SERENGETI
RESOURCES INC.

Condensed Consolidated Interim Financial Statements

For the Nine-month Period Ended November 30, 2019 and 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Condensed Consolidated Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim unaudited financial statements for the nine-month period ended November 30, 2019.

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Note	November 30, 2019	February 28, 2019
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 181,567	$ 373,357
Receivables	4,8	254,216	28,043
Due from joint venture partner	5,16	1,082,286	1,085,692
Prepaid expenses		10,963	15,599
		1,529,032	1,502,691
Non-current assets			
Investment in joint venture	6	15,136,362	14,824,963
Reclamation deposits	9	54,222	31,760
Property, plant and equipment	7	75,022	1,528
Exploration and evaluation assets	8	3,960,414	2,445,815
		19,226,020	17,304,066
TOTAL ASSETS		**$ 20,755,052**	**$ 18,806,757**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10,14	$ 358,868	$ 69,601
Deferred revenue	6	-	107,422
Convertible debentures	12	653,839	-
Current portion of lease payable	11	28,942	-
		1,041,649	177,023
Lease payable	11	45,197	-
TOTAL LIABILITIES		1,086,846	177,023
SHAREHOLDERS' EQUITY			
Share capital	13	43,213,537	41,645,496
Other reserves	13	8,366,569	8,007,772
Equity portion of convertible debenture	12	52,837	-
Deficit		(31,964,737)	(31,023,534)
TOTAL SHAREHOLDERS' EQUITY		**19,668,206**	**18,629,734**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 20,755,052**	**$ 18,806,757**

Nature of operations and going concern (note 1)
Subsequent events (note 16)

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Note	Three month period ended November 30, 2019	2018	Nine month period ended November 30, 2019	2018
Expenses					
Consulting	14	$ 28,426	$ 15,246	$ 119,041	$ 88,566
Conventions and tradeshows		1,949	36,878	16,291	45,995
Corporate development		5,969	35,634	36,414	35,634
Depreciation		7,753	163	18,167	491
Director fees	14	23,587	11,750	55,326	36,750
Investor relations		1,126	7,385	13,083	23,553
Management fees	14	45,273	45,758	139,972	141,426
Office and miscellaneous		16,222	21,367	46,755	65,011
Professional fees		23,697	11,178	52,907	32,206
Project investigation costs		5,452	1,612	21,775	26,252
Salaries		19,143	33,370	55,555	33,370
Share-based compensation	13	73,404	-	364,960	231,104
Transfer agent and filing fees		13,290	5,506	24,306	23,344
		(265,291)	(225,847)	(964,552)	(783,702)
Other Items					
Impairment		-	-	-	(125,253)
Expenses recovered	8	-	-	8,166	-
Interest income		371	681	8,209	6,372
Share of joint venture loss	6	(136)	(49)	(2,277)	(1,943)
Other income		-	-	-	10,000
Interest expense	11,12	(26,088)	-	(28,347)	-
Management income	6	233	44,847	37,598	176,107
		(25,620)	45,479	23,349	65,283
Loss and comprehensive loss for the period		**$ (290,911)**	**$ (180,368)**	**$ (941,203)**	**$ (718,419)**
Loss per share – basic and diluted		**$ (0.00)**	**$ (0.00)**	**$ (0.01)**	**$ (0.01)**
Weighted average number of common shares outstanding		**98,115,877**	**91,328,591**	**96,507,759**	**89,448,431**

(Unaudited - Expressed in Canadian Dollars)

