GALLEON GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

For the three months ended February 29, 2020

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed an audit or review of these condensed interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada.

GALLEON GOLD CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Notes		February 29, 2020		November 30, 2019
ASSETS					
Current					
Cash and cash equivalents	4	$	**2,118,081**	$	1,601,290
Taxes receivable	5		**49,355**		14,187
Prepaid expenses			**40,915**		78,161
Marketable securities	6		**98,840**		423,965
Total current assets			**2,307,191**		2,117,603
Equipment	7		**145,743**		63,683
Exploration and evaluation properties	8		**10,905,674**		587,010
Royalty interest	9		**1**		1
Reclamation bond	8		**117,505**		116,278
Total assets		$	**13,476,114**	$	2,884,575
LIABILITIES					
Current					
Accounts payable and accrued liabilities		$	**2,142,625**	$	718,161
Accrued penalties and Part XII.6 taxes	20		**1,296,561**		–
Convertible debentures	11		**2,445,986**		454,534
Flow-through share premium liability	12		**90,909**		–
Total current liabilities			**5,976,081**		1,172,695
Convertible debentures	11		–		2,097,515
Total liabilities			**5,976,081**		3,270,210
SHAREHOLDERS' EQUITY (DEFICIT)					
Share capital	12		**62,289,486**		54,073,314
Reserves	13		**975,853**		120,655
Equity component of convertible debentures	11		**684,383**		684,383
Accumulated other comprehensive income			**1,480,540**		1,476,246
Deficit			**(57,930,229)**		(56,740,233)
Total shareholders' equity (deficit)			**7,500,033**		(385,635)
Total liabilities and deficit		$	**13,476,114**	$	2,884,575

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS AND CONTIGENCY LIABILITIES (Note 20)
SUBSEQUENT EVENTS (Note 21)

Approved on behalf of the board of directors:

"R. David Russell"	*"Thomas S. Kofman"*
R. David Russell, Director	Thomas Kofman, Director

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

GALLEON GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian dollars)

	Notes		For the three months ended February 29, 2020		For the three months ended February 28, 2019
Expenses					
General and administrative	14	$	**1,032,553**	$	258,868
General exploration			**6,621**		–
Impairment of exploration and evaluation properties	8		**–**		325
Loss before other (expense) income			**(1,039,174)**		(259,193)
Other (expense) income:					
Interest income			**72**		27
Accretion expense	11		**(161,956)**		–
Unrealized gain on marketable securities	6		**13,192**		–
Foreign exchange gain (loss)			**(2,337)**		884
Net loss			**(1,190,203)**		(258,282)
Other comprehensive income					
Currency translation adjustment			**4,294**		599
Total comprehensive loss		$	**(1,185,909)**	$	(257,683)
Net loss per share – basic and diluted	15	$	**(0.01)**	$	(0.00)

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

GALLEON GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(Expressed in Canadian dollars)

	Share capital	RESERVES Share based payments	RESERVES Warrants	Equity component of convertible debentures	Accumulated other comprehensive income	Deficit	Total shareholders' equity (deficit)
Balance, November 30, 2019	**$ 54,073,314**	**$ 45,813**	**$ 74,842**	**$ 684,383**	**$ 1,476,246**	**$ (56,740,233)**	**$ (385,635)**
Net loss	–	–	–	–	–	(1,190,203)	(1,190,203)
Issued on acquisition of Explor (Notes 3, 12 (iv) and 13)	5,235,924	313,346	253,364	–	–	–	5,802,634
Issued on private placement (Note 12(v))	549,055	–	288,695	–	–	–	837,750
Shares issued on conversion of debenture (Note 12(vi))	2,279,016	–	–	–	–	–	2,279,016
Shares issued for accrued interest on debenture settlement (Note 12(v))	82,177	–	–	–	–	–	82,177
Shares issued for debt settlement (Note 12(vii))	70,000	–	–	–	–	–	70,000
Expiry of warrants (Note 13)	–	–	(207)	–	–	207	–
Currency translation	–	–	–	–	4,294	–	4,294
Balance, February 29, 2020	**$ 62,289,486**	**$ 359,159**	**$ 616,694**	**$ 684,383**	**$ 1,480,540**	**$ (57,930,229)**	**$ 7,500,033**
Balance, November 30, 2018	**$ 53,541,113**	**$ –**	**$ –**	**$ –**	**$ 1,469,067**	**$ (55,415,895)**	**$ (405,715)**
Net loss	–	–	–	–	–	(258,282)	(258,282)
Currency translation	–	–	–	–	599	–	599
Balance, February 28, 2019	**$ 53,541,113**	**$ –**	**$ –**	**$ –**	**$ 1,469,666**	**$ (55,674,177)**	**$ (663,398)**

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

GALLEON GOLD CORP.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in Canadian dollars)

	For the three months ended February 29, 2020	For the three months ended February 28, 2019
Operating activities:		
Net loss for the period	**$ (1,190,203)**	$ (258,282)
Items not affecting cash:		
Depreciation	**2,010**	158
Accretion expense	**161,956**	–
Unrealized gain on marketable securities	**(13,192)**	–
Impairment of exploration and evaluation properties	–	325
Changes in non-cash working capital items:		
Taxes receivable	**14,536**	(266)
Prepaid expenses	**(26,438)**	(2,751)
Accounts payable and accrued liabilities	**563,474**	154,612
Total cash flows used in operating activities	**(487,857)**	(106,204)
Investing activities:		
Purchase of equipment	**(51,030)**	–
Additions to exploration and evaluation properties	**(56,541)**	(325)
Cash and cash equivalents received on completion of acquisition of Explor (Note 3)	**73,575**	–
Proceeds of options payment on Chester property	**100,000**	–
Total cash flows generated from (used in) investing activities	**66,004**	(325)
Financing activities:		
Proceeds from private placements, net of issuance costs	**928,660**	–
Current portion of interest on convertible debentures	–	–
Total cash flows generated from financing activities	**928,660**	–
Translation adjustments	**9,984**	(217)
Increase (decrease) in cash during the period	**516,791**	(106,746)
Cash and cash equivalents, beginning of the period	**1,601,290**	274,340
Cash and cash equivalents, end of the period	**$ 2,118,081**	$ 167,594
Cash	**$ 2,040,603**	$ 165,094
Cash equivalents	**77,478**	2,500
Total cash and cash equivalents	**$ 2,118,081**	$ 167,594

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Galleon Gold Corp. (formerly Pure Nickel Inc.) (the "Company" or "Galleon Gold") is a corporation domiciled in Canada, originally incorporated under the laws of British Columbia, Canada, and subsequently continued under the *Canada Business Corporations Act*. The address of the Company's registered head office is TD Canada Trust Tower, 161 Bay Street, Suite 2700, Toronto, ON, M5J 2S1. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "GGO".

