STARR PEAK
Exploration Ltd.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

JULY 31, 2019 AND 2018

Crowe MacKay LLP
1100 - 1177 West Hastings St.
Vancouver, BC V6E 4T5
Main +1 (604) 687-4511
Fax +1 (604) 687-5805
www.crowemackay.ca

Independent Auditor's Report

To the Shareholders of Starr Peak Exploration Ltd.

Opinion

We have audited the financial statements of Starr Peak Exploration Ltd. ("the Company"), which comprise the statement of financial position as at July 31, 2019 and the statements of income (loss) and comprehensive income (loss), changes in shareholders' equity (deficiency) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of Starr Peak Exploration Ltd. for the year ended July 31, 2018 were audited by another auditor who expressed an unmodified opinion on those statements on November 26, 2018.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the other information prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Diana Huang.

"Crowe MacKay LLP"

Chartered Professional Accountants
Vancouver, Canada
November 27, 2019

STARR PEAK EXPLORATION LTD.
STATEMENTS OF FINANCIAL POSITION
AS AT
(Expressed in Canadian Dollars)

	July 31, 2019	July 31, 2018
ASSETS		
Current		
Cash	$ 253	$ 835
Receivables and prepaids	6,000	25,201
Investments (Note 4)	5,045	5,931
	11,298	31,967
Exploration and evaluation assets (Note 5)	-	243,649
	$ 11,298	$ 275,616
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	$ 93,192	$ 24,400
Due to related parties (Note 10)	22,453	38,564
Loan (Note 6)	21,537	20,125
	137,182	83,089
Shareholders' equity (deficiency)		
Share capital (Note 7)	11,278,351	11,278,351
Reserve (Note 7)	1,693,882	1,389,882
Accumulated other comprehensive income	-	2,193
Deficit	(13,098,117)	(12,477,899)
	(125,884)	192,527
	$ 11,298	$ 275,616

Nature and continuance of operations (Note 1)

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

STARR PEAK EXPLORATION LTD.
STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
YEARS ENDED JULY 31,
(Expressed in Canadian Dollars)

	2019	2018
EXPENSES		
Bank charges, interest and penalties	$ 1,956	$ 930
Consulting (Note 10)	5,500	14,250
Exploration (Note 5)	22,165	53,385
Office and administration	760	5,960
Professional fees (Note 10)	38,347	14,840
Promotion and shareholder communications	2,431	4,741
Share-based compensation (Note 7)	304,000	-
Transfer agent and filing fees	12,727	13,238
	(387,886)	(107,344)
OTHER (INCOME) EXPENSES		
BC mining tax credit	-	19,798
Loss on exchange	-	(253)
Gain on write-off of payables	10,010	295,561
Gain on sale of exploration and evaluation assets (Note 5)	-	20,000
Gain on sale of investments (Note 4)	-	39,786
Unrealized loss on investments (Note 4)	(886)	-
Write-off of exploration and evaluation assets (Note 5)	(243,649)	-
	(234,525)	374,892
Net income (loss) for the year	(622,411)	267,548
Other comprehensive income		
Loss on investment	-	(61,333)
Comprehensive income (loss) for the year	$ (622,411)	$ 206,215
Basic and diluted gain (loss) per common share	$ (0.03)	$ 0.01
Weighted average number of common shares outstanding	19,704,015	19,704,015

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

STARR PEAK EXPLORATION LTD.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital					
	Common Shares	**Amount**	**Deficit**	**Reserves**	**Accumulated Other Comprehensive Income**	**Shareholders' Equity (Deficiency)**
Balance, July 31, 2017	19,704,015	$ 11,278,351	$ (12,745,447)	$ 1,389,882	$ 63,526	$ (13,688)
Unrealized loss on investments, net (Note 4)	-	-	-	-	(61,333)	(61,333)
Net income for the year	-	-	267,548	-	-	267,548
Balance, July 31, 2018	19,704,015	11,278,351	(12,477,899)	1,389,882	2,193	192,527
Impact of adopting IFRS 9 on August 1, 2018 (Note 3)	-	-	2,193	-	(2,193)	-
Share-based compensation	-	-	-	304,000	-	304,000
Net loss for the year	-	-	(622,411)	-	-	(622,411)
Balance, July 31, 2019	19,704,015	$ 11,278,351	$ (13,098,117)	$ 1,693,882	$ -	$ (125,884)