	Note	Share capital						
		Number of shares	Amount	Warrant reserve	Other reserves	Equity portion of convertible debentures	Deficit	Total Shareholders' Equity
Balance at February 28, 2018		**86,635,121**	**$ 40,710,973**	**$ 175,345**	**$ 7,836,703**	**$ -**	**$ (31,195,283)**	**$ 17,527,738**
Shares issued for acquisition of property interests		212,058	29,688					29,688
Shares issued for cash - exercise of warrants		3,670,000	421,240	-	-	-	-	421,240
Shares issued for cash - exercise of stock options		1,950,000	154,250	-	-	-	-	154,250
Share issuance costs		-	(13,619)	-	-	-	-	(13,619)
Reallocation of fair market value of warrants exercised		-	119,315	(119,315)	-	-	-	-
Reallocation of fair market value of stock options exercised		-	104,842	-	(104,842)	-	-	-
Reallocation of fair market value of warrants expired		-	-	(51,684)	51,684	-	-	-
Share-based payments		-	-	-	231,104	-	-	231,104
Net loss for the period		-	-	-	-	-	(718,419)	(718,419)
Balance at November 30, 2018		**92,467,179**	**$ 41,526,689**	**$ 4,346**	**$ 8,014,649**	**$ -**	**$ (31,913,702)**	**$ 17,631,982**
Balance at February 28, 2019		**92,849,668**	**$ 41,645,496**	**$ -**	**$ 8,007,772**	**$ -**	**$ (31,023,534)**	**$ 18,629,734**
Shares issued for cash - flow-through financing	13	4,850,000	1,455,000	-	-	-	-	1,455,000
Shares issued for cash - exercise of stock options	13	200,000	12,000	-	-	-	-	12,000
Shares issued for cash - exercise of warrants	13	225,000	49,500	-	-	-	-	49,500
Shares issued for acquisition of property interests	13	233,333	58,333	-	-	-	-	58,333
Share issuance costs	13	-	(12,955)	-	-	-	-	(12,955)
Reallocation of fair market value of stock options exercised		-	6,163	-	(6,163)	-	-	-
Share-based payments	13	-	-	-	364,960	-	-	364,960
Convertible debentures	12	-	-	-	-	52,837	-	52,837
Net loss for the period		-	-	-	-	-	(941,203)	(941,203)
Balance at November 30, 2019		**98,358,001**	**$ 43,213,537**	**$ -**	**$ 8,366,569**	**$ 52,837**	**$ (31,964,737)**	**$ 19,668,206**

(Unaudited - Expressed in Canadian Dollars)

	Three month period ended November 30, 2019	Three month period ended November 30, 2018	Nine month period ended November 30, 2019	Nine month period ended November 30, 2018
Operating activities				
Net loss for the period	$ (290,911)	$ (180,368)	$ (941,203)	$ (718,419)
Adjustments for non-cash items:				
Depreciation	7,753	163	18,167	491
Share of joint venture loss	136	49	2,277	1,943
Interest expense	25,495	-	27,747	125,253
Management fee income	(233)	(44,847)	(37,598)	(176,107)
Share-based compensation	73,404	-	364,960	231,104
Changes in non-cash working capital items:	-	-		
Receivables	(2,160)	2,294	(60,910)	(11,477)
Due from joint venture partner	(942)	-	3,406	-
Prepaid expenses	3,874	5,086	4,636	3,151
Trade payables and accrued liabilities	44,283	8,562	81,254	23,810
Net cash flows used in operating activities	(139,301)	(209,061)	(537,264)	(520,251)
Investing activities				
Expenditures on exploration and evaluation assets	(601,812)	(343,308)	(1,430,776)	(574,426)
Investment in joint ventures	(93,600)	-	(383,500)	-
Reclamation deposits	-	-	(22,462)	62,524
Net cash flows used in investing activities	(695,412)	(343,308)	(1,836,738)	(511,902)
Financing activities				
Proceeds on issuance of common shares net of share issuance costs	-	137,838	1,442,045	561,871
Options exercised for cash	7,000	-	12,000	-
Warrants exercised	49,500	-	49,500	-
Convertible debentures	700,000	-	700,000	-
Lease payable repayments	(10,335)	-	(21,333)	-
Net cash flows provided by financing activities	746,165	137,838	2,182,212	561,871
Decrease in cash and cash equivalents	(88,548)	(414,531)	(191,790)	(470,282)
Cash and cash equivalents, beginning of period	270,115	977,087	373,357	1,032,838
Cash and cash equivalents, end of period	**$ 181,567**	**$ 562,556**	**$ 181,567**	**$ 562,556**

1. Nature of operations and going concern

Serengeti Resources Inc. (the "Company" or "Serengeti") was incorporated on March 5, 1973, under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "SIR".

The head office and principal address of the Company is 800 West Pender Street, Suite 520, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered and records office address is #3200 – 650 West Georgia Street, Vancouver, British Columbia, Canada, V6B 4P7.