The Company is in the business of acquiring, exploring and developing mineral properties in Canada and the United States, primarily those containing nickel, platinum group elements (PGEs), copper, gold, silver and associated base and precious metals. The Company is in the process of exploring its exploration and evaluation properties and has not yet determined whether they contain reserves that are economically recoverable. The Company will be required to obtain additional financing to explore and develop its resource properties.

As of the date of these condensed interim consolidated financial statements, the Company has not yet determined whether any of its exploration and evaluation properties contain economically recoverable reserves. Accordingly, exploration and evaluation properties are recorded at cost on a property-by-property basis, less impairment. The recoverability of the exploration and evaluation costs is dependent upon the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet obligations under various agreements, and future profitable production or, alternatively, upon the Company's ability to recover its costs through a disposition of its exploration and evaluation resource properties.

During the three months ended February 29, 2020, the Company had a net loss of $1,190,203 (February 28, 2019 – $258,282), negative cash flow from operations of $487,857 (February 28, 2019 – $106,204) and working capital deficiency as at February 29, 2020 of $3,668,890 (November 30, 2019 – working capital $944,908). The Company is subject to risks and challenges similar to companies in a comparable stage of exploration. As a result of these risks, there are material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern. Subsequent to February 29, 2020, the Company completed the a non-brokered private placement of 86 million units for gross proceeds of $4,524,500. Despite this additional financing, the Company does not have any revenue generating properties or activities and will need to continue to obtain additional financing to execute exploration and development activities and discharge its day-to-day obligations. There is no assurance that the Company's funding initiatives will be successful, and these condensed interim consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported and condensed interim consolidated statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and do not include all the information required for full annual consolidated financial statements required by IFRS as issued by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies used are those the Company expects to adopt in its consolidated financial statements as at and for the year ending November 30, 2020.

These condensed interim consolidated financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended November 30, 2019.

These condensed interim consolidated financial statements were approved by the Board of Directors and authorized for issue on June 12, 2020.

2. BASIS OF PREPARATION (continued)

(b) Significant accounting policies

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Company's audited annual financial statements for the year ended November 30, 2019.

(c) Basis of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the condensed interim consolidated financial statements from the date control is obtained until the date control ceases.

Intercompany assets and liabilities, equity, income, expenses, and cash flows between the Company and its subsidiaries are eliminated on consolidation.

The principal subsidiaries of the Company as at February 29, 2020 were as follows:

Entity	Location	Ownership interest
Explor Resources Inc. ("Explor")	Canada	100%
Nevada Star Resources Corp. ("Nevada Star")	United States	100%
Neal Development Limited Partnership ("Neal LP")	United States	70%

(d) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Explor' and Company's functional currency. The functional currency for Nevada Star Resources Corp. and Neal LP is the United States (US) dollar. The presentation currency for these condensed interim consolidated financial statements is the Canadian dollar.

(e) Changes in IFRS accounting policies and future accounting pronouncements

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning on or after January 1, 2020. Many are not applicable or do not have a significant impact to the Corporation and have been excluded from the summary below.

In October 2018, the IASB issued amendments to the guidance in IFRS 3, that revises the definition of a business. The revised guidance introduces an optional concentration test that, if met, eliminates the need for further assessment. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. These amendments are effective and shall be applied to business combinations for which the acquisition date is on or after the beginning of the first annual reporting periods beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period.

(f) Use of estimates and judgements

(i) *Use of estimates*

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the

2. BASIS OF PREPARATION (continued)

reported amounts of revenue and expenses during the period. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. 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 estimates are revised and in any future years affected. The most significant source of estimation uncertainty is related to determination of fair value of assets and liabilities related to acquisition, share-based payments, valuation warrants in marketable securities and equity, fair value of financial instruments, impairment of equipment, exploration and evaluation properties, the reversal of impairment loss of previously recognized royalty interest, discount rates for convertible debentures and deferred tax.

The Company recognizes the deferred tax benefit related to tax assets and tax losses to the extent recovery is probable. Assessing the recoverability of deferred income tax assets requires management to make significant estimates of future taxable profit and expected timing of reversals of existing temporary differences. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the deferred tax assets recorded at the statement of financial position’s date could be affected. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future years from tax assets and tax losses.

At the end of each reporting year, the Company assesses whether or not there has been an impairment of the capitalized royalty interest, or if there is any indication that an impairment loss recognized in prior years for royalty interests may no longer exist or may have decreased. This requires that the Company considers observable market data, significant changes in market conditions, and evidence if the royalty’s economic performance will be other than previously expected. Significant judgement required in estimating future cash flows associated with the royalty includes future commodity prices, foreign exchange rates, and production volumes.

(ii) *Critical judgments*

The judgments that management has applied in the application of the Company’s accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are the policies on exploration and evaluation properties, royalty interest, determination on whether a set of assets acquired, and liabilties assume constitute a business and functional currency.

The Company’s accounting policy for exploration costs results in certain items being capitalized according to the expected recoverability of the projects. This policy requires management to make certain assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such assumptions may change as new information becomes available.

The Company considers at the end of each accounting year, whether or not there has been an impairment of the capitalized exploration and evaluation properties. For non-producing exploration and evaluation properties, this assessment is based on whether factors that may indicate the need for a write-down are present.

If the Company has determined that the deferred costs of non-producing properties may not be recovered based on current economics or permitting considerations, the Company would be required to write-down the recorded value of its exploration and evaluation properties which would reduce the Company’s earnings and net assets. The functional currency of the Company and its subsidiaries have been assessed by management based upon consideration of the currency and economic factors that influence costs, financing and similar items. Changes to these factors may have an impact on the judgment applied in the determination of the functional currency.

