



**MOUNTAIN BOY MINERALS LTD.**

**FINANCIAL STATEMENTS**

**For the years ended November 30, 2020 and 2019**

Mountain Boy Minerals Ltd.  
Suite 410 – 325 Howe Street  
Vancouver, BC V6C 1Z7  
Telephone: 604-687-3520  
Fax: 1-888-889-4874

Trading Symbol  
TSXV: MTB  
OTCQB: MBYMF

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**INDEPENDENT AUDITORS' REPORT**

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To the Shareholders and Directors of Mountain Boy Minerals Ltd.

**Opinion**

We have audited the financial statements of Mountain Boy Minerals Ltd. (the "Company") which comprise the statements of financial position as at November 30, 2020 and 2019, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

**Basis for Opinion**

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' 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 audits 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.

**Emphasis of Matter - Material Uncertainty Related to Going Concern**

We draw attention to Note 2(c) of the accompanying financial statements, which describe matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other Information**

Management is responsible for the other information, which comprises the information included in the Company's Management Discussion & Analysis to be filed with the relevant Canadian securities commissions.

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 audits 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.

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 the auditors' 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 as issued by the International Accounting Standards Board, 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.

### **Auditors' 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 auditors' 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 auditors' 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 auditors' 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 audits.

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

The engagement partner on the audit resulting in this independent auditors' report is Paul Joseph Leedham.

*Manning Elliott LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS  
Vancouver, Canada  
March 25, 2021

**MOUNTAIN BOY MINERALS LTD.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

	Note	November 30, 2020	November 30, 2019
<b>ASSETS</b>			
<b>Current</b>			
Cash		\$ 3,288,321	\$ 169,653
Deferred financing costs		-	3,000
Marketable securities	5	696,381	561,206
Receivables		87,388	9,447
Prepaid expenses		38,024	7,143
		4,110,114	750,449
<b>Non-current</b>			
Exploration and evaluation assets	6	16,854,826	14,272,224
Reclamation bonds		155,954	120,954
		17,010,780	14,393,178
		\$ 21,120,894	\$ 15,143,627
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		\$ 516,808	\$ 104,075
Due to joint venture partner	6(b)	-	50,000
Flow-through share premium liability	7(c)	399,120	-
		915,928	154,075
<b>Non-current</b>			
Deferred tax liabilities	11	3,199,000	3,142,000
		4,114,928	3,296,075
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	29,624,498	24,338,570
Shares subscriptions	7	-	55,000
Contributed surplus	7	4,797,424	4,328,023
Deficit		(17,415,956)	(16,874,041)
		17,005,966	11,847,552
		\$ 21,120,894	\$ 15,143,627

Corporate Information – Note 1  
Going Concern – Note 2(c)  
Subsequent Event – Note 13

These financial statements were authorized for issue by the Board of Directors on March 25, 2021.  
They are signed on the Company's behalf by:

<u>“Mark T. Brown”</u> Mark T. Brown	Director	<u>“Lawrence Roulston”</u> Lawrence Roulston	Director
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*The accompanying notes are an integral part of these financial statements*

**MOUNTAIN BOY MINERALS LTD.**  
**STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)

	Note	For the years ended November 30	
		2020	2019
<b>Expenses</b>			
Accounting and audit fees	8	\$ 111,158	\$ 119,921
Consulting fees	8	92,590	-
Filing fees		8,218	8,161
Investor relations	8	51,044	36,000
Legal fees		5,879	8,799
Management fees	8	96,950	37,100
Office and miscellaneous		19,583	12,432
Shareholder communications		139,103	23,233
Share-based payments	8	543,550	82,960
Telephone		753	796
Transfer agent fees		11,195	12,245
		<u>(1,080,023)</u>	<u>(341,647)</u>
<b>Other items</b>			
Settlement of flow-through premium liability	7(b)	194,530	-
Gain on settlement of debt	6(b)	-	172,757
Fair value gain (loss) on marketable securities	5	483,746	(926,362)
Realized (loss) on marketable securities	5	(83,536)	(589,296)
Other income		368	5,273
		<u>595,108</u>	<u>(1,337,628)</u>
(Loss) before income taxes		(484,915)	(1,679,275)
<b>Income taxes</b>			
Deferred income tax recovery (expense)	11	(57,000)	89,000
Net loss and comprehensive loss		<u>\$ (541,915)</u>	<u>\$ (1,590,275)</u>
Basic and diluted loss per share		<u>\$ (0.01)</u>	<u>\$ (0.05)</u>
<b>Weighted average number of common shares outstanding</b>			
		<u>41,759,422</u>	<u>34,719,423</u>

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

**MOUNTAIN BOY MINERALS LTD.**  
**STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Share subscriptions	Contributed surplus	Deficit	Total shareholders' equity
<b>Balance as at November 30, 2018</b>		34,310,382	\$ 24,189,850	\$ -	\$ 4,245,063	\$ (15,283,766)	\$ 13,151,147
Share subscription	7	-	-	55,000	-	-	55,000
Share issuance costs		-	(1,480)	-	-	-	(1,480)
Property option payments	6	760,000	150,200	-	-	-	150,200
Share-based payments		-	-	-	82,960	-	82,960
Net loss and comprehensive loss		-	-	-	-	(1,590,275)	(1,590,275)
<b>Balance as at November 30, 2019</b>		35,070,382	24,338,570	55,000	4,328,023	(16,874,041)	11,847,552
Private placements	7	16,356,669	4,592,151	(55,000)	-	-	4,537,151
Share issuance costs		-	(204,332)	-	17,334	-	(186,998)
Exercise of options	7	440,000	198,000	-	(87,999)	-	110,001
Exercise of warrants	7	640,000	195,200	-	(3,200)	-	192,000
Exercise of finder's warrants	7	52,500	13,409	-	(284)	-	13,125
Property option payments	6	1,220,000	491,500	-	-	-	491,500
Share-based payments		-	-	-	543,550	-	543,550
Net loss and comprehensive loss		-	-	-	-	(541,915)	(541,915)
<b>Balance as at November 30, 2020</b>		<b>53,779,551</b>	<b>\$ 29,624,498</b>	<b>\$ -</b>	<b>\$ 4,797,424</b>	<b>\$ (17,415,956)</b>	<b>\$ 17,005,966</b>