Going concern

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At November 30, 2019, the Company had not achieved profitable operations, had a net loss of $941,203 for the period ended November 30, 2019 and accumulated losses of $31,964,737 (February 28, 2019 - $31,023,534) since inception, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to raise equity capital or borrowings sufficient funds to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

2. Significant accounting policies and basis of preparation

These consolidated financial statements were authorized for issue by the directors of the Company on January 27, 2020.

Statement of compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") 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"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended February 28, 2018 with the exception of the new accounting policy adopted in the current period.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended February 28, 2018.

(Unaudited - Expressed in Canadian Dollars)

2. Significant accounting policies and basis of preparation (cont'd)

New accounting standards

Effective March 1, 2019, the Company has adopted *IFRS 16 Leases.* IFRS 16 is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The Company is a lessee in respect of its office lease. As a result of the new accounting policy, the Company recorded a lease liability and a leased office asset of $91,661 at the inception of its office lease on May 1, 2019. The asset is being amortized over the lease term of 3 years on a straight - line basis. Lease payments are being recorded against the lease liability and interest expense of 8% is being recorded on the liability.

3. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

		November 30, 2019		February 28, 2019
Cash at bank	$	115,567	$	145,857
Guaranteed investment certificates		66,000		227,500
	$	181,567	$	373,357

4. Receivables

		November 30, 2019		February 28, 2019
Exploration costs recoverable from joint venture partner	$	7,528	$	19,281
Exploration tax credit receivable		165,263		-
Goods and services tax receivable		77,054		8,354
Other receivables		4,371		408
	$	254,216	$	28,043

5. Due from KCC

Pursuant to the joint venture agreement with Kwanika Copper Corporation ("KCC"), (Note 6), the Company is entitled to the proceeds from the Mineral Exploration Tax Credit ("METC") to be paid to KCC and has been recorded as a receivable and included in the statement of financial position in due from KCC. The estimated proceeds of $1,082,286 were included in other income in the statement of income and comprehensive income for the year ended February 28, 2019 (see Note 16).

6. Investment in joint venture – Kwanika Copper Corporation

On November 24, 2017, Serengeti completed a transaction whereby Serengeti, POSCO DAEWOO Corporation, since renamed Posco International Corporation ("PIC") and KCC (formerly Daewoo Minerals Canada Corporation) signed a definitive joint venture agreement (the "JVA") for the exploration and development of the Kwanika property (the "Project"). Pursuant to the JVA, the respective interests of Serengeti and PDI in the Project were transferred to KCC, which serves as the vehicle for the joint venture.

(Unaudited - Expressed in Canadian Dollars)

6. Investment in joint venture - Kwanika Copper Corporation (cont'd)

PIC has contributed a total of $8,506,500 in cash and holds 8,406,500 million common shares of KCC (representing 35% of the total issued shares of KCC). Serengeti contributed its 95% ownership of the Kwanika property and cash of $383,500, in exchange for 15,612,071 common shares of KCC (representing 65% of the total issued shares of KCC).

Serengeti can remain as Project operator so long as it maintains a majority interest. As Project operator, SIR has received a 10% management fee on expenditures of $7,000,000. Management fee income of $37,598 (2018: $176,107), representing 35% of the management fees earned from the joint venture in the current period, has been recorded in the consolidated statement of loss and comprehensive loss for the period ended November 30, 2019.

Serengeti will be granted a 1% net smelter return royalty ("NSR") if its Project interest is diluted below 50% and an additional 0.5% NSR if its interest is diluted below 33 ⅓%, subject to partial buyback provisions to PIC. PIC will have certain concentrate offtake rights from production on the Project, subject to Serengeti's ability to enter into separate streaming arrangements.