(Expressed in Canadian dollars)

3. ASSET ACQUISITION

Consideration paid		
Issued shares	$	5,235,924
Issued options		313,346
Issued warrants		253,364
Cancellation of previously held Explor shares and warrants		338,316
Transaction costs		32,522
	$	**6,173,472**

Net assets acquired		
Cash and cash equivalents	$	73,575
Prepaid expenses		10,808
Taxes receivable		49,704
Equipment		32,388
Exploration and evaluation properties		10,352,392
Accounts payable and accrued liabilities		(955,659)
Accrued penalties and part XII.6 taxes		(1,296,561)
Convertible debentures		(2,093,175)
	$	**6,173,472**

Acquisition of assets from Explor

On December 23, 2019, the Company completed the amalgamation with Explor, through amalgamating Explor with the Company's wholly owned subsidiary, 2227390 Alberta Ltd., incorporated solely for the purpose of acquiring Explor. Pursuant to the terms of the amalgamation agreement, each issued and outstanding Explor share was exchanged for 0.5 of the Company's share ("Exchange ratio"). In addition, each issued and outstanding Explor option and warrant were exchanged for the Company's option and warrant, respectively, with the same remaining term, adjusting the numbers of options and warrants as well as exercise price equal to Exchange Ratio. Upon completion of the amalgamation, the replacement options, replacement warrants and convertible debentures assumed will entitle the holders thereof to common shares of the Company.

The acquisition has been accounted for as an acquisition of assets as Explor does not meet the definition of a business under IFRS 3. The transaction was recorded at the fair value of the consideration transferred of $6,173,472 as detailed in the table above.

4. CASH AND CASH EQUIVALENTS

Included in cash and cash equivalents is a total of $20,000 (November 30, 2019 - $20,000) funds invested in guaranteed investment certificates as security for corporate credit cards. The funds securing the corporate credit cards are restricted and cannot be withdrawn while the credit cards are outstanding.

5. TAXES RECEIVABLE

As at February 29, 2020 and February 28, 2019, taxes receivable consists sales tax receivable from Canadian taxation authorities.

(Expressed in Canadian dollars)

6. MARKETABLE SECURITIES

The Company's marketable securities are as follows:

		February 29, 2020		November 30, 2019
FVTPL				
CanAlaska Uranium Limited				
300,000 Shares (November 30, 2019 – NIL shares)	$	51,000	$	51,000
100,000 Warrants (November 30, 2019 – NIL warrants)		2,840		3,035
Murchison Minerals Limited				
500,000 Shares (November 30, 2019 – 500,000 shares)		45,000		30,000
Explor Resources Inc.				
NIL Shares (November 30, 2019 – 10,000,000 shares)		–		250,000
NIL Warrants (November 30, 2019 – 5,000,000 warrants)		–		89,930
Total marketable securities	$	**98,840**	$	**423,965**

The Company's marketable securities consist of common shares and warrants held in Canadian publicly traded companies. Fair values of shares are determined at the closing price on February 29, 2020. Warrants are valued using the Black-Scholes option pricing model and are revalued at each reporting period until exercise or expiry. The Company recorded an unrealized gain of $13,192 for three months ended February 29, 2020 (February 28, 2019 - $nil).

7. EQUIPMENT

		Computer hardware		Field Equipment		Office Equipment		Total
Cost								
Balance at November 30, 2018	$	32,263	$	–	$	–	$	32,263
Additions		–		62,201		–		62,201
Balance at November 30, 2019	**$**	**32,263**	**$**	**62,201**	**$**	**–**	**$**	**94,464**
Acquisition (Note 3)		35,272		93,587		950		129,809
Additions		–		51,030		–		51,030
Foreign exchange translation		–		652		–		652
Balance at February 29, 2020	**$**	**67,535**	**$**	**207,470**	**$**	**950**	**$**	**275,955**
Accumulated depreciation								
Balance at November 30, 2018	$	30,146	$	–	$	–	$	30,146
Depreciation		635		–		–		635
Balance at November 30, 2019	**$**	**30,781**	**$**	**–**	**$**	**–**	**$**	**30,781**
Acquisition (Note 3)		35,049		61,493		879		97,421
Depreciation		333		1,606		71		2,010
Balance at February 29, 2020	**$**	**66,163**	**$**	**63,099**	**$**	**950**	**$**	**130,212**
Net book value								
As at November 30, 2018	$	2,117	$	–	$	–	$	2,117
As at November 30, 2019	$	1,482	$	62,201	$	–	$	63,683
As at February 29, 2020	$	1,372	$	144,371	$	–	$	145,743

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION PROPERTIES

	Ontario		Manitoba	New Brunswick	Idaho	
	West Cache Gold	Kidd Township	William Lake	Chester	Neal	**Total**
Balance November 30, 2019	$ –	$ –	$ 1	$ –	$ 587,009	**$ 587,010**
Acquisition	8,783,547	1,464,787	–	104,058	–	**10,352,392**
Claims	5,512	–	–	–	–	**5,512**
Consulting	5,735	–	–	–	–	**5,735**
Geophysical, geochemical and assays	–	–	–	–	9,453	**9,453**
Leases and rental	4,500	–	–	–	28,248	**32,748**
Technical reports	–	–	–	–	4,746	**4,746**
Transportation	–	–	–	–	347	**347**
Less:						
Option payments received	–	–	–	(100,000)	–	**(100,000)**
Impairment	–	–	–	–	–	**–**
Currency translation adjustment	–	–	–	–	7,731	**7,731**
Balance February 29, 2020	**$ 8,799,294**	**$ 1,464,787**	**$ 1**	**$ 4,058**	**$ 637,524**	**$ 10,905,674**

	Saskatchewan	Manitoba		Quebec	Idaho	
	Fond du Lac	William Lake	Manibridge	HPM	Neal	**Total**
Balance November 30, 2018	$ 1	$ 1	$ 1	$ 1	$ –	**$ 4**
Acquisition	–	–	–	–	264,235	**264,235**
Claims	–	715	–	816	8,264	**9,795**
Consulting	–	–	–	–	51,009	**51,009**
Drilling	–	–	–	–	169,611	**169,611**
Field accommodations and vehicles	–	–	–	–	24,220	**24,220**
Geophysical, geochemical and assays	–	–	–	–	20,388	**20,388**
Leases	–	–	–	–	13,312	**13,312**
Technical reports	–	–	–	–	35,970	**35,970**
Less:						
Disposals	–	–	(1)	(817)	–	**(818)**
Impairment	(1)	(715)	–	–	–	**(716)**
Balance February 29, 2019	**$ –**	**$ 1**	**$ –**	**$ –**	**$ 587,009**	**$ 587,010**

(a) West Cache Gold, Ontario

West Cache Gold project is located 13 km west of Timmins, Ontario in the Townships of Bristol and Ogden in the Timmins-Porcupine Mining Camp. The project comprises 264 unpatented mining claims and three patented claims, all of which are contiguous and cover a total area of 3,550 ha. One hundred and ninety-one (191) of the unpatented claims and the three patented claims lie within Bristol Township and the remaining 73 are in Ogden Township. Claims are subject to a 2% or 3% NSR.

