POWER METALS CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

May 31, 2018

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 interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim 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 a review of these financial statements in accordance with standards established by the Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	May 31, 2018	November 30, 2017
ASSETS		
Current assets		
Cash	$ 1,218,616	$ 33,668
Receivables	161,631	106,928
Prepaid expenses (Note 10)	20,917	-
Total current assets	1,401,164	140,596
Non-current assets		
Advances	123,900	50,000
Exploration and evaluation assets (Note 4)	6,614,645	7,121,762
Furniture and equipment (Note 5)	12,968	14,409
Total non-current assets	6,751,513	7,186,171
Total assets	$ 8,152,677	$ 7,326,767
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 6 and 10)	$ 695,634	$ 875,183
Loans payable (Note 7)	83,296	716,447
Total current liabilities	778,930	1,591,630
Equity		
Share capital (Note 8)	32,891,462	28,823,953
Shares to be issued (Note 7)	30,000	30,000
Share subscription receivable	(7,050)	(7,050)
Reserves (Note 8)	4,520,677	1,439,287
Deficit	(30,061,342)	(24,551,053)
Total equity	7,373,747	5,735,137
Total liabilities and equity	$ 8,152,677	$ 7,326,767

Nature, continuance of operations, and going concern (Note 1)
Subsequent event (Note 15)

Approved and authorized on July 30, 2018 on behalf of the Board:

"Johnathan More", Director — Johnathan More

"Brent Butler", Director — Brent Butler

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	For the three months ended May 31, 2018	2017	For the six months ended May 31, 2018	2017
EXPENSES				
Consulting	$ 49,550	$ 35,384	$ 200,144	$ 35,384
Depreciation (Note 5)	720	901	1,441	1,801
Filing fees	19,672	18,356	47,693	27,320
Gain on settlement of accounts payable	-	-	(38,080)	-
Interest and financing expenses (Note 7)	8,137	18,148	24,186	35,901
Investor relations	153,037	10,509	188,486	45,752
Management fees (Note 10)	70,795	-	132,239	-
Marketing, promotion and communication	1,031,446	334,458	1,556,409	522,862
Office and miscellaneous	67,042	24,452	85,798	51,653
Other income (Note 11)	(8,417)	(12,096)	(32,143)	(26,126)
Professional fees (Note 10)	37,601	45,259	104,392	55,259
Realized loss on marketable securities (Note 4)	208,045	-	208,045	-
Share-based compensation (Note 8 and 10)	589,109	100,783	2,903,894	920,828
Travel	67,446	33,780	127,785	33,780
Write-off of exploration and evaluation assets (Note 4)	-	48,041	-	82,812
Loss and comprehensive loss for the period	$ (2,294,183)	$ (657,975)	$ (5,510,289)	$ (1,787,226)
Basic and diluted loss per common share	$ (0.02)	$ (0.01)	$ (0.06)	$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	96,741,869	69,981,362	94,443,873	64,042,618

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
FOR THE SIX MONTHS ENDED MAY 31,

	2018	2017
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the period	$ (5,510,289)	$ (1,787,226)
Items not affecting cash:		
Depreciation (Note 5)	1,441	1,801
Accrued financing expenses and bonus shares (Note 7)	24,186	35,901
Other income (Note 11)	(32,143)	(26,126)
Share-based compensation	2,903,894	920,828
Gain on settlement of accounts payable	(38,080)	-
Write-off of exploration and evaluation assets	-	82,812
Realized loss on marketable securities	208,045	-
Changes in non-cash working capital items:		
Increase in receivables	(54,703)	(15,704)
Increase in prepaid expenses	(20,917)	-
Increase in accounts payable and accrued liabilities	(141,469)	102,082
Net cash used in operating activities	(2,660,035)	(685,632)
CASH FLOW FROM INVESTING ACTIVITIES		
Exploration and evaluation advances	(110,000)	-
Exploration and evaluation acquisition	(35,000)	(323,500)
Exploration and evaluation expenditures	(653,168)	(254,633)
Net cash used in investing activities	(798,168)	(578,133)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issuance	4,200,000	685,000
Share issuance costs	(363,400)	(18,172)
Options exercised	-	292,300
Warrants exercised	351,933	731,492
Loan repayment	(657,337)	-
Proceeds from sales of marketable securities	1,111,955	-
Net cash provided by financing activities	4,643,151	1,690,620
Change in cash for the period	1,184,948	426,855
Cash, beginning of period	33,668	7,621
Cash, end of period	$ 1,218,616	$ 434,476

Supplementary cash flow information (Note 14)