Summarized statement of financial position – Kwanika Copper Corporation

		November 30, 2019 (unaudited)
Current assets	$	625,462
Non-current assets		23,523,724
Total assets	**$**	**24,149,186**
Current liabilities	$	157,570
Shareholders' equity		
Common shares		
Serengeti Resources Inc.		15,612,071
Posco International Corporation		8,506,500
Deficit		(126,955)
Total shareholders' equity		23,991,616
Total equity and liabilities	**$**	**24,149,186**

Changes in the investment in joint venture for the period ended November 30, 2019 are as follows:

Balance February 28, 2019	$	14,824,963
Investment in joint venture		383,500
Share of joint venture loss from March 1, 2019 to November 30, 2019		(2,277)
65% of management fee income earned from joint venture from March 1, 2019 to November 30, 2019		(69,824)
Balance November 30, 2019	$	15,136,362

(Unaudited - Expressed in Canadian Dollars)

7. Property, plant and equipment

	Leased Office	Furniture and Equipment	Total
Cost			
Balance February 28, 2019	$ -	$ 26,956	$ 26,956
Additions	91,661	-	91,661
Balance November 30, 2019	$ 91,661	$ 26,956	$ 118,617
Accumulated depreciation			
Balance February 28, 2019	$ -	$ 25,428	$ 25,428
Depreciation	17,823	344	18,167
Balance November 30, 2019	$ 17,823	$ 25,772	$ 43,595
Net book value			
Balance February 28, 2019	$ -	$ 1,528	$ 1,528
Balance November 30, 2019	$ 73,838	$ 1,184	$ 75,022

The leased office is being amortized on a straight-line basis over the lease period of 3 years.

8. Exploration and evaluation assets

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the period ended November 30, 2019:

	Atty	Milligan West	TopCat	Other	Total
Property acquisition costs					
Balance, beginning of period	$ 126,551	$ 43,111	$ -	$ 817,039	$ 986,701
Additions	25,797	-	63,333	15,169	104,299
Balance, end of period	152,348	43,111	63,333	832,208	1,091,000
Exploration and evaluation costs					
Balance, beginning of period	378,916	521,816	-	558,382	1,459,114
Costs incurred during period:					
Aircraft	273,208	-	28,145	80,808	382,161
Assaying	59,628	-	8,935	11,658	80,221
Camp and operations	95,161	-	71,099	38,463	204,723
Consulting	86,652	2,203	41,671	74,151	204,677
Drilling	323,273	-	-	-	323,273
Geophysics	112,912	-	-	120,920	233,832
Storage	-	2,472	-	4,538	7,010
Travel and accommodation	103,336	-	11,802	16,362	131,500
	1,054,170	4,675	161,652	346,900	1,567,397
Recovery costs during the period:					
Exploration tax credits	(113,675)	(2,610)	-	(40,812)	(157,097)
Balance, end of period	1,319,411	523,881	161,652	864,470	2,869,414
Total	$ 1,471,759	$ 566,992	$ 224,985	$ 1,696,678	$ 3,960,414

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and evaluation assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the year ended February 28, 2019:

	Atty	Milligan West	Other	Total
Property acquisition costs				
Balance, beginning of year	$ -	$ 43,111	$ 791,175	$ 834,286
Additions	126,551	-	25,864	152,415
Balance, end of year	126,551	43,111	817,039	986,701
Exploration and evaluation costs				
Balance, beginning of year	-	513,115	554,258	1,067,373
Costs incurred during year:				
Aircraft	135,515	-	30,781	166,296
Assaying	15,699	359	3,117	19,175
Camp and operations	44,378	2,106	16,475	62,959
Consulting	64,372	5,137	39,244	108,753
Geophysics	101,038	-	64,021	165,059
Travel and accommodation	17,914	2,750	10,321	30,985
	378,916	10,352	163,959	553,227
Other items:				
Cost recoveries	-	(1,651)	-	(1,651)
Impairment	-	-	(159,835)	(159,835)
Balance, end of year	378,916	521,816	558,382	1,459,114
Total	$ 505,467	$ 564,927	$ 1,375,421	$ 2,445,815

a) ATTY and ATG Claims

The Company entered into an agreement to acquire a 100% interest in the Atty property from Finlay Minerals Ltd. ("Finlay") and adjacent claims ("ATG Claims") from Electrum Resource Corp. ("Electrum") on March 4, 2018 and the agreement was approved by the TSX-V on April 10, 2018.