(b) Kidd Township, Ontario

The Kidd Township property covers an area of approximately 2,934 hectares which is located 1.5 kilometre south east of the Kidd Creek open pit and approximately 20 km north of the city of Timmins, Ontario. The property comprises 32 claims and four patented claims (158 units) located in the Kidd, Carnergie, Wark, Prosser and Murphy Townships, Mining Division of Porcupine, in Ontario. The property is subject to 1% and 2% NSR.

8. EXPLORATION AND EVALUATION PROPERTIES (continued)

(c) Chester, New Brunswick
The Chester property covers an area of approximately 2,508 hectares which is located 70 km southwest of Bathurst and 50 km of Miramichi in the Northumberland County, New Brunswick. The property comprises 114 contiguous claims and is subject to 1% and 2% NSR.

The Company has an option agreement dated January 17, 2019 with Puma Exploration Inc. ("Puma") to grant sole and exclusive right and option to 100% of the property over a three-year period, for the following considerations:

(i) An aggregate payment of $300,000 in cash, payable $100,000 per year; and
(ii) Puma shall complete a work program of $1,100,000 on the property, with a minimum of $250,000 during the first year of the option agreement, $350,000 the second year and $500,000 on the third year.

During the three months ended February 29, 2020, the Company received $100,000, representing the first payment pursuant to the option agreement with Puma.

Upon the completion of these conditions over a period of three years, Puma will have acquired a 100% interest in the Property and the Company will retain a 2% NSR on the property. Puma has an option to redeem 1% of NSR for $1,000,000.

(c) Other properties
In 2007, the Company purchased the property rights for the properties listed below from Falconbridge Limited ("Xtrata") subject to a 2% net smelter return royalty. In addition, Xstrata has a one-time right to repurchase a 50% working interest in any one of the properties if certain conditions are met. Xstrata also has the right to purchase 100% of the ore produced at market prices.

(i) William Lake Property, Manitoba, Canada
The William Lake property is located in central Manitoba. An extensive exploration program was conducted on this nickel and platinum group element (PGE) property during 2008. A re-assay program was completed in 2012 and preliminary target modelling was completed in 2013. The William Lake Property was written down to $1 in 2015 as no substantive exploration expenditures are planned or budgeted for. The costs to maintain the claims on this property are minimal as the Company has banked work credits that will be used at renewal.

(ii) Manibridge Property, Manitoba, Canada
This nickel property is located in the Thompson Nickel Belt in Manitoba. On April 1, 2019, the Company sold its interest in the Manibridge Property to CanAlaska Uranium Ltd. ("CanAlaska") for $25,000 in cash, 300,000 CanAlaska shares and 100,000 CanAlaska warrants, each exercisable into one CanAlaska share at a purchase price of $0.28 per share for a period of two years from the closing date. In connection with the sale, the Company recognized a gain on sale of exploration and evaluation property of $116,779.

(iii) HPM Property, Quebec, Canada
The HPM Property is located in Quebec. The property was owned 50% by the Company and 50% by Murchison Minerals Ltd. On March 5, 2019, the Company sold its interest in the HPM property to Murchison Minerals Ltd. ("Murchison") for $50,000 in cash and 500,000 common shares of Murchison. In connection with the sale, the Company recognized a gain on sale of exploration and evaluation property of $96,684.

(Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION PROPERTIES (continued)

(d) Neal, Idaho, USA

Neal project is located 27 kilometers southeast of Boise, Idaho and has access via 20 kilometers of improved gravel and dirt roads from Interstate-84. The project consists of five private patented mining claims covering approximately 22.4 hectares (55.38 acres) and another seven unpatented lode claims covering about 52.6 hectares (130 acres) located on U.S. Forest Service administered public lands.

On May 13, 2019, the Company issued 10,221,732 common shares valued at $204,235 to acquire 102 units, representing 70% of ownership and controlling interest, in the Neal LP ("Neal LP") and the right to enter into a lease agreement with the landowner of five patented claims known as Neal Property ("Neal Lease"). In addition, the Company assumed liabilities totalling $60,000 which has been included in the initial consideration capitalized to the exploration & evaluation asset, bringing the total to $264,235.

On May 15, 2019, the Company entered into the Neal Lease for a period of five years which may be extended for 1-year terms thereafter. Annual lease payment consists of a $3 per dry ton for all material it removes from the property and a 3% net smelter return royalty, with a minimum annual payment of US$10,000. Pursuant to the Neal LP agreement, the Company is fully responsible for all expenditures related to the exploration, development and operation of the Neal property. Upon achievement of production, the unit holders have rights to the net profits or losses relative to their ownership percentage. Since the Neal property is currently not in production no amounts have been attributed to the unit holders who represent the non-controlling interest in Neal LP.

The Company was required to purchase a reclamation bond of $117,505 (US$87,500) (November 30, 2019 - $116,278) in respect of its expected site reclamation and closure obligations of the Neal Property as required by the State of Idaho's Department of Lands. The reclamation bond represents collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company, which will be released once the property is restored to satisfactory condition, or as released under the surety bond agreement.

9. ROYALTY INTEREST

Milford Copper Property

The Company holds a 1% net smelter royalty (the "Royalty") on the Milford Copper Property located in Utah. The Milford Copper Property was previously owned by CS Mining LLC ("CS Mining") and is now owned by Tamra Mining Company, LLC ("Tamra") as of August 29, 2018. The royalty is shared with another party on a pro-rata basis, with the Company's royalty capped at US$5,000,000 ($6,714,500) and the other party's royalty capped at US$3,000,000 ($4,028,700).