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

**MOUNTAIN BOY MINERALS LTD.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	<b>For the years ended</b>	
	<b>November 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash provided by (used for):</b>		
<b>Operating activities</b>		
Net loss	\$ (541,915)	\$ (1,590,275)
Items not involving cash:		
Share-based payments	543,550	82,960
Deferred income tax expense	57,000	(89,000)
Gain on settlement of debt	-	(172,757)
Fair value (gain) loss on marketable securities	(483,746)	926,362
Realized loss on marketable securities	83,536	589,296
Flow-through share premium liability	(194,530)	-
Changes in non-cash working capital items:		
Receivables	(77,941)	(5,077)
Deferred financing costs	3,000	-
Prepaid expenses	(30,881)	2,394
Trade and other payables	91,671	(12,463)
Cash used in operating activities	(550,256)	(268,560)
<b>Investing activities</b>		
Exploration and evaluation assets	(1,820,040)	(1,141,921)
Proceeds from sale of marketable securities	265,035	1,367,324
Reclamation bonds	(35,000)	(1,023)
Cash provided by (used in) investing activities	(1,590,005)	224,380
<b>Financing activities</b>		
Net proceeds from issuance of common shares	5,258,929	(1,480)
Share subscriptions	-	55,000
Cash provided by financing activities	5,258,929	53,520
<b>Net increase in cash</b>	3,118,668	9,340
<b>Cash - beginning of the year</b>	169,653	160,313
<b>Cash - end of the year</b>	\$ 3,288,321	\$ 169,653

Non-Cash Transactions – Note 9

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

## **Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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### 1. Corporate Information

Mountain Boy Minerals Ltd. (the "Company") is an exploration stage company incorporated on April 26, 1999, under the laws of the Province of British Columbia, Canada. Its principal business activity is the acquisition, exploration and evaluation of mineral properties located in the Province of British Columbia, Canada. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "MTB".

The Company's head office is 410-325 Howe Street, Vancouver, BC V6C 1Z7.

### 2. Basis of Preparation

#### a) Statement of Compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

#### b) Basis of Measurement

These financial statements have been prepared using the historical cost basis except for financial instruments that have been measured at fair value.

The financial statements are presented in Canadian dollars, which is the Company's functional currency and presentation currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

#### c) Going Concern

At November 30, 2020, the Company has not generated revenue or cash flow from operations and has an accumulated deficit of \$17,415,956 and expects to incur further losses in the exploration and evaluation of its mineral properties. These financial statements have been 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. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the confirmation of economically recoverable reserves, the Company's ability to obtain adequate financing to develop the reserves, and its ability to commence profitable operations in the future. These conditions form a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

To date, the Company has been able to fund its operations and its mineral property exploration programs through equity financings and the sale of a non-core asset. The continued volatility in the equity markets may make it difficult to raise capital through the private placement of shares. The junior mining industry is considered speculative in nature which could make it more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with its financing ventures.

## Mountain Boy Minerals Ltd.

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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### 2. Basis of Preparation – (continued)

#### c) Going Concern (continued)

These 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 as a going concern.

In March 2020, the World Health Organization declared a global pandemic known as COVID-19. The impact on global commerce continues to be far reaching. Material uncertainties may come into existence that could influence management's going concern assumption. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company. The Company continues to closely evaluate the impact of COVID-19 on its operations.

### 3. Significant Accounting Policies

These financial statements have, in management's opinion, been properly and consistently prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### a) Mineral Exploration and Evaluation Expenditures

##### Pre-exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

##### Exploration and Evaluation Expenditures

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

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 transferee 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.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the statement of comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

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 also tested for impairment before the assets are transferred to development properties.

## Mountain Boy Minerals Ltd.

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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### 3. Significant Accounting Policies – (continued)

#### a) Mineral Exploration and Evaluation Expenditures (continued)

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

#### b) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company has one cash-generating unit for which impairment testing is performed.

An impairment loss is charged to the profit or loss, except to the extent they reverse gains previously recognized in other comprehensive loss.

#### c) Financial Instruments

IFRS 9 – Financial Instruments uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest.

On initial recognition financial assets are classified as measured at:

- i. Amortized cost;
- ii. Fair value through profit and loss (“FVTPL”); or
- iii. Fair value through other comprehensive income (“FVOCI”)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

On initial recognition financial liabilities are classified as measured at:

- i. Amortized cost; or
- ii. Fair value through profit and loss (“FVTPL”)

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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3. Significant Accounting Policies – (continued)

c) Financial Instruments (continued)

The following table summarizes the classification of the Company's financial assets and financial liabilities:

**Financial Assets**

Cash and cash equivalents	FVTPL
Marketable securities	FVTPL
Reclamation bonds	Amortized cost

**Financial Liabilities**

Trade and other payables	Amortized cost
Due to joint venture partner	Amortized cost

d) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. Rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur. At November 30, 2020 and 2019, the Company did not have any rehabilitation provisions.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

e) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit or loss.

## Mountain Boy Minerals Ltd.

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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### 3. Significant Accounting Policies – (continued)

#### e) Income Taxes (continued)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

#### f) Cash Equivalents

Cash equivalents comprise short-term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash.

#### g) Government Grants

The province of B.C. provides mining exploration tax credits for certain exploration expenditures incurred in B.C. that are recorded as a reduction of the exploration and development costs of the respective exploration and evaluation assets. Until such time that there is significant certainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

#### h) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

The fair value of the common shares issued in a private placement unit of shares and warrants is determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted price on the issuance date. The remaining proceeds, if any, are allocated to the attached warrants. Any fair value attributed to the warrants is recorded as contributed surplus. If the warrants are issued as share issuance costs, the fair value of agent's warrants are measured using the Black-Scholes option pricing model and recognized in equity as a deduction from the proceeds.

Costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. Costs attributable to the listing of existing shares are expensed as incurred.

#### i) Loss per Common Share

Basic loss per share is computed by dividing the net loss applicable to the common shares by the weighted average number of common shares outstanding during the period.

Diluted loss per common share is computed by dividing the net loss applicable to the common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. When a loss is incurred during the period; basic and diluted loss per share are the same as the exercise of stock options and share purchase warrants is anti-dilutive.

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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3. Significant Accounting Policies – (continued)

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the statement of comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

k) Flow-through Shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

## Mountain Boy Minerals Ltd.

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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### 3. Significant Accounting Policies – (continued)

#### l) New accounting standards and interpretations

There was no impact on the Company's financial statements from the adoption of IFRS 16 – Leases and IFRS 23 – Uncertainty over Income Tax Treatments effective December 1, 2019.

Pronouncements that are not applicable or that do not have a significant impact on the Company have not been included in these financial statements. The following standards are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date.

- IFRS 3 Business Combinations (effective December 1, 2020); and
- IAS 1 Presentation of Financial Statements (effective December 1, 2020).

The Company anticipates that the application of the above new and revised standards, amendments and interpretations will have no material impact on its future results and financial position for the year ending November 30, 2021.

### 4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only; or in the period of the change and future periods, if the change affects both. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

#### a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

#### b) Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

4. Critical Accounting Estimates and Judgments – (continued)

## c) Rehabilitation Provisions

Rehabilitation provisions have been determined to be \$Nil based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from period to period.

## d) Share-Based Payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

## e) Recognition of Deferred Tax Assets and Liabilities

The carrying amounts of deferred tax assets and liabilities are reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable income will be available to allow all or part of the deferred income tax asset to be utilized. Changes in estimates of future taxable income can materially affect the amount of deferred income tax assets and liabilities recognized.

## f) Going Concern

Management has applied judgments in the assessment of the Company's ability to continue as a going concern when preparing its financial statements. Management prepares the financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, 12 months from the end of the reporting period. Please refer to Note 2(c) for additional information.

5. Marketable Securities

The Company holds shares of a publicly traded company which are measured and presented at the observable market share price as at the date of the statements of financial position. The shares were acquired pursuant to the sale of the Silver Coin property in October 2018.

<b>November 30, 2020</b>	<b>Shares</b>	<b>Cost</b>	<b>Fair value</b>
Ascot Resources Ltd.	633,074 \$	569,767 \$	696,381

  

<b>November 30, 2019</b>	<b>Shares</b>	<b>Cost</b>	<b>Fair value</b>
Ascot Resources Ltd.	1,020,374 \$	918,337 \$	561,206

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

5. Marketable Securities – (continued)

	<b>For the years ended</b>	
	<b>November 30, 2020</b>	<b>November 30, 2019</b>
Net changes in fair value on marketable securities through profit or loss:		
Realized loss	(83,536)	(589,296)
Change in unrealized gain (loss)	483,746	(926,362)

6. Exploration and Evaluation Assetsa) Barbara (BA) and Surprise Creek Properties

By an agreement dated September 21, 2006, the Company acquired a 50% interest in the Barbara property which consists of ten mineral claims situated in the Skeena Mining Division of British Columbia. The Company was required to complete an 800 metre drill program on the property (completed). The property is subject to a 2% net smelter return royalty to a former director of the Company of which 1% may be purchased for \$500,000. During the year ended November 30, 2007, the Company acquired the remaining 50% interest in the property.

On January 28, 2010, the Company entered into an option and joint venture agreement with Great Bear Resources Ltd. ("Great Bear") which granted Great Bear the option to acquire up to a 70% interest in the Barbara, Stro, Booze and George Copper properties. On April 1, 2010, the Company received TSX-V approval for the agreement and issued 120,000 common shares valued at \$1.00 per share as a finder's fee with respect to this transaction. The agreement gave Great Bear the option to earn an initial 50% interest in the Barbara and George Copper properties by paying \$158,000 (paid) and incurring \$5,500,000 in exploration expenditures on or before December 31, 2013 (incurred).

The agreement was amended on October 25, 2010 in which Great Bear could earn an additional 20% interest by completing a bankable feasibility study on or before December 31, 2015. Great Bear did not complete a bankable feasibility study by December 31, 2015 and therefore did not execute their option to acquire an additional 20% interest in the properties. In consideration of the amendment, Great Bear included the Surprise Creek Property under the terms of the agreement and the acquisition costs for the Surprise Creek Property were borne entirely by Great Bear, and were applied against the earn-in requirement towards the Barbara Property. The Surprise Creek Property consists of 19 mineral claims situated in the Skeena Mining Division of British Columbia.

On October 18, 2016, the Company and Great Bear amended their agreement and entered into separate joint venture agreements for the Barbara and Surprise Creek Properties. The joint venture agreements set Great Bear as the operator of the Barbara Property and set the Company as the operator of the Surprise Creek Property. Both the Company and Great Bear retain a 50% ownership interest in the Surprise Creek and Barbara Properties.

On June 1, 2017, the Company and Great Bear entered into an additional option agreement in which the Company was granted the option to acquire Great Bear's 50% interest in the Barbara and Surprise Creek properties by issuing a total of 2,000,000 common shares and paying \$1,300,000 to Great Bear in stages between the date of TSX-V acceptance of the agreement and August 20, 2020 as follows:

## Mountain Boy Minerals Ltd.

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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### 6. Exploration and Evaluation Assets – (continued)

#### a) Barbara (BA) and Surprise Creek Properties – (continued)

- On signing, Great Bear will receive 500,000 shares (issued);
- \$150,000 by August 20, 2017 (paid);
- \$150,000 by November 20, 2017 (paid);
- 500,000 shares by April 15, 2018 (issued) and \$300,000 by August 20, 2018 (deferred to March 20, 2019 by issuing 120,000 shares; the Company transferred 323,000 common shares of Ascot to Great Bear in lieu of making the \$300,000 cash payment (Note 5));
- 500,000 shares by April 15, 2019 (issued) and \$350,000 by August 20, 2019 (the Company transferred 425,000 common shares of Ascot to Great Bear in lieu of making the \$350,000 cash payment (Note 5)); and
- 500,000 shares by April 15, 2020 (issued) and \$350,000 by August 20, 2020 (the Company issued 620,000 common shares to Great Bear in lieu of making the \$350,000 cash payment (Note 7(b))).