In consideration for the interest in the Atty property the Company is required to complete aggregate exploration expenditures of $12,000,000 over eight years, of which $300,000 is required for 2019 (completed), make aggregate cash payments of $625,000 over eight years of which $25,000 was due upon signing (paid), and make $975,000 in payments, payable in cash or shares of the Company, of which $25,000 was due on TSX-V approval of the transaction (314,265 shares with a fair value of $75,283 and $26,365 cash have been issued and paid to date). Electrum is entitled to a net smelter return royalty of 3% on the property which may be reduced to 1.5% by making aggregate optional payments of $500,000. During the year ended February 28, 2019, the Company issued 56,882 shares with a fair value of $20,478 in optional payments towards reducing the net smelter return royalty.

The Company also agreed to make a payment of the lesser of $1,000,000 or the value of 500,000 shares of the Company upon a production decision for the property.

In consideration for the ATG Claims, the Company is required to issue 200,000 shares of the Company, of which 40,000 were issued immediately with the remaining 160,000 shares to be issued at 40,000 shares per year for a period of four years (80,000 shares with a fair value of $20,000 have been issued to date).

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and evaluation assets (cont'd)

b) Milligan West

The Company owns a 56.3% interest in the Milligan West property in joint venture with Fjordland Exploration Inc., an arm's-length company also listed on the TSX-V.

c) Top Cat

On July 19, 2019, the Company has optioned a large group of claims covering approximately 20,600 hectares in Central British Columbia. The Company's 3,762-hectare Goose property lies along the western margin of the claim group and will be combined with the new claims as the Top Cat project.

The Company may earn a 100% interest by:

- Making staged cash payments totaling $340,000 over 5 years; $18,000 of which was paid on signing. (On November 7, 2019, the Company issued 83,333 shares at a fair value of $18,333 in lieu of cash payment pursuant to the option agreement (Note 13));
- Issuing a total of 1,500,000 common shares in stages over a 5-year period. 100,000 shares were issued upon TSX Venture Exchange approval of the option agreement (Note 13);
- Incurring a total of $1,250,000 in exploration expenditures over a 5-year period with a minimum of $100,000 to be spent before the first anniversary of the agreement;
- Granting the optionors a 3% net smelter royalty (NSR) on the property, subject to the Company's right to purchase a 2% NSR for $2,000,000 at any time prior to the first anniversary of commercial production.

d) Other B.C. Properties

Serengeti holds a 100% interest in a number of other properties and an approximately 56.3% interest in one additional property in joint venture partnership with Fjordland Exploration Inc, all of which are located in British Columbia.

During the period ended November 30, 2019, the Company recorded $165,263 in BC Mineral Exploration Tax Credits ("BCMETC"), of which $157,097 was allocated to the exploration and evaluation assets and the balance of $8,166 to the statement of loss and comprehensive loss.

9. Reclamation deposits

The Company has posted bonds and investment certificates to provide for certain potential reclamation liabilities as agreed with the Province of British Columbia – Ministry of Energy, Mines and Petroleum Resources.

	November 30, 2019	February 28, 2019
Balance, beginning of period	$ 31,760	$ 94,284
Changes in period	22,462	(62,524)
Balance, end of period	$ 54,222	$ 31,760

(Unaudited - Expressed in Canadian Dollars)

10. Trade payables and accrued liabilities

	November 30, 2019	February 28, 2019
Trade payables	$ 198,596	$ 42,272
Amounts due to related parties (Note 14)	81,812	6,478
Accrued liabilities	78,460	20,851
	$ 358,868	$ 69,601

11. Lease payable

On May 1, 2019, the Company entered into an office lease agreement for a period of three years. The lease payments are $2,739 per month for the first year and rise by approximately 4% each year thereafter. The Company has recorded the lease as a liability and the leased office as an asset in accordance with IFRS 16. The fair value of the lease of $91,661 was determined through discounting the future lease payments at a market rate of interest applicable to a similar loan for the purchase of the office space.