Since late 2018, the operation, including the processing of ore, at the Milford Copper Property has been suspended pending new financing partners. Given the uncertainty of future operations and collection of the royalty payments, the royalty had been written down to $1. As at February 29, 2020, the Company has received a total of $813,725 (US$609,631) (November 30, 2019 - $813,725) in royalty payments, and the maximum royalty remaining balance was US$4,390,369 (November 30, 2019 – US$4,390,369) or $5,895,827 (November 30, 2019 - $5,943,427).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		February 29, 2020		November 30, 2019
Accounts payable	$	330,269	$	80,516
Other accrued liabilities		1,812,356		637,645
Total	$	2,142,625	$	718,161

(Expressed in Canadian dollars)

11. CONVERTIBLE DEBENTURES

	September 2019 Note 11 (i)	October 2019 Note 11 (ii)	December 2019 Note 11 (iii)(a)	December 2019 Note 11 (iv)(b)	Total
Balance, November 30, 2018	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**
Issue of convertible debentures	2,797,229	295,711	–	–	3,092,940
Equity component of convertible debentures	(638,557)	(45,826)	–	–	(684,383)
Accretion	136,431	7,061	–	–	143,492
Balance, November 30, 2019	**2,295,103**	**256,946**	–	–	**2,552,049**
Convertible debentures on acquisition of Explor (Note 3)	–	–	883,807	1,209,368	2,093,175
Conversion	(2,279,016)	–	–	–	(2,279,016)
Accretion and interest paid	(16,087)	17,167	25,410	53,288	79,778
Balance, February 29, 2020	–	**274,113**	**909,217**	**1,262,656**	**2,445,986**
Less: Current portion	–	**274,113**	**909,217**	**1,262,656**	**2,445,986**
	$ –	$ –	$ –	$ –	$ –

(i) On September 5, 2019, the Company issued a convertible debenture (the "Debenture") for gross proceeds of $3,000,000 to 2176423 Ontario Ltd., a corporation that is beneficially owned by Eric Sprott. The Debenture has a term of two years, bears interest at a rate of 8% per annum and is convertible into common shares at a price of $0.05 per share for the first 12 months, and $0.10 per share thereafter until maturity.

The convertible debenture is comprised of a liability component and a conversion feature. As the debentures are convertible into common shares, the liability and equity components are presented separately. The initial carrying amount of the financial liability was determined by discounting the stream of future payments of interest and principal at a market interest rate. Using the residual method, the carrying amount of the conversion feature is the difference between the principal amount and the initial carrying value of the financial liability. The equity component is recorded in reserves on the statement of financial position. The debentures, net of the equity component and issue costs are accreted using the effective interest method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity. The transaction costs are apportioned to the liability and conversion feature in proportion to the allocation of proceeds.

The estimated fair value of the convertible debenture was calculated as $2,797,229 using a discount rate of 22.85%, with $2,158,672 being allocated to the debt component and $638,557 being allocated to the conversion feature. The Company issued 1,800,000 shares valued at $90,000 and paid $112,770 of transaction costs related to the Debenture. The transaction costs of $202,770 have been allocated proportionately to the liability and equity components. The effective interest rate of the convertible debenture was estimated to be 26.82%, and an accretion expense of $66,090 (February 28, 2019 - $Nil) related to the debenture has been recognized in the condensed interim consolidated statements of loss and comprehensive loss for the three months ended February 29, 2020.

On January 17, 2020, Eric Sprott, the convertible debenture holder, converted a total of $3,000,000 principal amount of convertible debenture at $0.05 resulting in the issuance of 60,000,000 shares.

(ii) On October 24, 2019, the Company issued 300 units convertible debenture (the "Debenture Units") at a price of $1,000 per Debenture Unit for gross proceeds of $300,000. The Debenture has a term of one year, bears interest at a rate of 8% per annum and is convertible into common shares at a price of $0.05 per share. The estimated fair value of the convertible debenture was calculated at $297,710 using a discount rate of 26.66% with $249,884 being allocated to the debt component and $45,826 being allocated to the conversion feature. The Company paid $4,290 of transaction costs related to the Debenture Units. The transaction costs of $4,290 have been allocated proportionately to the liability and equity components. The effective interest rate of the convertible debenture was estimated to be 27.88%, and accretion expense of

(Expressed in Canadian dollars)

11. CONVERTIBLE DEBENTURES (continued)

$17,167 (February 28, 2019 - $Nil) related to the debenture has been recognized in the condensed interim consolidated statements of loss and comprehensive loss for the three months ended February 29, 2020.

(iii) Upon completion of acquisition of Explor (Note 3) on December 23, 2019, the Company assumed two secured convertible debentures as follows:

(a) Secured convertible debentures with the principal amount of $1,300,000. The debenture expires on November 28, 2020, bears interest at a rate of 8% per annum and is convertible into the Company's common shares at a price of $0.10 per share.

The estimated fair value of the convertible debenture assumed was $1,209,368 using a discount rate of 27%. The effective interest rate of the convertible debenture was estimated to be 24.37%, and accretion expense of $53,288 (February 28, 2019 - $Nil) related to the debenture has been recognized in the condensed interim consolidated statements of loss and comprehensive loss for the three months ended February 29, 2020.

(b) Secured convertible debentures with the principal amount of $945,212. The debenture expires on July 3, 2020, bears interest at a rate of 8% per annum and is convertible into the Company's common shares at a price of $0.10 per share.

The estimated fair value of the convertible debenture assumed was $1,209,368 using a discount rate of 27%. The effective interest rate of the convertible debenture was estimated to be 15.90%, and accretion expense of $25,410 (February 28, 2019 - $Nil) related to the debenture has been recognized in the condensed interim consolidated statements of loss and comprehensive loss for the three months ended February 29, 2020.

Subsequent to February 29, 2020, the Company reached settlement agreements with both secured convertible debentures holders for early retirement of the convertible debentures (Note 21 (c)).

12. SHARE CAPITAL

Share capital consists of unlimited authorized common shares without par value.

	Number of shares		Amount
Balance November 30, 2018	**68,144,874**	**$**	**53,541,113**
Issued for Neal property (i)	10,221,732		204,235
Shares for debt settlements (ii)	1,493,400		74,670
Issued on convertible debentures (Note 10 (i))	1,800,000		90,000
Issued on private placements, net (iii)	4,833,333		163,296
Balance November 30, 2019	**86,493,339**	**$**	**54,073,314**
Issued on acquisition of Explor (Note 3) (iv)	95,198,612		5,235,924
Issued on flow-through private placement, net (v)	12,500,000		549,055
Issued on conversion of debenture (vi)	60,000,000		2,279,016
Share issued for accrued interest on debenture settlement (vi)	1,027,218		82,177
Shares issued for debt settlement (vii)	1,000,000		70,000
Balance, February 29, 2020	**256,219,169**	**$**	**62,289,486**

(i) Pursuant to the agreement to acquire 102 units of the Neal LP (Note 8 (a)), the Company issued 10,221,732 common shares valued at $204,235, based on the share price of the date of issuance, to 2176423 Ontario Ltd., a company controlled by Eric Sprott.

12. SHARE CAPITAL (continued)

(ii) On July 9, 2019, the Company settled an aggregate amount of $74,670 for services and expenses rendered to the Company through the issuance of 1,493,400 common shares at a share price of $0.05 per share.