As at November 30, 2020, the Company has made all the required payments and common share issuances to Great Bear under the additional option agreement to acquire Great Bear's 50% interest in the Barbara and Surprise Creek properties.

In addition, the Company will make cash payments to Great Bear on achieving certain milestones toward establishing an economic resource, which could amount to as much as \$3,700,000 were both properties to go into production.

#### b) Red Cliff Property

The Company had a 100% interest in the Red Cliff claims which are located in the Skeena Mining Division of British Columbia. The Red Cliff property was subject to a 2% net smelter return royalty ("NSR") of which 1% may be purchased for \$1,000,000.

On November 19, 2008, Decade Resources Ltd. ("Decade"), a public company, with a former director in common with the Company acquired a 60% interest in Red Cliff claims by incurring \$1,250,000 in exploration expenditures on the Red Cliff Claims. Decade became the operator of the property.

On October 31, 2011, the Company informed Decade that it could not finance its share of exploration expenditures and therefore would have its interest diluted under the terms of the joint venture agreement. At October 31, 2011, the Company owed Decade \$435,785 in exploration expenditures related to its 40% interest in the Red Cliff property. Effective November 1, 2011, the Company agreed to dilute its interest by 5% in lieu of the \$435,785 thereby reducing its interest to 35%.

On October 23, 2017, Decade and the Company purchased a 1% NSR in the Red Cliff claims whereby the Company paid \$3,500 in cash and issued 34,286 common shares for the Company's 35% interest in the NSR.

On March 28, 2019, Decade and the Company signed a settlement and amending agreement to settle the amount owed by the Company to Decade (net of the receivable from Decade) up to the date of the agreement being \$925,000 and such amount shall be paid on or before June 30, 2019. As a result, the Company recorded a gain on settlement of debt of \$172,757 during the year ended November 30, 2019. As of November 30, 2020, the Company had a balance payable to Decade of \$nil (November 30, 2019: \$50,000) for joint venture exploration costs on Red Cliff which was included in due to joint venture partner and Decade owed \$nil (November 30, 2019: \$nil) to the Company for the reimbursement of expenses.

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets – (continued)b) Red Cliff Property (continued)

During the year ended November 30, 2020, the Company incurred \$25,967 (2019: \$8,533) in joint venture exploration costs to Decade on the Red Cliff property.

c) American Creek West Project (formerly Mountain Boy Silver Property)

The Company has a 100% interest in seven mineral claims located in the Skeena Mining Division in the Province of British Columbia.

The claims are subject to a 2% net smelter return royalty which may be purchased for \$1,000,000, or one half of it may be purchased for \$500,000.

On March 1, 2019, the Company entered into an option agreement to earn 100% interest in the Dorothy Property. To earn the 100% interest, over a four-year period the Company is to pay a total of \$120,000 to the optionors plus issue 800,000 common shares as purchase consideration.

	Cash		Shares		Cumulative Exploration Work Commitments
5 days from TSXV approval	\$ 5,000	Paid	100,000	Issued	\$ -
March 1, 2020	15,000	Paid	100,000	Issued	\$ 50,000 Met
		Subsequently		Subsequently	
March 1, 2021	25,000	paid	150,000	issued	\$ 125,000
March 1, 2022	25,000		200,000		\$ 200,000
March 1, 2023	50,000		250,000		\$ 500,000
<b>TOTAL</b>	<b>\$ 120,000</b>		<b>800,000</b>		

On March 17, 2019, the Company entered into an option agreement to acquire a 100% interest in a portion of the Silver Crown property. Under the agreement with AUX Resources Corporation ("AUX"), the Company participated in an underlying option agreement, by which the two companies divide the property based on the relative areas, each taking portions adjacent to existing projects, with AUX being responsible for 15% of the payments to the underlying owners and the Company being responsible for 85% of the payments.

AUX and the Company, at the time the agreement was entered into, had one director in common with the decision on this agreement determined by the other directors.

The underlying AUX option of the Silver Crown property is an arm's-length transaction and, in order to exercise the option, AUX must pay to the vendor a total of \$120,000 and 500,000 common shares of AUX over a four-year period. The vendor retains a 2% net smelter return royalty, of which one-half can be purchased for \$1 million until 90 days after the start of commercial production, with an advance royalty commencing in 2026. AUX is required to keep the property in good standing. The Company is required to pay AUX back 85% of the payments that AUX made in cash within five business days and for the payments AUX made in shares, the Company will make an equivalent cash payment based on the value that AUX records as the transaction.

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets – (continued)c) American Creek West (formerly Mountain Boy Silver Property) – (continued)

	<b>Cash</b>		<b>Shares</b>
March 15, 2019	\$ 10,000	Paid by Auramex and reimbursed by the Company	-
5 days from TSXV approval	-		100,000
March 15, 2020	15,000	Paid	100,000
March 15, 2021	20,000	Subsequently paid	100,000
March 15, 2022	25,000	Subsequently paid	100,000
	50,000	Subsequently paid	100,000
<b>TOTAL</b>	<b>\$ 120,000</b>		<b>500,000</b>

d) Southmore Property

The Southmore property is located in the Skeena Mining Division in the Province of British Columbia. On August 23, 2019, the Company acquired 100% interest in this property through staking and a purchase agreement with a third party by issuing 160,000 common shares of the Company (issued).

e) Other PropertiesStro, Booze and George Copper Properties

The Company has a 100% interest in the Stro, Booze and George Copper mineral properties located in the Skeena Mining Division of British Columbia.