The following table summarizes the lease transactions for the period ended November 30, 2019:

	November 30, 2019	February 28, 2019
Current portion	$ 28,942	$ -
Long term portion	45,197	-
	$ 74,139	$ -

	November 30, 2019	February 28, 2019
Balance at beginning of period	$ -	$ -
Additions	91,661	-
Payments made	(21,333)	-
Interest recorded	3,811	-
Balance at end of period	$ 74,139	$ -

(Unaudited - Expressed in Canadian Dollars)

12. Convertible debentures

On September 16, 2019, the Company issued secured convertible debentures for gross proceeds of $700,000. The debentures bear interest at 12% and are convertible into common shares of the Company at a price of $0.32 per share. The debentures are secured by the METC proceeds. If not converted to shares, the debentures are repayable the earlier of March 16, 2021, and 10 days after receipt of the METC proceeds.

The debentures were initially recognized at the face value of $700,000. The fair value of the debentures was determined by discounting the future cash flows at a market rate of interest and the difference of $52,837 was recorded as the equity component.

During the period ended November 30, 2019, accretion and interest of $23,936 were included in interest expense in the condensed consolidated interim statements of loss and comprehensive loss. At November 30, 2019, the value of the debentures is $653,839.

The convertible debenture is made up as follows:

		November 30, 2019		February 28, 2019
Equity component	$	52,837	$	-
Liability component, at date of issuance	$	647,163	$	-
Interest		6,676		-
	$	653,839	$	-

13. Share capital and reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At November 30, 2019, there were 98,358,001 issued and fully paid common shares (February 28, 2019 – 92,849,668).

On May 17, 2019, the Company completed a non-brokered private placement financing, issuing 4,850,000 flow-through common shares at a price of $0.30 per share for gross proceeds of $1,455,000. Share issuance costs of $12,955 were incurred in connection with the private placement.

On July 19, 2019, the Company issued 25,000 shares at fair value of $6,500 each to Kwadacha First Nation and Tsay Keh Dene Nation pursuant to the exploration agreement on the Atty property (Note 8).

On August 2, 2019, the Company issued 100,000 shares at a fair value of $27,000 pursuant to the option agreement on the Top Cat project. (Note 8).

On November 7, 2019, the Company issued 83,333 shares at a fair value of $18,333 in lieu of cash payment pursuant to the option agreement on the Top Cat project.

During the period ended November 30, 2019, 200,000 stock options were exercised for gross proceeds of $12,000.

During the period ended November 30, 2019, 225,000 warrants were exercised for gross proceeds of $49,500.

(Unaudited - Expressed in Canadian Dollars)

13. Share capital and reserves (cont'd)

Basic and diluted loss per share

The basic and diluted loss per share for the period ended November 30, 2019 was $0.01 (2018 - $0.01). The calculation of basic and diluted loss per share for the period ended November 30, 2019 was based on the loss attributable to common shareholders of $941,203 (2018 - $718,419) and the weighted average number of common shares outstanding of 96,507,759 (2018 – 89,448,431). The diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive. At November 30, 2019, the total number of potentially dilutive warrants was 1,925,000 (2018 – 2,193,400) and the total number of potentially dilutive stock options was 7,294,999 (2018 – 6,295,000). The aggregate number of potentially dilutive shares was 9,219,999 (2018 – 8,488,400).

Warrants

During the period ended November 30, 2019, 225,000 warrants were exercised at exercise price of $0.22 for gross proceeds of $49,500.

Warrants outstanding at November 30, 2019 are as follows:

Number of warrants	Exercise price	Expiry date (1)
1,925,000	$0.22	Dec 13, 2019

(1) See Note 16

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V policies, grant to directors, officers, employees and consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance does not exceed a fixed total of 12,624,000. Such options may be exercisable for a period of up to five years from the date of grant.

During the period ended November 30, 2019, The Company granted 1,550,000 stock options with an exercise price of $0.23, exercisable for a period of 5 years; 150,000 stock options with an exercise price of $0.23, exercisable for a period of 2 years; and 400,000 stock options with an exercise price of $0.30, exercisable for a period of 5 years. The stock options granted with an exercise price of $0.30 are subject to vesting period. One-third of these options vest immediately, one-third will vest on March 25, 2020 and one-third will vest on September 25, 2020.

During the period ended November 30, 2019, 200,000 stock options were exercised ranging from prices of $0.05 to $0.07 for gross proceeds of $12,000.