(iii) On June 17, 2019, the Company completed the first tranche of a non-brokered private placement for 2,333,333 Units at a price of $0.05 per Unit for gross proceeds of $116,667. The second and final tranche of the non-brokered private placement for an additional 500,000 Units for gross proceeds of $25,000 was completed on July 22, 2019 and subscribed by a director of the Company.

Each Unit consists of one common share and one-half of one common share purchase warrant, each warrant entitling the holder to purchase one additional common share at an exercise price of $0.12 for a period of two years after closing. The proceeds of the placement have been allocated as $92,107 to share capital, and $49,560 to the warrant reserve (Note 13). The Company paid $1,278 of issuance costs for these transactions.

On September 24, 2019, the Company completed a non-brokered private placement of 2,000,000 Units at a price of $0.05 per Unit for gross proceeds of $100,000. Each Unit consists of one common share and one-half of one common share purchase warrant, each warrant entitling the holder to purchase one additional common share at an exercise price of $0.12 for a period of two years after closing. The proceeds of the private placement have been allocated as $71,199 to share capital, and $28,801 to the warrant reserve. The Company's CEO and director participated in the private placement for a total of 2,000,000 units. The Company paid $2,250 of issuance costs for this transaction.

(iv) On December 23, 2019, the Company completed the acquisition of Explor (Note 3). As part of the consideration for the acquisition, the Company issued 0.5 common shares for each common share of former Explor's shareholders held, resulting in issuance of 95,198,612 common shares of the Company.

(v) On December 30, 2019, the Company closed a private placement 12,500,000 flow-through units at a price of $0.08 per unit for gross proceeds of $1,000,000 ("Private Placement"). Each unit consists of one flow-through common share and one-half of one common share purchase warrant, each warrant entitling the holder to purchase one additional common share at an exercise price of $0.12 for a period of two years after closing. The proceeds of the placement have been allocated as $694,586 to share capital, and $305,414 to the warrant reserve (Note 13). The Company paid a total of $71,340 of issuance costs and issued 875,000 compensating warrants, exercisable into one common share at a price of $0.08 for a period of 2 years.

The Company recognized a flow-through premium of $90,909 as other liability. A pro-rata reduction of other liability will be recognized as flow-through income as the required expenditures are incurred.

(vi) On January 9, 2020, Eric Sprott, through 2176423 Ontario Ltd., a corporation that is beneficially owned by him, converted the Debenture (Note 11), in the principal amount of $3,000,000, into 60,000,000 common shares. Additionally, the Company closed a debt settlement agreement to settle the interest due on the Debenture of $82,177 by issuance of 1,027,218 common shares at a price of $0.08 per share on January 22, 2020.

(vii) On February 25, 2020, the Company settled an aggregate amount of $70,000 for interest owed on a convertible debenture assumed through the amalgamation with Explor (Note 3). The debt was settled by the issuance of 1,000,000 common shares at a price of $0.07 per share.

(Expressed in Canadian dollars)

13. RESERVES

Reserves include (i) the accumulated fair value of stock options recognized as share-based compensation, and (ii) the fair value of warrants issued in private placements and for share issue costs. Reserves are increased by the fair value of these items as they vest and are reduced by corresponding amounts when the options or warrants expire or are exercised or cancelled.

SHARE-BASED COMPENSATION

The Company has a common share fixed option plan for designated directors, officers, employees and consultants. Pursuant to the plan, option awards are recommended by the Compensation Committee of the Board and then reviewed by the Board of Directors. Under the fixed plan, options on common shares may be issued for up to a cumulative amount that may not exceed 10% of shares outstanding at the time the plan was approved. As at February 29, 2020, the Company had 14,259,417 options reserved on common shares.

The exercise price for each option granted under the plan is based upon the five-day weighted average market price at the date of the grant but shall not be lower than the discounted market price, as defined by the TSX Venture Exchange Corporate Finance Manual. The term may not exceed ten years from the date of the grant of the option. The specific terms including vesting year and term of the option are set by the board of directors.

Stock option activity is presented below:

	Number of options	Weighted average exercise price $
Outstanding, November 30, 2018	–	–
Issued	4,600,000	0.05
Outstanding, November 30, 2019	**4,600,000**	**0.05**
Issued on acquisition of Explor (Note 3)	6,762,500	0.16
Outstanding, February 29, 2020	**11,362,500**	**0.05**

On March 29, 2019, the Company granted an aggregate of 4,600,000 stock options to certain management, directors, consultants and employees. The options have an exercise price of $0.05, a term of five years and vest immediately.

In connection with the acquisition of Explor (Note 3), as part of the consideration for the acquisition, the Company issued replacement options with the same remaining term, adjusting the number of options and exercise price equal to Exchange Ratio. On December 23, 2019, a total of 6,762,500 of options were issued to the former Explor option holders with exercise price ranges from $0.10 to $0.30.

The fair value of the options granted or issued was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions:

	Three months ended February 29, 2020	Year ended November 30, 2019
Volatility	139-255%	277%
Expected life	0.38-3.74 years	5 years
Risk-free interest rate	1.66-1.69%	1.52%
Expected dividend yield	0%	0%

(Expressed in Canadian dollars)

13. RESERVES (continued)

The following stock options are outstanding and exercisable at February 29, 2020:

Options outstanding				Options exercisable		
Exercise price $	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price $	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price $
0.05	4,600,000	4.08	0.05	4,600,000	4.08	0.05
0.15	462,500	0.20	0.15	462,500	0.20	0.15
0.30	1,300,000	1.04	0.30	1,300,000	1.04	0.30
0.16	2,350,000	2.48	0.16	2,350,000	2.48	0.16
0.10	2,650,000	3.55	0.10	2,650,000	3.55	0.10
	11,362,500	**3.12**	**0.12**	**11,362,500**	**3.12**	**0.12**

WARRANTS
Warrants activity is presented below:

	Number of Warrants	Weighted average exercise price $
Outstanding, November 30, 2018	–	–
Issued on private placements (Note 12 (iii))	2,416,667	0.12
Outstanding, November 30, 2018	**2,416,667**	**0.12**
Issued on acquisition of Explor (Note 3)	12,387,906	0.20
Issued on private placement (Note 12 (v))	7,125,000	0.12
Expired warrants	(840,477)	0.17
Outstanding, February 29, 2020	**21,089,096**	**0.16**

In connection with the acquisition of Explor (Note 3), as part of the consideration for the acquisition, the Company issued replacement options with the same remaining term, adjusting the number of warrants and exercise price equal to Exchange Ratio. On December 23, 2019, a total of 12,387,906 of warrants were issued to the former Explor warrant holders with exercise price ranges from $0.12 to $0.20.