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

STARR PEAK EXPLORATION LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED JULY 31,
(Expressed in Canadian Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) for the year	$ (622,411)	$ 267,548
Items not affecting cash:		
Accrual of interest	1,412	-
Gain on write-off of payables	(10,010)	(295,561)
Gain on sale of investments	-	(39,786)
Gain on sale of exploration and evaluation assets	-	(20,000)
Share based compensation	304,000	-
Unrealized loss on investments	886	-
Write off of exploration and evaluation assets	243,649	-
Changes in non-cash working capital items:		
Receivables and prepaids	19,201	(8,356)
Accounts payable and accrued liabilities	78,802	97,538
Due to related parties	(16,111)	13,669
Net cash provided by (used in) operating activities	(582)	15,052
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation asset costs	-	(125,000)
Proceeds on sale of investments	-	73,198
Net cash used in investing activities	-	(51,802)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	-	20,125
Net cash provided by financing activities	-	20,125
Change in cash during the year	(582)	(16,625)
Cash, beginning of year	835	17,460
Cash, end of year	$ 253	$ 835

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated under the Canada Business Corporations Act on February 4, 1981 and has continued as a company under the Business Corporations Act of British Columbia. The Company is an exploration stage junior mining company engaged in the identification, acquisition and exploration of mineral properties. The Company's head office, principal address and registered records office is 804 – 750 West Pender Street, Vancouver, BC, V6C 2T7.

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

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

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

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

2. BASIS OF PRESENTATION

Statement of compliance

These financial statements, including comparatives, have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for certain financial instruments which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. These financial statements are presented in Canadian dollars unless otherwise noted.

Approval of the financial statements

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 27, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

Critical accounting estimates and judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

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

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

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

Exploration and evaluation assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation assets (continued)

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

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

Decommissioning liabilities

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

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

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

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

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

Impairment of tangible assets

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

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income (loss) per share

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

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

Share-based payments

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

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

Income taxes

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares

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

The Company indemnifies the subscribers of flow-through shares against certain tax related amounts that become due related to their flow-through subscriptions.

Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at FVTPL

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of income (loss) and comprehensive income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the statement of income (loss) and comprehensive income (loss) in the period in which they arise.

Financial assets at FVTOCI

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Financial assets at amortized cost

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the statement of income (loss) and comprehensive income (loss). Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

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

Financial liabilities at amortized cost - This category consists of liabilities carried at amortized cost using the effective interest method. These financial liabilities are initially recognized at fair value less directly attributable transaction costs.

Impairment of financial assets

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets.

IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods, if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Accounting standards and interpretations adopted

The Company has adopted the following accounting standards effective August 1, 2018:

The Company adopted, retrospectively without restatement, all of the requirements of IFRS 9: Financial Instruments ("IFRS 9") as of August 1, 2018. This standard replaces the guidance in IAS 39: Financial Instruments: Recognition and Measurements ("IAS 39"). The adoption of IFRS 9 did not impact the carrying value of any of the Company's financial assets or financial liabilities on the transition date. The impact on the classification and measurement of its financial instruments is set out below.

The Company completed an assessment of its financial assets and liabilities as at August 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets and Liabilities	**Original classification (measurement) IAS 39**	**New classification and measurement IFRS 9**
Cash	FVTPL	FVTPL
Investments	Available-for-sale (FVTOCI)	FVTPL
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Loan payable	Other financial liabilities (amortized cost)	Amortized cost

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting standards and interpretations adopted (continued)

The company chose to adopt IFRS 9 on August 1, 2018 using the modified retrospective approach. Under this approach, the Company did not restate comparative historical periods, but rather recognized a cumulative adjustment to accumulated deficit of $2,193 and a cumulative adjustment to accumulated other comprehensive income of $2,193, as a result of reclassifying investment as available-for-sale under IAS 39 to FVTPL under IFRS 9.

