

11. RELATED PARTY TRANSACTIONS

a) The Company incurred the following expenses charged by key management personnel and companies controlled by key management personnel, such personnel include the Company's Directors, Chief Executive Officer, Chief Financial Officer and Corporate Secretary:

	May 31, 2019	May 31, 2018
Management and consulting fees charged by directors and officers	$ 39,000	$ 120,500
Salary paid and accrued	4,500	750
Total	$ 43,500	$ 121,250

Key management personnel were not paid any post-employment benefits, termination benefits, or other long-term benefits during the respective periods.

b) Due to Related parties balances consisted of the following:

	May 31, 2019	May 31, 2018
Due to Directors and Officers	$ 108,813	$ 17,250
Due to company related by common shareholder	15,797	-
Due to major shareholder	225,527	195,917
Due to company controlled by major shareholder	265,917	151,787
Total	$ 616,054	$ 364,954

The amounts due to the related parties have no specific terms of repayment, is unsecured and non-interest-bearing.

12. CAPITAL MANAGEMENT

The Company defines its capital as shareholders' equity. Capital requirements are driven by the Company's exploration activities on its exploration and evaluation assets. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget all exploration projects and overhead to manage costs, commitments and exploration activities.

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company believes that it will be able to raise sufficient funds from share issuances to fund its working capital for the coming year. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the year.

13. SEGMENTED INFORMATION

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expense, whose operating results are reviewed regularly by the Company's chief operating decision maker, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition and exploration of mineral properties, all of which occurs within Canada.

14. CONTINGENCIES

The Company has been named in a writ to a group of companies and individuals from a self-represented plaintiff claiming unspecified damages. The Company has not yet been served with the writ. The Company believes this action is without merit.

The Company has been named in a province of British Columbia small claims court notice of claim by the former corporate secretary. The Company has not recorded any additional amounts beyond those already recorded in the financials. The Company believes this claim is without merit.