The fair values of the warrants were calculated using the Black-Scholes option pricing model with the following assumptions:

	Three months ended February 29, 2020	Year ended November 30, 2019
Volatility	141-263%	253-348%
Expected life	0.01-.93 years	2 years
Risk-free interest rate	1.67-1.76%	1.40-1.52%
Expected dividend yield	0%	0%

(Expressed in Canadian dollars)

13. RESERVES (continued)

The following warrants are outstanding and exercisable at February 29, 2020:

Warrants outstanding			
Exercise price $	Number of Warrants	Weighted average remaining contractual life in years	Weighted average exercise price $
0.12	2,416,667	1.30	0.12
0.20	321,429	0.04	0.20
0.20	4,726,000	0.34	0.20
0.20	6,500,000	0.75	0.20
0.12	6,250,000	2.84	0.12
0.08	875,000	1.84	0.08
	21,089,096	**1.37**	**0.16**

14. ADMINISTRATION AND GENERAL EXPENSES

Included in administration and general expenses are the following:

	February 29, 2020	February 28, 2019
Accounting, audit and legal fees	$ 32,835	$ 13,081
Consulting	680,094	188,584
Depreciation	2,010	159
Directors' fees	-	12,563
Investor relations	12,528	806
Occupancy costs	5,490	459
Office and miscellaneous	25,219	1,723
Permit and taxes	4,822	-
Promotion and advertising	57,534	3,876
Regulatory, filing and transfer agent fees	44,089	8,052
Salaries and benefits	136,801	24,770
Travel	31,131	4,795
Total	$ 1,032,553	$ 258,868

15. LOSS PER SHARE

The weighted average number of shares outstanding used in the computation of loss per share for the three months ended February 29, 2020 was 190,297,171 (February 28, 2019 – 68,144,874).

For the three months ended	February 29, 2020	February 28, 2019
Loss attributable to common shareholders	$ (1,190,203)	$ (258,282)
Weighted average number of common shares outstanding	190,297,171	68,144,874
Loss per share basic and diluted	**$ (0.01)**	**$ (0.00)**

An amount of 11,362,500 options and 21,089,096 warrants (Note 13) were excluded from the computation of diluted weighted average shares outstanding for the three months ended February 29, 2020 (nil and nil respectively, for the three months ended February 28, 2019), as their effect would be anti-dilutive.

(Expressed in Canadian dollars)

16. RELATED PARTY TRANSACTIONS

(a) Compensation awarded to key management personnel

Key management personnel include the Company's directors, chief executive officer and chief financial officer. Compensation expenses for key management personnel include:

For the three months ended	February 29, 2020	February 28, 2019
Salaries, consulting and other short-term benefits	677,849	188,260
Directors' fees	–	12,563
	677,849	66,938

Included in the accounts payable and accrued liabilities as of February 29, 2020 was $607,106 (November 30, 2019 - $50,236) due to officers of the Company and $489,415 (February 28, 2019- $489,254) due to the Company's former President and CEO.

(b) Transactions with related parties

On May 26, 2018, a transition agreement was agreed to which governed the services provided by, and the transition of the Company's former CEO and President. On January 11, 2019, the transition agreement was not renewed, and the Company's former President and CEO ceased performing his services for the Company. As of February 29, 2020, a total of $489,415 (November 30, 2019 - $489,254) due to the Company's former President and CEO has been included in accounts payable and accrued liabilities.

On January 11, 2019, the Company appointed a new President and CEO, R. David Russell ("D. Russell"). The consulting agreement with D. Russell contains clauses requiring additional payments of up to US$728,000 be made upon termination of contract.

17. SEGMENTED INFORMATION

The Company operates in one segment being the acquisition, exploration and development of exploration and evaluation properties. The Company has exploration and evaluation properties located in two geographical areas, Canada and the United States of America.

As at February 29, 2020	Canada	United States	Total
Current assets	$ 2,267,728	$ 39,463	$ 2,307,191
Equipment	82,887	62,856	145,743
Royalty interest	–	1	1
Exploration and evaluation properties	10,268,151	637,523	10,905,674
Reclamation bond	–	117,505	117,505
	$ 12,618,766	$ 857,348	$ 13,476,114
Current liabilities	$ 5,302,884	$ 673,197	$ 5,976,081

(Expressed in Canadian dollars)

17. SEGMENTED INFORMATION (continued)

As at November 30, 2019	Canada	United States	Total
Current assets	$ 2,058,580	$ 59,022	$ 2,117,602
Equipment	63,683	–	63,683
Royalty interest	–	1	1
Exploration and evaluation properties	1	587,010	527,010
Reclamation bond	–	116,278	116,278
	$ 2,122,264	$ 762,311	$ 2,884,575
Current liabilities	$ 1,031,866	$ 140,829	$ 1,172,695
Long-term liabilities	2,097,515	–	2,097,515
	$ 3,129,381	$ 140,829	$ 3,270,210

18. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and liabilities in the statements of financial position are as follows:

February 29, 2020	Financial assets at fair value through profit of loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	$ –	$ 2,118,018	$ –
Taxes receivable	–	49,355	–
Marketable securities	98,840	–	–
Reclamation bond	–	117,505	–
Accounts payable and accrued liabilities	–	–	2,142,625
Accrued penalties and Part XII.6 taxes	–	–	1,296,561
Liability component of convertible debentures	–	–	2,445,986

November 30, 2019	Financial assets at fair value through profit of loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Cash and cash equivalents	$ –	$ 1,601,290	$ –
Taxes receivable	–	14,187	–
Marketable securities	423,965	–	–
Reclamation bond	–	116,278	–
Accounts payable and accrued liabilities	–	–	718,161
Liability component of convertible debentures	–	–	2,552,049

18. FINANCIAL INSTRUMENTS (continued)

(b) Fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between arm's length market participants at the measurement date.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company designated its marketable securities as fair value through profit and loss, which is measured at fair value and classified as level 1, except for marketable securities – warrants, which is classified as level 3. The carrying value of the marketable securities - warrants is determined using the Black-Scholes option pricing model.

(c) Credit risk

The Company has no trade accounts. The exposure credit risk for cash and cash equivalents is considered immaterial. The Company maintains all of its cash and cash equivalents invested in demand deposits and short-term instruments at major Canadian and United states of America financial institution. Most of these amounts are not insured but depend upon the general creditworthiness of the institution. The Company believes that exposure to credit risk is low.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at February 29, 2020, the Company had cash and cash equivalents of $2,118,081 (November 30, 2019 - $1,601,290) to settle current liabilities of $5,976,081(November 30, 2019 - $1,172,695).