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

POWER METALS CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Share Capital							
	Common Shares	Amount	Shares to be issued	Subscriptions received in advance	Share subscription receivable	Reserves	Deficit	Total Equity
Balance, November 30, 2016	47,385,196	$ 18,990,208	$ 30,000	$ 210,000	$ (7,050)	$ 749,698	$ (19,589,263)	$ 383,593
Shares issued in private placement	13,333,333	1,000,000	-	(210,000)	-	-	-	790,000
Shares issued as finder's fee for private placement	96,827	7,262	-	-	-	-	-	7,262
Share issuance costs on private placement	-	(50,825)	-	-	-	25,391	-	(25,434)
Shares issued for acquisition of exploration and evaluation assets (Note 4)	10,150,000	3,290,000	-	-	-	-	-	3,290,000
Shares issued for warrants exercised	4,623,834	756,992	-	-	-	-	-	756,992
Shares issued for options exercised	1,160,000	266,800	-	-	-	-	-	266,800
Fair value of shares issued on warrants exercised	-	11,493	-	-	-	(11,493)	-	-
Fair value of shares issued on options exercised	-	235,452	-	-	-	(235,452)	-	-
Share-based compensation	-	-	-	-	-	920,828	-	920,828
Loss and comprehensive loss for the period	-	-	-	-	-	-	(1,787,226)	(1,787,226)
Balance, May 31, 2017	76,749,190	$ 24,507,382	$ 30,000	$ -	$ (7,050)	$ 1,448,972	$ (21,376,489)	$ 4,602,815
Balance, November 30, 2017	87,266,498	$ 28,823,953	$ 30,000	$ -	$ (7,050)	$ 1,439,287	$ (24,551,053)	$ 5,735,137
Shares issued in private placement	7,971,428	4,200,000	-	-	-	-	-	4,200,000
Share issuance costs	-	(363,400)	-	-	-	-	-	(363,400)
Share issuance costs – brokers' warrants	-	(189,914)	-	-	-	189,914	-	-
Shares issued for acquisition of exploration and evaluation assets (Note 4)	138,461	88,615	-	-	-	-	-	88,615
Flow-through share premium	-	(32,143)	-	-	-	-	-	(32,143)
Shares issued for warrants exercised	2,346,223	351,933	-	-	-	-	-	351,933
Fair value of shares issued on warrants exercised	-	12,418	-	-	-	(12,418)	-	-
Share-based compensation	-	-	-	-	-	2,903,894	-	2,903,894
Loss and comprehensive loss for the period	-	-	-	-	-	-	(5,510,289)	(5,510,289)
Balance, May 31, 2018	97,722,610	$ 32,891,462	$ 30,000	$ -	$ (7,050)	$ 4,520,677	$ (30,061,342)	$ 7,373,747

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

1. NATURE, CONTINUANCE OF OPERATIONS AND GOING CONCERN

Power Metals Corp. ("Power Metals" or "the Company") is incorporated under the British Columbia Business Corporations Act and its common shares are listed on the TSX Venture Exchange ("the Exchange") under the symbol "PWM". The principal business of the Company is the acquisition, exploration and evaluation of resource properties.

The Company's registered address, head office, principal address and records office is Suite 545-999 Canada Place, Vancouver, British Columbia, Canada, V6C 3E1.

The Company is considered to be in the exploration stage with respect to its interests in exploration and evaluation assets. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development and upon future profitable production.

These condensed interim financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. As at May 31, 2018, the Company had an accumulated deficit of $30,061,342 (November 30, 2017 - $24,551,053) and has incurred losses since inception. These material uncertainties may raise substantial doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company's commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

2. BASIS OF PRESENTATION

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the IFRS Interpretation Committee ("IFRIC"). These condensed interim financial statements have been prepared on the basis of IFRS standards that are effective for the Company's reporting year ended November 30, 2017.

Basis of presentation

The condensed interim financial statements have been prepared on historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. The functional and presentation currency are both Canadian dollars.

Significant accounting judgments and critical accounting estimates

The preparation of these condensed interim financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these condensed interim financial statements.

2. BASIS OF PRESENTATION (cont'd…)

Significant accounting judgments and critical accounting estimates (cont'd…)

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the determination of categories of financial assets and financial liabilities which has been identified as an accounting policy involving assessments made by management, recoverability of the carrying value of the Company's exploration and evaluation assets, and the going concern assumption.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

i) Deferred income taxes - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the condensed interim financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

3. SIGNIFICANT ACCOUNTING POLICIES

Furniture and equipment

Furniture and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the declining balance method at the following annual rates

Furniture and equipment	20%

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, is regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of property, plant and equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Exploration and evaluation assets

The Company capitalizes the acquisition costs of mineral claims and mineral rights. Exploration and development costs, subsequent to the determination of the feasibility of mining operations are capitalized. Exploration and development expenses incurred prior to determination of the feasibility of mining operations, periodic option payments and administrative expenditures are expensed as incurred.

Proceeds received on the sale of interests in exploration and evaluation assets are credited to the carrying value of exploration and evaluation assets, with any excess included in operations. Write-downs due to impairment in value are charged to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets (cont'd...)