Future accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and the eventual application of these standards is not expected to have a significant impact on the Company's existing accounting policies or financial statement presentation.

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 Leases. The standard is applicable to annual periods beginning on or after January 1, 2019.

Adoption of this standard is not expected to have a material impact on the Company's financial statement presentation.

4. INVESTMENTS

Investments consist of common shares of Barkerville Gold Mines Ltd. ("Barkerville").

	July 31, 2019		July 31, 2018	
	Number of shares	Quoted market price	Number of shares	Quoted market price
Barkerville	13,633	$5,045	13,633	$5,931

During the year ended July 31, 2019, the Company sold Nil (2018 – 97,000) common shares of Barkerville for net proceeds of $Nil (2018 - $73,200) recognizing a gain of $Nil (2018 - $39,786) on the sale of shares. The Company recognized a net unrealized loss of $886 (2018 - $61,333 through other comprehensive loss).

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

El Toro Property

The Company holds a 100% interest in the El Toro property located in the Omineca Mining Division of British Columbia with historical acquisition costs of $243,649.

The Company incurred and expensed current exploration as follows:

		July 31, 2019		July 31, 2018
Admin	$	303	$	-
Assays		-		2,000
Consulting fees		18,862		-
Permit & filing fees		3,000		-
Survey		-		51,385
	$	22,165	$	53,385

During the year ended July 31, 2019, the Company abandoned the property and wrote-off the exploration and evaluation assets of $243,649.

DM Claims

In the year ended July 31, 2018 the Company purchased a 12.5% interest in the DM Claims located in South Central British Columbia for $125,000. The claims were sold in the same fiscal year for $145,000 resulting in a gain of $20,000.

6. LOAN

A loan is outstanding for $21,537 (2018 - $20,125). Principal of $20,125 was received on February 5, 2018, originally for a private placement that did not complete. The loan has no fixed repayment date and simple interest at 5.00% has been applied. Subsequent to July 31, 2019, the loan was repaid in full.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL

Authorized: Unlimited common shares without par value

Issued: During the year ended July 31, 2019 and 2018, no shares were issued.

Stock options - The Company has a rolling stock option plan (the "Plan") that authorizes the board of directors to grant incentive stock options to directors, officers, consultants and employees, whereby a maximum of 10% of the issued common shares are reserved for issuance under the plan. Under the Plan, the exercise price of each option may not be less than the market price of the Company's shares at the date of grant, subject to a minimum exercise price of $0.05 per share. Options granted under the Plan will have a term not to exceed ten years and be subject to vesting provisions as determined by the board of directors of the Company.

On April 18, 2019 the Company granted 1,900,000 incentive stock options exercisable for a period of five years at a price of $0.16. The fair value of these stock based compensation options granted was estimated on the date of grant in the amount of $304,000 using the Black-Scholes valuation model with the following assumptions: i) exercise price per share of $0.16; ii) expected share price volatility of 183%; iii) risk free interest rate of 1.61%; iv) no dividend yield, v) expected life of 5 years and vi) fully vested on grant.

The following is a summary of the changes in stock options:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding and exercisable at July 31, 2017 and 2018	-	$ -
Options granted	1,900,000	0.16
Outstanding and exercisable at July 31, 2019	**1,900,000**	**$ 0.16**

As at July 31, 2019 the following stock options were outstanding and exercisable:

NUMBER OF OPTIONS OUTSTANDING	EXERCISE PRICES	EXPIRY DATES
1,900,000	$ 0.16	April 17, 2024
1,900,000		

As at July 31, 2019 the weighted average remaining contractual life of the stock options was 4.72 years (2018 – Nil years) and the weighted average exercise price was $0.16 (2018 – $Nil).

Reserve - The reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

Warrants - As at July 31, 2019 and 2018, the Company did not have any warrants outstanding.