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's debentures have fixed interest rates and accrued penalties bear interest at the rate prescribed by CRA, which is revised quarterly. As at February 29, 2020, the Company had no hedging agreements in place with respect to floating interest rates.

(f) Currency risk

As the Company operates in the United States, some of the Company's assets, liabilities, and transactions are denominated in United States funds. Fluctuation in the exchange rates between the United States dollar and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations.

At February 29, 2020, the Company had net monetary assets denominated in United States funds of approximately $234,000 (US$176,000). Based upon the balance as at February 29, 2020, an increase of 15% in the U.S. to Canadian dollar exchange would result in a decrease in the net loss and comprehensive loss of $69,700, and a reduction of 15% would result in an increase in the net loss and comprehensive loss of $69,700. Management believes that it is not likely, but it is possible that the exchange rate could fluctuate by more than 15% within the next 12 months.

19. CAPITAL MANAGEMENT

The Company considers all of the components of shareholders' equity to be capital, the balance of which is $7,500,033 (November 30, 2019 – shareholders' deficit of $385,635). The Company's objectives in managing capital are to safeguard its ability to operate as a going concern and to generate a superior return to shareholders. As at February 29, 2020, the Company has debt obligations, net of cash, totalling $3,858,000 (November 30, 2019- $428,595). The Company expects to finance exploration activity through joint ventures, sales of property interests, entering into debt financing and by raising additional share capital when market conditions are suitable. The Company and its subsidiaries are not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

20. COMMITMENTS AND CONTINGENT LIABILITIES

Flow-through obligations

On December 23, 2019, the Company completed the acquisition of Explor (Note 3). As a result of the acquisition, the Company is exposed to lawsuit and assumed certain liabilities and contingent liabilities. From the audits conducted by Canada Revenue Agency ("CRA"), CRA has proposed adjustments to previously renounced Canadian Exploration Expenses ("CEE") and assessed cumulative shortfall of CEE spending obligations of $3,800,000 and $2,300,000 on flow-through financings closed in 2011–2013 calendar years and 2016–2017 calendar years, respectively. CRA issued Notices of Reassessment and imposed penalties and Part XII.6 tax for a combined total amount of approximately $1,900,000, of which approximately $764,000 has been paid to CRA. The Company disputed the reassessments and filed Notices of Objection with CRA. As at February 29, 2020, the Company has not received formal responses from CRA on the Notices of Objections filed and has estimated a total of $1,296,561 due to CRA and Province of Québec, which includes a provision for penalties and Part XII.6 taxes of approximately $349,000.

A claim for damages was filed with the Superior Court of Québec in March 2018 against Explor and its former officers and directors for an amount of approximately $631,000 related to non-compliance with flow-through share financing closed in March 2012 ("March 2012 financing"). The Company has received legal and tax advise that it should be entitled to CEE previously renounced related to March 2012 financing and as such, no liability has been recorded in the condensed interim consolidated financial statements.

As at February 29, 2020, the Company has $1,000,000 of flow-through funds to be spent by December 31, 2020 from financing completed in December 2019 (Note 12(v)).

First Nations Agreements

The Company has Memorandum of Understanding ("MOU") with various parties pertaining to exploration of certain properties as follows:

(i) MOU with the Flying Post First Nation and Mattagami First Nation pursuant to which the Company will pay 2% of all direct exploration costs incurred on the West Cache Gold property; and

(ii) MOU with the First Nations Matachewan and Mattagami pursuant to which the Company will pay 2% of all direct exploration costs incurred on the Kidd Township property.

21. SUBSEQUENT EVENTS

(a) On March 31, 2020, the Company granted a total of 10,850,000 options to employees, consultants and directors of the Company. The options are exercisable at a price of $0.05 per common shares, for a period of 5 years from issuance and vested immediately.

(b) On May 25, 2020, the Company closed a first tranche of non-brokered private placement for aggregate gross proceeds of $3,196,440 of (i) 32,640,100 units of the Company (the "Units") at a price of $0.05 per Unit and (ii) 28,444,277 flow-through units (the "FT Units") at a price of $0.055 per FT Unit.

21. SUBSEQUENT EVENTS (continued)

On June 11, 2020, the Company closed a second and final tranche of non-brokered private placement for aggregate gross proceeds of $1,328,060 of (i) 5,600,000 Units at a price of $0.05 per Unit and (ii) 19,055,636 FT Units at a price of $0.055 per FT Unit.

Each Unit and FT Units consists of one common share of the Company and one-half of one common share purchase warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.075 for a period of 24 months following the closing of the Offering.

In connection to the private placement, the Company issued to the finder's warrants equal to 7% of the Units and FT Units sold on certain orders. Each Finder's Warrant is exercisable to purchase one common Share at a price of $0.05 for a period of 24 months from the issue date.

Certain insiders, directors and officers of the Company subscribed for an aggregate of 8,840,000 Units and 510,195 FT Units under the private placement.

(a) On June 1, 2020, the Company reached agreement with debenture holders for early retirement of 8% convertible debentures with the outstanding principal amount of $1,300,000 and $945,212 due November 28, 2020 and July 3, 2020, respectively (Note 11(iii)(a) and 11(iii)(b)).

Under terms of the agreement, the Company will settle the outstanding principal and accrued interest plus interest payable to maturity of $2,555,453 (the "Outstanding Indebtedness") through issuance of 42,590,884 units of the Company (the "Settlement Units"), with each Settlement Unit being comprised of one common share of the Company and three quarters (3/4) of one common share purchase warrant ("Settlement Warrant"). Each Settlement Warrant is exercisable at a price of $0.075 per common share and expired 30 months from the closing date. In connection with the settlement, the Company will pay a work fee of $60,000, to be settled through the issuance of 1,000,000 common shares at a deemed price of $0.06 per share.

(b) On June 3, 2020, the Company announced that it has signed an agreement with a minority interest owner to acquire an additional interest of Neal LP. Pursuant to the terms of the agreement, the Company will issue 500,000 common shares to the minority interest owner.

The Company also announced that it has settled an aggregate of $580,000 owing for services and expenses rendered to the Company. The debt settlement will be settled by the issuance of 9,666,667 common shares at a deemed price of $0.06 share.

(c) In March 2020, the World Health Organization declared a global pandemic caused by the outbreak of the novel coronavirus, specifically identified as “COVID-19”. The outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of virus. These measures, which include the implementation of travel bands, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results of the Company in the future.