Management periodically reviews the carrying values of its investments in exploration and evaluation assets and will recognize impairment in value based upon current exploration results, the prospect of further work being carried out by the Company and the assessment of future probability of revenues from the property or from the sale of the property. A decision to abandon, reduce or expand activity on a specific property is based upon many factors including general and specific assessments of mineral resources, anticipated future mineral prices, anticipated costs of developing and operating a producing mine, the expiration date of mineral property leases and the availability of financing. The Company does not set a pre-determined holding period for properties with unproven resources. However, properties which have not demonstrated suitable prospects at the conclusion of each phase of an exploration program are re-evaluated to determine if future exploration is warranted and that carrying values are appropriate.

If a mineral property is abandoned or it is determined that its carrying value cannot be supported by future production or sale, the related costs are charged against profit or loss in the period of abandonment or determination of impairment of value.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the farmee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The amounts recorded as mineral claims represent unamortized costs to date and do not necessarily reflect present or future values. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction." Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties. The accumulated costs of mineral properties that are developed to the stage of commercial production will be amortized to operations using the unit of production depletion method.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing unless otherwise noted.

Impairment of long-lived assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Flow-through shares

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through premium liability is recognized for the difference. The liability is reversed when the expenditures are made and is recorded in other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

Provision for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

As at May 31, 2018 and November 30, 2017, the Company has determined that it does not have any decommissioning obligations.

Financial instruments

<u>Financial assets</u>

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd...)

Financial assets (cont'd...)

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Transaction costs associated with fair value through profit or loss assets are expensed as incurred while transaction costs associated with all other financial assets are included in the initial carrying amount of the assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category includes all other liabilities, all of which are recognized at amortized cost.

Loss per share

The Company recognizes the dilutive effect on loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Share capital

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the Warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement. Warrants that are part of units are valued using residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments and are recognized in equity. When warrants are forfeited or are not exercised at the expiry date the amount previously recognized in equity is transferred from reserves to deficit.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up is not readily determinable, the fair market value (as defined) of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the appropriate Exchange on the date the shares are issued.

Share issuance costs

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital will be charged against the related share capital.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. The expected price volatility is based on the historical volatility. All equity-settled share-based payments are reflected in reserves until exercised. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in share-based compensation is transferred from reserves to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Income taxes (cont'd...)

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits 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, it does not recognize the asset.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. 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.

New accounting standards and amendments to existing standards

New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new, revised and amended standards that have been issued but are not yet effective for the May 31, 2018 reporting period:

- New standard IFRS 9, Financial Instruments, classification and measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "Financial Instruments: Recognition and Measurement." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. This standard is effective for years beginning on or after January 1, 2018.

- Amendments to IFRS 2, Share-based Payment, add guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. These amendments are effective for reporting periods beginning on or after January 1, 2018.

- Amendments to IAS 28, Investment in Associates and Joint Ventures clarify that the election to measure at fair value through profit or loss an investment in an associate or join venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. These amendments are effective for reporting periods beginning on or after January 1, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

New or revised standards and amendments to existing standards not yet effective (cont'd…)

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

The Company is currently assessing the impact that these standards will have on the Company`s financial statements. The Company plans to adapt these standard as soon as they become effective for the Company`s reporting period. The amendments and new standards are expected to have minimal impact on the Company`s financial statements.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

During the period ended May 31, 2018, the following exploration expenses were incurred on the exploration and evaluation assets:

	Case Lake Property	Drumheller and Peace River	Leduc Lithium Property	Separation Lake and Gullwing Tot	Paradox Basin	Total
Acquisition costs						
Balance, November 30, 2017	$ 3,781,161	$ 195,000	$ 1,685,000	$ 145,150	$ 368,652	$ 6,174,963
Cash paid	-	-	-	35,000	-	35,000
Shares issued	-	-	-	88,615	-	88,615
Balance, May 31, 2018	3,781,161	195,000	1,685,000	268,765	368,652	6,298,578
Exploration costs						
Balance, November 30, 2017	944,999	-	-	1,800	-	946,799
Assaying	110,620	-	-	-	-	110,620
Drilling	335,464	-	-	-	-	335,464
Geological consulting	242,460	-	-	32,800	-	275,260
Supplies	57,450	-	-	2,109	-	59,559
Travel and accommodation	15,994	-	-	4,869	-	20,813
Balance, May 31, 2018	1,706,937	-	-	41,578	-	8,047,093
Recovery	(112,448)	-	-	-	-	(112,448)
Marketable securities received for exploration and evaluation assets	(954,204)	-	-	(27,722)	(338,074)	(1,320,000)
Total balance, May 31, 2018	$ 4,421,446	$ 195,000	$ 1,685,000	$ 282,621	$ 30,578	$ 6,614,645

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

During the year ended November 30, 2017, the following exploration expenses were incurred on the exploration and evaluation assets:

	Case Lake Property	Coyote Project	Drumheller and Peace River	Larder River Property	Leduc Lithium Property	Separation Lake and Gullwing Tot	Paradox Basin	Bromley Creek	Triple M Uranium Property	Total
Acquisition costs										
Balance, November 30, 2016	$ 1,147,191	$ -	$ -	$ 484,941	$ -	$ -	$ -	$ -	$ -	$ 1,632,132
Cash paid	203,970	70,032	-	10,000	10,000	90,150	68,652	-	48,041	500,845
Shares issued	2,430,000	1,120,000	195,000	-	1,675,000	55,000	300,000	420,867	-	6,195,867
Balance, November 30, 2017	3,781,161	1,190,032	195,000	494,941	1,685,000	145,150	368,652	420,867	48,041	8,328,844
Exploration costs										
Balance, November 30, 2016	-	-	-	-	-	-	-	-	-	-
Drilling	640,715	-	-	-	-	-	-	-	-	640,715
Field work	147,306	-	-	-	-	800	-	-	-	148,106
Geological consulting	251,994	-	-	-	-	1,000	-	-	31,173	284,167
Supplies	51,881	-	-	-	-	-	-	-	-	51,881
Travel and accommodation	8,860	-	-	-	-	-	-	-	-	8,860
Miscellaneous	-	-	-	-	-	-	-	-	3,598	3,598
Balance, November 30, 2017	1,100,756	-	-	-	-	1,800	-	-	34,771	1,137,327
Recovery	(155,757)	-	-	-	-	-	-	-	-	(155,757)
Write off of exploration property	-	(1,190,032)	-	(494,941)	-	-	-	(420,867)	(82,812)	(2,188,652)
Total balance, November 30, 2017	$ 4,726,160	$ -	$ 195,000	$ -	$ 1,685,000	$ 146,950	$ 368,652	$ -	$ -	$ 7,121,762

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

MGX Minerals Inc. - Definitive Agreement

During the year ended November 30, 2017, the Company entered into a definitive agreement with MGX Minerals Inc. ("XMG") to acquire certain interests held by the Company in exchange for common shares in the capital of XMG. The transaction terms are as follows:

a) XMG acquires a 100% interest in all of the Company's current U.S. Petrolithium Brine assets, consisting of Paradox Basin and Coyote Project.

b) XMG acquires a 20% interest in all of the Company's current Hard Rock Assets, consisting of Case Lake, Separation Lake, Gullwing – Tot Lake and Larder River, and any future assets that the Company acquires for the following 36 months.

c) XMG has the right to purchase an additional 15% interest of the Company's Hard Rock Assets for a period of 36 months for a total of $10,000,000.

d) XMG receives a call option to purchase up to 10,000,000 common shares of the Company at a price of $0.65 per share for a period of 36 months.

e) XMG pays to the Company 3,000,000 common shares of XMG – 1,000,000 common shares of XMG every 5 months following the effective date. Upon XMG issuing the shares, it will have acquired the Petrolithium Brine assets and title will transfer from the Company to XMG.

   For each 1,000,000 XMG shares delivered to the Company, XMG will have earned a 6 2/3% interest in the Hard Rock Assets. The Company received 1,000,000 XMG shares subsequent to the year end.

During the period ended May 31, 2018, the Company received 1,000,000 XMG shares valued at $1,320,000 and sold for proceeds of $1,111,955 and recorded a realized loss of $208,045.

Case Lake Property

During the year ended November 30, 2016, the Company entered into an agreement to acquire 100% interest in the Case Lake Property. Pursuant to the agreement, the Company is required to complete the following:

i) payment of $325,000 ($270,000 paid);

ii) incur an aggregate of $200,000 of property expenditures over 36 months (incurred); and

iii) issuance of 11,000,000 common shares of the Company (issued and valued at $990,000).

The property is subject to a 2% NSR.

The Company also issued 913,235 common shares valued at $82,191 as finders' fees.

During the year ended November 30, 2017, the Company further acquired a 100% interest in additional claim units in consideration of 3,000,000 shares (issued and valued at $2,430,000).

Coyote Project

During the year ended November 30, 2017, the Company acquired a 100% interest in the Coyote Project, located in the Lisbon Valley area in the Paradox Basin, Utah. Consideration for the property includes the issuance of 3,500,000 shares of the Company (issued and valued at $1,120,000) and a payment of $70,032 (US $53,300) (paid). During the year ended November 30, 2017, the management decided to abandon the project; accordingly the capitalized cost of $1,190,032 was written off.

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Drumheller and Peace River

During the year ended November 30, 2017, the Company executed agreements to acquire two lithium brine permit portfolios in Alberta, Canada. Consideration for the property includes the issuance of 650,000 shares of the Company (issued and valued at $195,000) to arm's length parties and granting of a 2% gross overriding royalty thereon.

Larder River Property

During the year ended November 30, 2016, the Company entered into an agreement to acquire 100% interest in the Larder River Property. Pursuant to the agreement, the Company is required to complete the following:

i) payment of $325,000 ($100,000 paid);

ii) incurring an aggregate of $2,425,000 on exploration expenditures over 36 months; and

iii) issuance of 4,000,000 common shares of the Company (issued and valued at $360,000).

The property is subject to a 2% NSR, 1% of which can be purchased for $750,000 and 1% for $1,250,000.