As part of the joint venture and option agreement on the Barbara property, the Company granted Great Bear Resources Ltd. the option to acquire up to a 70% interest in the Stro, Booze and George Copper properties. See Note 6(a) – Barbara (BA) and Surprise Creek Properties.

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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6. Exploration and Evaluation Assets – (continued)

e) Other Properties – (continued)

West George Copper Property

On August 30, 2017, the Company entered into an option agreement with AUX Resource Corporation (“AUX”) whereby the Company can earn a 60% interest in West George Copper property as follows:

- On signing, AUX received \$700,000 in portable assessment credits;
- \$10,000 cash (paid) and \$30,000 of work expenditures before the second anniversary (amended and extended to August 30, 2020 - met); and
- \$20,000 cash (paid) and \$50,000 of work expenditures (met) before the third anniversary.

The Company has earned a 60% interest in the George Copper West property, with AUX holding a 40% interest, carried through exploration, and a 2% royalty which is subject to buy-down provisions of 1% for \$1,000,000.

The property consists of 288 hectares adjacent to the Company's 100% owned George Copper property.

Manuel Creek Property

On December 9, 2016, the Company acquired a 100% interest in the Manuel Creek zeolite property located northeast of Keremeos, British Columbia for \$15,000.

The Company acquired two claims covering the Manuel Creek zeolite property for \$3,500 in April 2018.

On March 5, 2020, the Company signed an agreement to sell its interest in the Manuel Creek property for \$30,000. As of November 30, 2020, the Company received \$15,000 from this purchaser and has transferred the title to the purchaser while retaining a 3% net smelter royalty (“NSR”). The purchaser may purchase 2% NSR with each 1% of the NSR for an additional \$100,000. The remaining \$15,000 payment from the purchaser is due on or before March 5, 2022.

f) British Columbia Mining Exploration Tax Credit (“BC METC”)

During the year ended November 30, 2020, the Company received BC METC of \$87,166 which is recorded as a reduction of exploration and development costs.

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets – (continued)

	<b>Barbara and Surprise Creek</b>	<b>Red Cliff</b>	<b>American Creek West</b>	<b>Southmore</b>	<b>Other Properties</b>	<b>Total</b>
<b>Property acquisition costs</b>						
Balance November 30, 2019	\$ 1,662,495	\$ 201,974	\$ 959,942	\$ 35,876	\$ 53,557	\$ 2,913,844
Property payments	467,500	-	74,300	-	21,062	562,862
Cost recovery	-	-	-	-	(15,000)	(15,000)
Balance November 30, 2020	2,129,995	201,974	1,034,242	35,876	59,619	3,461,706
<b>Deferred exploration costs</b>						
Balance November 30, 2019	4,398,134	5,251,939	1,745,320	36,483	141,536	11,573,412
Assays	388	120	1,671	-	3,310	5,489
Camp costs	89,061	3,852	89,290	-	13,076	195,279
Drilling	-	-	675,406	-	-	675,406
Equipment rental	65	-	4,760	-	225	5,050
General and administration	24	33	407	-	677	1,141
Geological	57,494	18,329	317,793	11,100	2,198	406,914
Geophysics	-	2,595	106,068	-	-	108,663
Helicopter	1,795	-	270,296	-	270,785	542,876
Labour	342	600	105,176	-	11,371	117,489
Storage	-	-	-	-	250	250
Supplies and miscellaneous	21,813	438	40,910	-	188	63,349
	170,982	25,967	1,611,777	11,100	302,080	2,121,906
Balance November 30, 2020	4,569,116	5,277,906	3,357,097	47,583	443,616	13,695,318
<b>Less:</b>						
Mining tax credit BC METC	-	(302,198)	-	-	-	(302,198)
<b>Total</b>	<b>\$ 6,699,111</b>	<b>\$ 5,177,682</b>	<b>\$ 4,391,339</b>	<b>\$ 83,459</b>	<b>\$ 503,235</b>	<b>\$ 16,854,826</b>

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets – (continued)

	<b>Barbara and Surprise Creek</b>	<b>Red Cliff</b>	<b>American Creek West</b>	<b>Southmore</b>	<b>Other Properties</b>	<b>Total</b>
<b>Property acquisition costs</b>						
Balance November 30, 2018	\$ 1,027,065	\$ 201,974	\$ 920,547	\$ -	\$ 43,557	\$ 2,193,143
Property payments	635,430	-	39,395	35,876	10,000	720,701
Balance November 30, 2019	1,662,495	201,974	959,942	35,876	53,557	2,913,844
<b>Deferred exploration costs</b>						
Balance November 30, 2018	4,164,533	5,243,406	1,583,097	-	136,756	11,127,792
Assays	16,235	-	14,795	2,036	-	33,066
Camp costs	33,406	240	25,876	6,320	-	65,842
Drilling	10,059	-	-	-	-	10,059
General and administration	669	-	497	85	-	1,251
Geological	127,096	8,293	101,895	19,521	1,200	258,005
Helicopter	44,095	-	13,387	8,160	-	65,642
Holding costs	-	-	-	93	3,580	3,673
Labour	-	-	2,000	-	-	2,000
Supplies and miscellaneous	1,889	-	1,286	39	-	3,214
Trucking	152	-	2,487	229	-	2,868
	233,601	8,533	162,223	36,483	4,780	445,620
Balance November 30, 2019	4,398,134	5,251,939	1,745,320	36,483	141,536	11,573,412
<b>Less:</b>						
Mining tax credit BC METC	-	(215,032)	-	-	-	(215,032)
<b>Total</b>	<b>\$ 6,060,629</b>	<b>\$5,238,881</b>	<b>\$ 2,705,262</b>	<b>\$ 72,359</b>	<b>\$ 195,093</b>	<b>\$14,272,224</b>

## Mountain Boy Minerals Ltd.

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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### 7. Share Capital

#### a) Authorized

Unlimited common shares without par value

#### b) Details of issuance of common shares

##### During the Year Ended November 30, 2020:

On December 19, 2019, the Company completed a non-brokered private placement by issuing 1,040,000 flow-through shares ("FT Share") at a price of \$0.25 per FT Share for gross proceeds of \$260,000. In connection with the financing, the Company paid \$15,000 as a cash finder's fee and issued 60,000 finder's warrants, each of which is exercisable into one common share at a price of \$0.25 for a period of 12 months. The finder's warrants were ascribed with a value of \$3,295 using the Black-Scholes Option Pricing Model. The Company recorded a flow-through premium liability of \$67,600 which was recognized as income as of November 30, 2020.