(Unaudited - Expressed in Canadian Dollars)

13. Share capital and reserves (cont'd)

Stock options *(cont'd)*

The changes in stock options during the period ended November 30, 2019 and year ended February 28, 2019, are as follows:

	November 30, 2019		February 28, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	6,195,000	$ 0.11	8,270,000	$ 0.10
Options granted	2,100,000	0.24	1,800,000	0.15
Options exercised	(200,000)	0.06	(2,050,000)	0.08
Options expired	-	-	(1,825,000)	0.12
Options outstanding, end of period	8,095,000	$ 0.15	6,195,000	$ 0.11
Options exercisable, end of period	7,428,333	$ 0.15	6,195,000	$ 0.11

Details of options outstanding as at November 30, 2019 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
$0.05 - $0.095	1.30 years	2,445,000	2,445,000
$0.15 - $0.30	3.21 years	5,650,000	4,983,334
	2.63 years	8,095,000	7,428,334

During the period ended November 30, 2019, the Company granted 2,100,000 (2018 – 1,800,000) stock options with a weighted average fair value of $0.24 (2018 – $0.15) per option. The Company recorded share-based compensation of $364,960 (2018 - $231,104) relating to options vested during the period.

The fair value of options granted was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	September 25, 2019	April 10, 2019	April 10, 2019
Expected life of options	5 years	5 years	2 years
Annualized volatility	124.26%	130.80%	121.38%
Risk-free interest rate	1.58%	1.58%	1.59%
Dividend rate	0%	0%	0%

Warrant and share-based payment reserves

The share-based payment and warrant reserves comprise stock-based compensation expense and other warrant payments. When stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

(Unaudited - Expressed in Canadian Dollars)

14. Related party transactions

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities (Note 10). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

		November 30, 2019		February 28, 2019
Directors and officers of the Company	$	81,812	$	6,478

Key management personnel compensation – paid or accrued

Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company as a whole. The Company has determined that its key management personnel consists of the Company's Board of Directors and corporate officers.

	Nine month period ended November 30,			
		2019		2018
Management fees	$	136,759	$	138,238
Consulting (1)		122,251		93,706
Director fees (2)		55,326		36,750
Share-based compensation		307,608		195,074
	$	621,944	$	463,768

(1) Includes accounting fees paid to a company controlled by the CFO of $51,241 (2018: $70,441).

(2) Of the $55,326 director fees $51, 326 was accrued

15. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

15. Financial risk management (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company aims to have sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from its ability to raise equity capital or borrowings sufficient funds and its holdings of cash and cash equivalents.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash and cash equivalents, receivables, reclamation deposits and trade payables. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Cash and cash equivalents are measured at fair value using Level 1 inputs.

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.

16. Subsequent events

Subsequent to the period ended November 30, 2019:

- 100,000 warrants were exercised for gross proceeds of $22,000.
- On December 13, 2019, 1,825,000 warrants expired unexercised.
- On December 17, 2019, the Company completed the first tranche of a non-brokered private placement financing, issuing 5,968,000 flow-through common shares at a price of $0.24 per share for gross proceeds of $1,432,320. Finders' fee totaling of $91,022 in cash and 379,260 finders' warrants were paid in relation to the first tranche of the flow-through financing. The finders' warrants are exercisable at a price of $0.25 for a period of two years from the date of issuance.
- On December 19, 2019, the Company completed the second tranche of a non-brokered private placement financing, issuing 884,000 flow-through common shares at a price of $0.24 per share for gross proceeds of $212,160. Finders' fee totaling of $14,851 in cash and 52,850 finders' warrants were paid in relation to the first tranche of the flow-through financing. The finders' warrants are exercisable at a price of $0.25 for a period of two years from the date of issuance.
- On January 10, 2020, the Company received the METC proceeds of $1,082,286 pursuant to the joint venture agreement with KCC (Note 5).
- On January 16, 2020, the Company closed a non-brokered private placement financing, issuing 3,863,572 units at a price of $0.18 per unit for gross proceeds of $695,443. Each unit consisted of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.26 per share for a period of two years following the closing of the financing. Finders' fees of $6,004 in cash and 33,360 share purchase warrants were paid in relation to the financing. The finders' warrants are exercisable at a price of $0.26 for a period of two years from the date of issuance.