The Company also issued 388,235 common shares valued at $34,941 as finder's fees.

During the year ended November 30, 2017, management decided to abandon the project; accordingly the capitalized cost of $494,941 was written off.

Leduc Lithium Property

During the year ended November 30, 2017, the Company executed an agreement to acquire lithium brine permit portfolios in Alberta, Canada. Consideration for the property includes cash payment of $10,000, the issuance of 5,000,000 shares of the Company (issued and valued at $1,675,000) and granting of a 2% gross overriding royalty thereon.

Separation Lake and Gullwing-Tot

During the year ended November 30, 2017, the Company entered into an agreement to acquire 100% interest in the Separation Lake and Gullwing-Tot properties. Pursuant to the agreement, the Company is required to complete the following:

i) Cash payment
   a) $90,000 upon execution of agreement (paid).
   b) $35,000 on or before May 1, 2018 (paid).
   c) $75,000 on or before May 1, 2019.

ii) Share issuances
   a) share issuances with a value of $55,000 upon execution of agreement (171,875 common shares issued)
   b) share issuances with a value of $90,000 on or before May 1, 2018 (138,461 common shares issued).
   c) share issuances with a value of $155,000 on or before May 1, 2019.

iii) incur an aggregate of $400,000 on exploration expenditures over 36 months
   a) incur $50,000 in exploration on or before May 1, 2018 (incurred subsequently).
   b) incur cumulative exploration expenditures of $100,000 on or before May 1, 2019.
   c) incur cumulative exploration expenditures of $250,000 on or before May 1, 2020.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Separation Lake and Gullwing-Tot (cont'd…)

In addition, upon a feasibility study being completed on the properties, the Company will make a payment for each Separation Lake project and Tot property of $450,000 up to a maximum $900,000 in cash at the Company's election.

The properties will be subjected to a 0.5% NSR royalty and the remainder are subject to a 2% NSR on all production, with the Company retaining the right to purchase 1% for $650,000 cash.

Paradox Basin

During the year ended November 30, 2017, the Company entered into an amended agreement with American Potash Corp. ("AMP"), regarding a joint venture agreement to explore and develop lithium brines. According to the terms, the Company can acquire 65% interest of all AMP lithium holdings in Utah for the following considerations:

- Fund and complete two exploration wells targeting lithium brine occurrences beneath AMP's US Federal lithium claims and/or their Utah state lithium leases.
- For the first well, funding shall be by March 31, 2018. For the second well, funding shall be by September 30, 2018.
- Issuance of 1,000,000 shares (issued and valued at $300,000).

Bromley Creek North Zeolite Project

During the year ended November 30, 2017, the Company acquired a 100% interest in the Bromley Creek North Zeolite Project, located in Nova Scotia Canada. Pursuant to the agreement, the Company is required to issue 1,558,767 common shares of the Company (issued and valued at $420,867). During the year ended November 30, 2017, management decided to abandon the project; accordingly the capitalized cost of $420,807 was written off.

The vendor retains a 2% gross revenue royalty.

5. FURNITURE AND EQUIPMENT

		Furniture and equipment
Cost		
Balance, November 30, 2016 and 2017 and May 31, 2018	$	48,125
Accumulated depreciation		
Balance, November 30, 2016	$	30,114
Depreciation		3,602
Balance, November 30, 2017		33,716
Depreciation		1,441
Balance, May 31, 2018	$	35,157
Carrying amounts		
As at November 30, 2017	$	14,409
As at May 31, 2018	$	12,968

(Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		May 31, 2018		November 30, 2017
Trade payables	$	283,882	$	333,541
Accrued liabilities		19,380		42,576
Due to related parties (Note 10)		392,372		499,066
Total	$	695,634	$	875,183

7. LOANS PAYABLE

During the year ended November 30, 2015, the Company secured working capital debt financing of $150,000 from non-arm's length parties. The loans are for a term of one year and bear interest at the rate of 12% per annum calculated and compounded annually. As an inducement to grant the loan, the Company will issue the lenders 122,448 common shares of the Company valued at $30,000. The repayment of interest of $23,506 was made during the year ended November 30, 2017. For the period ended May 31, 2018, the Company accrued interest of $2,734 (2017 - $10,820) and repaid all remaining loan principal and interest of $182,338.

During the year ended November 30, 2016, the Company entered into a loan agreement with an arm's length party of $450,000. The loan amount accrues interest at a rate of 12% per annum for a term of 12 months. As part of the loan agreement, the Company issued 900,000 common shares at a fair value of $0.10 per share and recognized financing expenses of $90,000. For the period ended May 31, 2018, the Company accrued interest of $21,452 (2017 - $26,926) and made repayment on principal and interest of $475,000.