On February 25, 2020, the Company issued 500,000 common shares with a fair value of \$117,500 to Great Bear pursuant to the option agreement (Note 6(a)).

On February 26, 2020, the Company issued 100,000 common shares with a fair value of \$24,000 to the optionors for the Dorothy property (Note 6(c)).

On July 7, 2020, the Company completed a non-brokered private placement by issuing a total of 8,000,000 units ("Units") at a price of \$0.25 per Unit for the gross proceeds of \$2,000,000. Each Unit consists of one common share and one-half of one share purchase warrant. Each full warrant is exercisable at \$0.40 for a period of two years expiring on July 7, 2022. In connection with the financing, the Company paid \$18,570 as a cash finder's fee and issued 74,280 finder's warrants, each of which is exercisable into one common share at a price of \$0.25 expiring on July 7, 2021. The finder's warrants were ascribed with a value of \$14,039 using the Black-Scholes Option Pricing Model.

On July 15, 2020, the Company completed a non-brokered private placement by issuing a total of 4,166,669 flow-through shares ("FT Share") at a price of \$0.30 per FT Share for the gross proceeds of \$1,250,000. In connection with the financing, the Company paid \$44,430 as a cash finder's fee. The Company also incurred an additional \$20,482 share issue costs for the two July 2020 private placements. The Company did not record a flow-through premium liability for this private placement.

On August 21, 2020, the Company issued 620,000 common shares with a fair value of \$350,000 to Great Bear pursuant to the option agreement (Note 6(a)).

On November 16, 2020, the Company completed a non-brokered private placement by issuing a total of 3,150,000 flow-through units ("FT Unit") at a price of \$0.532 per FT Unit for the gross proceeds of \$1,675,800. Each FT Unit consists of one common share and one-half of one warrant. Each full warrant is exercisable at \$0.60 for three years expiring on November 16, 2023. In connection with the financing, the Company paid \$72,000 as a cash finder's fee did not issue any finder's warrants and incurred additional share issue costs of \$9,829. Under the residual value approach, no value was assigned to the warrant component of the FT Units. The Company recorded a flow-through premium liability of \$526,050 of which \$126,930 was recognized as income as of November 30, 2020.

The Company issued a total of 1,132,500 common shares for proceeds of \$315,126 pursuant to the exercise of stock options and warrants.

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

7. Share Capital – (continued)b) Details of issuance of common shares – (continued)During the Year Ended November 30, 2019:

The Company issued 100,000 common shares with a fair value of \$20,000 to the optionors for an option payment on the Dorothy property (Note 6(c)).

The Company issued 500,000 common shares with a fair value of \$95,000 to Great Bear pursuant to the option agreement (Note 6(a)).

The Company issued 160,000 common shares with a fair value of \$35,200 to purchase the More Creek property (Note 6(d)).

In November 2019, the Company received \$55,000 for a non-brokered private placement that closed in December 2019.

c) Warrants

A continuity of warrants for the year ended November 30, 2020 is as follows:

<u>Expiry date</u>	<u>Exercise price (\$)</u>	<u>Exercise November 30, 2019</u>	<u>Issued</u>	<u>Exercised</u>	<u>Expired</u>	<u>November 30, 2020</u>				
November 19, 2020	0.30	640,000	-	(640,000)	-	-				
July 7, 2022	0.40	-	4,000,000	-	-	4,000,000				
November 16, 2023	0.60	-	1,575,000	-	-	1,575,000				
Warrants outstanding		640,000	5,575,000	(640,000)	-	5,575,000				
Weighted average exercise price (\$)	\$	0.30	\$	0.46	\$	0.30	\$	-	\$	0.46

The weighted average remaining life of the outstanding warrants as at November 30, 2020 is 1.98 years (November 30, 2019 – 0.97 years).

A continuity of warrants for the year ended November 30, 2019 is as follows:

<u>Expiry date</u>	<u>Exercise price (\$)</u>	<u>Exercise November 30, 2018</u>	<u>Issued</u>	<u>Exercised</u>	<u>Expired</u>	<u>November 30, 2019</u>				
March 15, 2019	0.50	728,733	-	-	(728,733)	-				
September 25, 2019	0.50	566,000	-	-	(566,000)	-				
September 25, 2019	0.65	720,000	-	-	(720,000)	-				
November 19, 2020	0.30	640,000	-	-	-	640,000				
Warrants outstanding		2,654,733	-	-	(2,014,733)	640,000				
Weighted average exercise price (\$)	\$	0.49	\$	-	\$	-	\$	0.55	\$	0.30

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

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7. Share Capital – (continued)d) Share Purchase Option Compensation Plan

The Company has a stock option plan under which the maximum number of stock options available for grant cannot exceed 10% of the issued and outstanding common shares of the Company at the date of the grant. Stock options may be granted for a maximum term of five years and expire 90 days from termination of employment or holding office as a director or officer of the Company. Unless otherwise stated, stock options vest when granted.