8. PROVISION

The Company and a non-related party entered into a subscription and renunciation agreement ("SRA") whereby the Company was to incur and renounce exploration expenditures in an amount equal to $300,000 by October 31, 2007. The SRA included an indemnification clause, whereby failure to incur and renounce the full amount of exploration expenditure requires the Company to pay the investors an amount equal to the value of the tax credits that were to be received under the Canadian Income Tax Act. As a result of the Company failing to incur the necessary exploration expenditures in 2007, a provision of $70,635 was previously recognized, but was written off in the year ended July 31, 2018 as management assessed that these amounts would be statute barred.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments consist of cash, receivables, investments, accounts payable and accrued liabilities, loan and amounts due to related party. The fair value of these financial instruments approximates their carrying value due to the short-term nature of these instruments. Cash and investments which are valued at a level 1 fair value measurement.

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

a) Credit risk

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

Interest rate risk

Interest rate risk consists of two components:

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

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

Due to the short-term nature of the Company's financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of July 31, 2019. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on the preservation of capital and liquidity.

b) Liquidity risk

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

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

c) Price risk

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

d) Market risk

The Company's financial instruments include investments which are publicly traded and therefore subject to the risks related to the fluctuation in market prices of publicly traded securities. Some of these investments have been acquired as a result of property transactions and, to a large extent, represent strategic investments in related mining companies and their properties. The Company closely monitors market values to determine the most appropriate course of action.

10. RELATED PARTY TRANSACTIONS

Due to related parties balances consisted of the following:

	July 31, 2019	July 31, 2018
Advances	$ 22,453	$ 38,564

Amounts due to related parties have no specific terms of repayment, are unsecured and non-interest-bearing.

The Company entered into the following transactions with related parties. All related party transactions were measured at the amount of consideration established and agreed to by the related parties.

a) The Company was charged $5,500 (2018 - $10,500) in consulting fees by the former CFO of the Company. The Company was charged $Nil in professional fees (2018 - $3,750) by a company controlled by the former CFO.

b) The Company was charged $10,000 (2018 - $Nil) in professional fees by a company controlled by the CFO of the Company.

c) The Company was advanced $11,453 (2018 - $Nil) by a director.

(Expressed in Canadian Dollars)

11. CAPITAL MANAGEMENT

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

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions. The Company is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period.

12. SEGMENTED INFORMATION

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

13. INCOME TAXES

Income tax expense differs from the amount that would be computed by applying the Canadian statutory income tax rate of 27% (2018 - 27%) to income before income taxes. The reasons for the differences are as follows:

	July 31, 2019	July 31, 2018
Net income (loss) before income taxes for the year	$ (622,411)	$ 267,548
Statutory income tax rate	27%	27%
Expected income tax (recovery)	(168,000)	72,238
Non-deductible items	82,000	(78,412)
Other difference	-	(347,551)
Change in unrecognized benefit of deferred tax assets	86,000	353,725
Total income tax recovery	$ -	$ -

The Company recognizes tax benefits on losses or other deductible amounts generated in countries where the probable criteria for the recognition of deferred tax assets has been met. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

(Expressed in Canadian Dollars)

13. INCOME TAXES (continued)

		July 31, 2019		July 31, 2018
Excess of unused exploration expenditures for Canadian tax purposes over carrying value of mineral property interests	$	811,000	$	813,672
Excess of undepreciated capital cost over carrying value of fixed assets		23,000		30,970
Share issuance costs		2,000		2,558
Investments		-		4,320
Capital losses carried forward		57,000		41,454
Non-capital loses carried forward - Canada		744,000		947,241
Total income tax recovery	$	1,637,000	$	1,840,215

The Company has non-capital losses of approximately $2,757,000 that may be carried forward and applied against taxable income in future years. These losses, if not utilized, will expire through 2039. Exploration and evaluation assets, property and equipment and net capital losses have no expiry date.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize these benefits.

Tax attributes are subject to review and potential adjustment by tax authorities.