		May 31, 2018		November 30, 2017
Due to spouse of the CFO and Director	$	-	$	123,881
Due to Chairman and Director		-		55,722
Due to arm's length party		82,296		536,844
	$	82,296	$	716,447

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital as at May 31, 2018:

Unlimited number of voting common shares without par value
Unlimited number of preferred shares with no par value

b) Issued share capital

During the period ended May 31, 2018, the Company:

i) Closed a private placement financing of 1,071,428 flow-through units at a price of $0.70 per unit raising total proceeds of $750,000. The flow-through shares were valued at $717,857 and the residual value of $32,143 was allocated to deferred premium on flow-through shares. Each flow-through unit is comprised of one common share and one-half share purchase warrant. Each whole warrant is exercisable into one common share at $1.10 per share, for a period of one year. In connection with the private placement, the Company paid share issuance costs of $45,000 in cash.

8. SHARE CAPITAL AND RESERVES (cont'd…)

b) Issued share capital (cont'd…)

ii) Closed a private placement financing of 6,900,000 units at a price of $0.50 per unit raising total proceeds of $3,450,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at $0.70 per share, for a period of two years. In connection with the private placement, the Company paid share issuance costs consisting of $318,400 in cash, and granted 414,000 share purchase warrants with a fair value of $189,914 using the Black-Scholes option pricing model assuming expected life of 2 years, a risk-free interest rate of 1.76%, a forfeiture rate of 0% an expected volatility of 111.09%, and an exercise price of $0.70.

iii) Issued 2,293,667 shares pursuant to the exercise of warrants for gross proceeds of $344,050.

iv) Issued 52,556 shares pursuant to the exercise of agent's warrants for gross proceeds of $7,883 and accordingly, the Company reallocated $12,418 of share-payment reserve to share capital.

v) Issued 138,461 shares with a total fair value of $88,615 for the acquisition of the Separation Lake and Gullwing-Tot (Note 4).

During the year ended November 30, 2017, the Company:

i) Closed a private placement financing of 13,333,333 units at a price of $0.075 per unit raising total proceeds of $1,000,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant is exercisable into one common share at $0.15 per share, for a period of two years. In connection with the private placement, the Company paid share issuance costs of $18,171 in cash, issued 96,827 units valued at $7,262, and granted 10,640 share purchase warrants with a fair value of $362 using the Black-Scholes option pricing model assuming expected life of 2 years, a risk-free interest rate of 0.75%, a forfeiture rate of 0% and an expected volatility of 117.83%;

ii) Issued 2,575,000 shares pursuant to the exercise of options for gross proceeds of $592,250, and accordingly, the Company allocated $522,662 of share-based reserve to share capital. The average share price was $0.39 during the period the stock options were exercised;

iii) Issued 7,828,834 shares pursuant to the exercise of warrants for gross proceeds of $1,237,742 and accordingly, the Company allocated $12,674 of share-based reserve to share capital;

iv) Issued 5,000,000 shares with a total fair value of $1,675,000 for the acquisition of the Leduc Lithium Property (Note 4);

v) Issued 3,500,000 shares with a total fair value of $1,120,000 for the acquisition of the Coyote Project (Note 4);

vi) Issued 1,000,000 shares with a total fair value of $300,000 pursuant to the letter of intent with American Potash Corp. ("AMP") regarding a joint venture agreement on the Paradox Basin Project (Note 4);

vii) Issued 650,000 shares with a total fair value of $195,000 for the acquisition of the Drumheller Property and Peace River Properties (Note 4);

8. SHAREE CAPITAL AND RESERVES (cont'd…)

b) Issued share capital (cont'd…)

viii) Completed a private placement financing of 1,166,666 units at a price of $0.30 per unit for total proceeds of $350,000. Each unit is comprised of one flow-through common share and one-half warrant. Each whole warrant is exercisable into one common non flow-through share at $0.40 per share, expiring on July 7, 2019. The flow-through common shares were valued at $0.275 per share for a total value of $320,833 and the residual value of $29,167 was allocated to deferred premium on flow-through shares. In connection with the private placement, the Company paid $29,750 of share issuance costs;

ix) Issued 171,875 shares with a total fair value of $55,000 for the acquisition of the Separation Lake and Gullwing-Tot Property (Note 4).

x) Issued 1,558,767 shares with a total fair value of $420,867 for the acquisition of the Bromley Creek (Note 4); and

xi) Issued 3,000,000 shares with a total fair value of $2,430,000 for the acquisition of additional claim units near the Case Lake Property (Note 4).

c) Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest as determined by the Board of Directors.

During the period ended May 31, 2018, the Company:

i) Granted stock options of 3,300,000 to officers, and consultants of the Company. The options are valued at $2,314,785, exercisable at a price of $0.81 per share, expiring on January 4, 2023.

ii) Granted stock options of 1,000,000 to a consultant of the Company. The options are valued at $589,109, exercisable at a price of $0.65 per share, expiring on March 15, 2023.