A continuity of options for the year ended November 30, 2020 is as follows:

Expiry date	Exercise November 30,		Issued	Exercised	Expired / November 30,	
	price (\$)	2019			forfeited	2020
August 17, 2021	0.25	240,000	-	(240,000)	-	-
September 7, 2021	0.25	600,000	-	(200,000)	-	400,000
July 10, 2023	0.40	2,160,000	-	-	-	2,160,000
July 10, 2024	0.21	400,000	-	-	-	400,000
March 17, 2025	0.25	-	250,000	-	-	250,000
August 5, 2025	0.455	-	1,175,000	-	-	1,175,000
Options outstanding		3,400,000	1,425,000	(440,000)	-	4,385,000
Options exercisable		3,400,000	1,425,000	-	-	4,385,000
Weighted average exercise price (\$)		\$ 0.36	\$ 0.42	\$ 0.25	\$ -	\$ 0.38

The weighted average remaining life of the outstanding options as at November 30, 2020 is 3.18 years (November 30, 2019 – 3.27 years).

A continuity of options for the year ended November 30, 2019 is as follows:

Expiry date	Exercise November 30,		Issued	Exercised	Expired / November 30,	
	price (\$)	2018			forfeited	2019
August 17, 2021	0.25	240,000	-	-	-	240,000
September 7, 2021	0.375	600,000	-	-	-	600,000
July 10, 2023	0.40	2,160,000	-	-	-	2,160,000
July 10, 2024	0.21	-	400,000	-	-	400,000
Options outstanding		3,000,000	400,000	-	-	3,400,000
Options exercisable		3,000,000	400,000	-	-	3,400,000
Weighted average exercise price (\$)		\$ 0.38	\$ 0.21	\$ -	\$ -	\$ 0.36

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

7. Share Capital – (continued)d) Share Purchase Option Compensation Plan – (continued)

The fair value of the stock options granted during the year ended November 30, 2020 was \$543,550 or \$0.38 per option. The following table summarizes the assumptions used in the Black-Scholes Option Pricing Model to estimate the fair value of the options:

	2020	2019
Risk-free interest rate	1.33%	1.33%
Expected stock price volatility	164.74%	222.20%
Expected option life in years	5 years	5 years
Expected dividend yield	Nil	Nil
Forfeiture rate	0.00%	0.00%
Share price on grant date	\$0.36	\$0.21

## e) Finders' Warrants

A continuity of finders' warrants for the year ended November 30, 2020 is as follows:

Expiry date	Exercise price (\$)	Exercise November 30,			November 30,		
		2019	Issued	Exercised	Expired	2020	
December 19, 2020 <sup>(a)</sup>	0.25	-	60,000	(51,000)	-	9,000	
July 7, 2021 <sup>(b)</sup>	0.25	-	74,280	(1,500)	-	72,780	
Warrants outstanding		-	134,280	(52,500)	-	81,780	
Weighted average exercise price (\$)	\$	-	\$ 0.25	\$ 0.25	\$	-	\$ 0.25

(a) Subsequently, a total of 9,000 finder's warrants were exercised;

(b) Subsequently, a total of 3,600 finder's warrants were exercised.

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

**8. Related Party Transactions**

Payments to related parties were made in the normal course of operations and were recorded at the exchange amount which is the amount agreed to by the Company and the related party. Amounts due to or from related parties are unsecured, non-interest bearing and due on demand. There are no commitments or guarantees associated with the outstanding balances.

Amounts in accounts payable:	Services for:	Years ended		As at	As at
		November 30	November 30	November 30	November 30
		2020	2019	2020	2019
Lawrence Roulston	Management fee	\$ 120,000	\$ 95,000	\$ -	\$ -
	Consulting fee and management fee				
Rene Bernard	Accounting and management services	40,950	-	-	-
A private company controlled by a director of the Company <sup>(a)</sup>	Marketing services	110,846	95,421	8,006	8,400
A private company controlled by an officer of the Company <sup>(b)</sup>	Property payment	46,000	36,000	-	-
A public company with a director in common with the Company <sup>(c)</sup>	Geological services	39,472	42,054	4,172	-
A private company controlled by an officer of the Company <sup>(d)</sup>		428,765	223,591	-	-
<b>Total</b>		<b>\$ 786,032</b>	<b>\$ 492,066</b>	<b>\$ 12,178</b>	<b>\$ 8,400</b>

(a) Mark T. Brown, a director of the Company, is the president of this private company.

(b) Nancy Curry, the Vice President Corporate Development, is the owner of this private company.

(c) Lawrence Roulston, the Chief Executive Officer and director of the Company, was a director of this public company until December 30, 2020.

(d) Lucia Theny, the Vice President Exploration effective April 23, 2019, is a co-owner of this private company where it employs several geologists to provide geological services to the Company.

Key management personnel compensation includes all compensation paid to executive management and members of the board of directors of the Company.

**Mountain Boy Minerals Ltd.**

## Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

8. Related Party Transactions – (continued)

For the year ended November 30, 2020:

	Short-term employee benefits	Post- employment benefits	Other long- term benefits	Termination benefits	Other expenses	Share-based payments <sup>(1)</sup>	Total
Lawrence Roulston Chief Executive Officer, Director	\$120,000	\$Nil	\$Nil	\$Nil	\$Nil	\$42,500	\$162,500
Rene Bernard Director	\$40,950	\$Nil	\$Nil	\$Nil	\$Nil	\$42,500	\$83,450
Winnie Wong Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$42,500	\$42,500
Lucia Theny VP Exploration	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$42,500	\$42,500
Mark T. Brown Director	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$42,500	\$42,500
Nancy Curry VP Corp. Development	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$21,250	\$21,250
Ron Cannan Director	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$42,500	\$42,500
Ben Whiting Director	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$150,425	\$150,425
<b>Total:</b>	<b>\$160,950</b>	<b>\$Nil</b>	<b>\$Nil</b>	<b>\$Nil</b>	<b>\$Nil</b>	<b>\$426,675</b>	<b>\$587,625</b>

For the year ended November 30, 2019:

	Short-term employee benefits	Post- employment benefits	Other long- term benefits	Termination benefits	Other expenses	Share-based payments <sup>(1)</sup>	Total
Lawrence Roulston Chief Executive Officer, Director	\$95,000	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$95,000
Winnie Wong Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Lucia Theny VP Exploration	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$82,960	\$82,960
<b>Total:</b>	<b>\$95,000</b>	<b>\$Nil</b>	<b>\$Nil</b>	<b>\$Nil</b>	<b>\$Nil</b>	<b>\$82,960</b>	<b>\$177,960</b>

<sup>(1)</sup> Share-based payments are the fair values of the stock options granted during the years ended November 30, 2020 and 2019 calculated using the Black-Scholes Option Pricing Model (see Note 7(d)).