During the year ended November 30, 2017, the Company:

i) Granted stock options of 4,000,000 to officers, directors, employees, and consultants of the Company. The options are valued at $811,902, exercisable at a price of $0.23 per share, expiring on January 16, 2022.

ii) Granted stock options of 200,000 to employees, and consultants of the Company. The options are valued at $81,437, exercisable at a price of $0.48 per share, expiring on February 20, 2022.

iii) Granted stock options of 100,000 to consultants of the Company. The options are valued at $27,489, exercisable at a price of $0.33 per share, expiring on March 12, 2022.

iv) Granted stock options of 3,000,000 to officers, directors, employees, and consultants of the Company. The options are valued at $721,365, exercisable at a price of $0.28 per share, expiring on July 17, 2022.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

c) Stock options (cont'd…)

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number Of Options		Weighted Average Exercise Price
Balance, November 30, 2016	1,816,678	$	0.55
Granted	7,300,000		0.26
Exercised	(2,575,000)		0.23
Cancelled	(1,401,663)		0.37
Balance, November 30, 2017	5,140,015		0.35
Granted	4,300,000		0.77
Balance, May 31, 2018	9,440,015	$	0.54
Number of options currently outstanding and exercisable	9,440,015	$	0.54

As at May 31, 2018, the following stock options were outstanding:

Number of options	Exercise Price	Expiry Date
556,663	$ 0.60	July 21, 2018*
366,665	0.51	January 7, 2019
165,023	0.51	March 12, 2019
101,664	0.48	May 1, 2019
50,000	0.36	October 28, 2019
600,000	0.23	January 16, 2022**
200,000	0.48	February 20, 2022
100,000	0.33	March 12, 2022
3,000,000	0.28	July 17, 2022
3,300,000	0.81	January 4, 2023
1,000,000	0.65	March 15, 2023
9,440,015		

* expired subsequently
** 50,000 stock options canceled subsequently

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options granted for the period ended May 31, 2018 and 2017:

	Period ended May 31, 2018	Period ended May 31, 2017
Risk-free interest rate	1.70%	1.03%
Expected life of options	5.00 years	5.00 years
Expected annualized volatility	135.76%	138.30%
Exercise price	$0.78	$0.26
Expected dividend rate	0%	0%

The Company uses historical volatility to estimate the volatility of the share price.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, November 30, 2016	1,978,612	$	0.23
Granted	13,916,666		0.16
Exercised	(7,673,834)		0.16
Expired	(624,445)		0.29
Balance, November 30, 2017	7,596,999		0.17
Granted	7,435,714		0.73
Exercised	(2,293,667)		0.15
Balance, May 31, 2018	12,739,046	$	0.50

As at May 31, 2018, the following warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
535,714	$1.10	December 5, 2018
2,970,000*	0.15	December 20, 2018
1,749,999	0.15	January 3, 2019
583,333	0.40	July 7, 2019
6,900,000	0.70	January 12, 2020
12,739,046		

* 50,000 warrants exercised subsequently

e) Agent's warrants

Agent's warrants transactions are summarized as follows:

	Number of Agent's Warrants		Weighted Average Exercise Price
Balance, November 30, 2016	150,000	$	0.17
Granted	107,467		0.15
Exercised	(155,000)		0.17
Balance, November 30, 2017	102,467		0.17
Granted	414,000		0.70
Exercised	(52,556)		0.15
Balance, May 31, 2018	463,911	$	0.64

(Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES (cont'd…)

e) Agent's warrants (cont'd…)

As at May 31, 2018, the following agent's warrants were outstanding:

Number of Agent's warrants	Exercise Price	Expiry Date
49,911	$ 0.15	January 3, 2019
414,000	0.70	January 12, 2020

The following weighted average assumptions were used for the Black-Scholes pricing model valuation of warrants granted for the period ended May 31, 2018 and 2017:

	Period ended May 31, 2018	Period ended May 31, 2017
Risk-free interest rate	1.76%	0.75%
Expected life of options	2.00 years	2.00 years
Expected annualized volatility	111.09%	117.83%
Exercise price	$0.70	$0.15
Expected dividend rate	0%	0%

9. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liabilities either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The Company's primary financial instruments are classified as follows:

Financial instruments	Classifications
Cash	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Loans payable	Other financial liabilities

The fair value of these assets and liabilities approximates their respective carrying amounts due to their short term nature.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. As at May 31, 2018, the Company had $161,631 (November 30, 2017 – $106,928) receivable from government authorities in Canada and an arm's length vendor party. The Company believes it has no significant credit risk.

9. FINANCIAL INSTRUMENTS AND RISK (cont'd…)

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2018 the Company had a cash balance of $1,218,616 (November 30, 2017 – $33,668) to settle current liabilities of $2,638,284 (November 30, 2017 – $1,591,630). The Company will require financing from lenders, shareholders and other investors to generate sufficient capital to meet its short term business requirements. All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity and equity prices.

a) Interest rate risk

The Company has cash balances and loans payable which bear interest. The Company is satisfied with the credit ratings of its banks. The loans have fixed interest rates thus there is no interest rate risk. As of May 31, 2018, the Company did not hold any investments. The Company believes it has no significant interest rate risk.

b) Foreign currency risk

As at May 31, 2018, the Company has a minimal balance of cash in US dollars and does not believe that the foreign currency risk related to the balance is significant.

c) Price risk

The Company has no contractual commodity price risk. The recoverability of the Company's deferred exploration costs is indirectly related to the market price of precious and base metals. The Company's ability to continue with its exploration program is also indirectly subject to commodity prices. Commodity price risk is significant to the Company. Much of this is out of the control of management and will be dealt with based on circumstances at any given time.

10. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions with related parties and key management personnel are as follows:

	Nature of transactions		May 31, 2018		May 31, 2017
Key management personnel:					
Chairman and Director	Management	$	120,600	$	-
A company controlled by CFO and Director	Management		35,000		-
A company controlled by former VP Exploration and Development	Geological and consulting (i)		-		8,000
VP Exploration and a company controlled by VP Exploration	Geological and consulting (i)		355,631		-
Total		$	511,231	$	8,000
Other related parties:					
A Company controlled by the CFO and Director	Professional	$	21,600	$	-
A firm of which the CFO and Director was a partner	Professional	$	-	$	6,000

(Expressed in Canadian Dollars)

10. RELATED PARTY BALANCES AND TRANSACTIONS

i) Capitalized in exploration and evaluation assets.

During the period ended May 31, 2018, the Company granted 1,000,000 stock options (2017 – 2,950,000) to an officer resulting in share-based compensation of $701,450 (2017 - $690,603).

The amounts due to other related parties and key management personnel included in accounts payable and accrued liabilities are as follows:

	May 31, 2018	November 30, 2017
Due to the Chairman and Director	$ -	$ 23,361
Due to a company controlled by the CFO and Director	2,188	159,793
Due to a company controlled by VP Exploration and Development	233,603	233,603
Due to a Director	13,125	13,125
Due to VP Exploration and a company controlled by VP Exploration	143,456	69,184
	$ 392,372	$ 499,066

The amounts due to related parties are unsecured non-interest bearing and are due on demand.

Included in prepaid expenses as at May 31, 2018 is $16,243 (November 30, 2017 - $Nil) paid to the chairman of the Company.

11. COMMITMENT

In connection with the issuance of flow-through common shares in July 2017, the Company has a commitment to incur $350,000 of qualifying flow-through expenditures. As at November 30, 2017, the Company had completed the flow-through commitment.

In connection with the issuance of flow-through common shares in December 2017, the Company has a commitment to incur $705,000 of qualifying flow-through expenditures. As at May 31, 2018, the Company has a remaining flow-through commitment of $184,606.

The following is a continuity schedule of the deferred premium on flow-through shares issuance:

Balance at November 30, 2016	$ 31,050
Initial recognition of deferred premium on flow-through shares	29,167
Settlement of flow-through share liability through incurring expenditures	(60,217)
Balance at November 30, 2017	-
Initial recognition of deferred premium on flow-through shares	32,143
Settlement of flow-through share liability through incurring expenditures	(32,143)
Balance at May 31, 2018	$ -

(Expressed in Canadian Dollars)

12. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern.

In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. share capital, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements.

No changes were made to capital management during the period ended May 31, 2018.

13. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and development of mineral properties. Geographical information is as follows:

	May 31, 2018	November 30, 2017
Furniture and equipment		
Canada	$ 12,968	$ 14,409
Exploration and evaluation assets		
Canada	$ 6,584,067	$ 6,753,110
United States	30,578	368,652
	$ 6,614,645	$ 7,121,762

14. SUPPLEMENTARY CASH FLOW INFORMATION

Non-cash investing and financing activities	May 31, 2018	May 31, 2017
Exploration and evaluation expenditures included in accounts payable and accrued liabilities	$ -	$ 241,466
Fair value of shares issued for the acquisition of exploration and evaluation assets (Note 4)	88,615	3,290,000
Fair value of shares issued - options exercised	-	235,452
Fair value of shares issued - agents warrants exercised	12,418	11,493
Fair value of agent's warrants issued	189,914	25,391
Fair value of shares issued for settlement on accounts payable	-	105,000
Flow-through share premium	32,143	-

15. SUBSEQUENT EVENTS

Subsequent to May 31, 2018, the Company:

i) issued 50,000 shares pursuant to the exercise of warrants for gross proceeds of $7,500.

15. SUBSEQUENT EVENTS (cont'd…)

ii) Closed a private placement financing of 3,448,300 units at a price of $0.58 per unit raising total proceeds of $2,000,014. Each unit is comprised of one common share and one-half share purchase warrant. Each warrant is exercisable into one common share at $0.85 per share, for a period of two years. In connection with the private placement, the Company paid share issuance costs consisting of $120,000in cash, and granted 206,896 share purchase warrant, exercisable at a price of $0.58 per share for a period of two years

iii) granted stock options of 250,000 to a consultant of the Company, exercisable at a price of $0.40 per share, expiring on June 27, 2021.

iv) received 1,000,000 XMG common shares pursuant to the MGX definitive agreement (Note 4).