## Mountain Boy Minerals Ltd.

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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### 9. Non-Cash Transactions

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statements of cash flows. The following transactions were excluded from the statements of cash flows:

*During the year ended November 30, 2020:*

- a) The Company incurred exploration and evaluation costs of \$321,451 which are included in trade and other payables at November 30, 2020.
- b) The Company issued 1,120,000 common shares with a fair value of \$467,500 to Great Bear for option payments on the Barbara and Surprise Creek properties and 100,000 common shares with a fair value of \$24,000 for an option payment on the Dorothy property.
- c) The Company issued 134,280 finder's warrants with a Black-Scholes Option Pricing Model value of \$17,334 as share issue costs.

*During the year ended November 30, 2019:*

- a) The Company incurred exploration and evaluation costs of \$389 which are included in trade and other payables at November 30, 2019.
- b) The Company issued 500,000 common shares with a fair value of \$95,000 to Great Bear for an option payment on the Barbara and Surprise Creek properties, 100,000 common shares with a fair value of \$20,000 for an option payment on the Dorothy property, and 160,000 common shares with a fair value of \$35,200 for an option payment on the More Creek property.
- c) The Company transferred 748,000 common shares of Ascot with a fair value of \$540,430 to Great Bear for option payments on the Barbara and Surprise Creek properties.
- d) The Company incurred deferred financing costs of \$3,000 which are included in trade and other payables as at November 30, 2019.

### 10. Financial Instruments

The fair values of the Company's financial assets and liabilities approximate their carrying amounts because of their current nature.

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 or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

## Mountain Boy Minerals Ltd.

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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### 10. Financial Instruments – (continued)

The Company's financial instruments consist of cash and cash equivalents, marketable securities, reclamation bonds, trade and other payables and due to joint venture partner. Cash and cash equivalents and marketable securities are measured at fair value through profit and loss. Reclamation bonds are measured at amortized cost. Trade and other payables and due to joint venture partner are measured at amortized cost.

The fair value of the Company's cash and cash equivalents and marketable securities is measured using level one of the fair value hierarchy.

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and cash equivalents are exposed to credit risk. The Company reduces its credit risk on cash by placing these instruments with institutions of high credit worthiness.

#### Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash and cash equivalents are exposed to interest rate risk.

#### Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company's trade and other payables are all current and due within 90 days of the statement of financial position date. At November 30, 2020, the Company had a working capital surplus of \$3,194,186 which will provide sufficient capital to meet its short-term financial obligations.

#### Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavourable markets conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in markets prices, such that changes in market prices results in a proportionate change in the carrying value of the Company's investments.

**Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

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11. Income Taxes

The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

	<u>2020</u>	<u>2019</u>
Income (loss) before income taxes	\$ (484,915)	\$ (1,679,275)
Combined statutory tax rate	27.00%	27.00%
Expected income tax expense (recovery)	(131,000)	(453,000)
Permanent and other differences	125,000	120,000
Change in unrecognized deferred tax assets	<u>63,000</u>	<u>244,000</u>
Deferred income tax expense (recovery)	<u>\$ 57,000</u>	<u>\$ (89,000)</u>

Deferred Tax Assets and Liabilities

No deferred tax asset has been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax to be recovered:

	<u>2020</u>	<u>2019</u>
Non-capital losses	\$ 1,124,000	\$ 1,016,000
Capital losses	140,000	128,000
Financing costs	42,000	3,000
Exploration and evaluation assets	(3,165,000)	(3,142,000)
Marketable securities	(34,000)	96,000
Deferred tax assets - unrecognized	<u>(1,306,000)</u>	<u>(1,243,000)</u>
Deferred tax liability - recognised	<u>\$ (3,199,000)</u>	<u>\$ (3,142,000)</u>

At November 30, 2020, the Company has estimated non-capital losses for income tax purposes of \$4,165,000 that may be carried forward to reduce taxable income in future taxation years.

The non-capital tax losses expire as follows:

2027	\$ 341,000
2029	296,000
2030	206,000
2031	538,000
2032	633,000
2033	296,000
2034	218,000
2035	162,000
2036	384,000
2037	429,000
2039	85,000
2040	<u>577,000</u>
	<u>\$ 4,165,000</u>

## **Mountain Boy Minerals Ltd.**

Notes to the Financial Statements

For the years ended November 30, 2020 and 2019

(Expressed in Canadian dollars)

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### 11. Income Taxes – (continued)

During the year ended November 30, 2020, the Company renounced \$260,000 (2019: \$nil) of resource expenditures. Expenditures related to the use of flow-through share proceeds are included in exploration costs but are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors.

### 12. Capital Disclosures

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its mineral properties, finance corporate overhead costs, meet obligations as they come due, and to maintain a flexible capital structure which optimizes the cost of capital within a framework at an acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, as well as cash. The Company has no earning and therefore has historically financed its acquisition and exploration activities and corporate overhead costs by the sale of common shares.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. In order to maximize development efforts, the Company does not pay out dividends.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resources markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects. The Company is not subject to any externally imposed capital requirements.

### 13. Subsequent Event

On December 22, 2020, the Company announced the acquisition, through staking and purchase, of another highly prospective property in the Golden Triangle – the Theia property. The Company paid \$10,000 and 50,000 shares for the Rouge claim, with an NSR of 1.5% retained by the seller. This NSR may be purchased at any time for \$1,500,000. The Razzle/Dazzle group was purchased for \$12,500. All tenures are now held 100% by the Company.