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**BWR EXPLORATION INC.  
FINANCIAL STATEMENTS  
YEARS ENDED NOVEMBER 30, 2018 AND 2017  
(EXPRESSED IN CANADIAN DOLLARS)**

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BWR Exploration Inc.

We have audited the accompanying financial statements of BWR Exploration Inc., which comprise the statements of financial position as at November 30, 2018 and 2017, and the statements of loss and comprehensive loss, cash flows and changes in shareholders' deficiency for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BWR Exploration Inc. as at November 30, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

### Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about BWR Exploration Inc.'s ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
March 30, 2019

**BWR Exploration Inc.**  
**Statements of Financial Position**  
**(Expressed in Canadian Dollars)**

	As at November 30, 2018	As at November 30, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 93,094	\$ 60,760
Sales tax receivable	12,927	8,233
Prepaid expenses	-	1,945
<b>Total assets</b>	<b>\$ 106,021</b>	<b>\$ 70,938</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 12)	\$ 251,548	\$ 255,500
Flow-through share liability (note 7(b))	1,787	20,148
Promissory notes (notes 5 and 12)	-	68,984
<b>Total liabilities</b>	<b>253,335</b>	<b>344,632</b>
<b>Shareholders' deficiency</b>		
Share capital (note 7)	2,848,987	2,382,079
Reserves (notes 8 and 9)	815,332	826,483
Deficit	(3,811,633)	(3,482,256)
<b>Total shareholders' deficiency</b>	<b>(147,314)</b>	<b>(273,694)</b>
<b>Total liabilities and shareholders' deficiency</b>	<b>\$ 106,021</b>	<b>\$ 70,938</b>

Nature of operations and going concern (note 1)  
Subsequent events (note 15)

**Approved on behalf of the Board:**

"Neil Novak", Director \_\_\_\_\_

"George Duguay", Director \_\_\_\_\_

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

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**BWR Exploration Inc.****Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars)**

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	Year ended November 30, 2018	Year ended November 30, 2017
<b>Operating expenses</b>		
Exploration and evaluation expenditures (note 6)	\$ 274,758	\$ 589,865
General and administrative (note 11)	258,223	398,451
Loss from operating expenses	(532,981)	(988,316)
Settlement of flow-through share premium	38,865	44,877
<b>Total loss and comprehensive loss for the year</b>	<b>\$ (494,116)</b>	<b>\$ (943,439)</b>
<b>Basic and diluted net loss per share (note 10)</b>	<b>\$ (0.01)</b>	<b>\$ (0.02)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>63,869,803</b>	<b>51,818,998</b>

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

**BWR Exploration Inc.**  
**Statements of Cash Flows**  
**(Expressed in Canadian Dollars)**

	Year ended November 30, 2018	Year ended November 30, 2017
<b>Operating activities</b>		
Net loss for the year	\$ (494,116)	\$ (943,439)
Adjustments for:		
Share-based payments	781	74,578
Shares issued for exploration expenditures	-	250,000
Interest expense accrued	-	5,286
Settlement of flow-through share premium	(38,865)	(44,877)
Changes in non-cash operating capital:		
Sales tax receivable	(4,694)	(6,093)
Prepaid expenses	1,945	-
Accounts payables and accrued liabilities	(3,952)	85,288
<b>Net cash used in operating activities</b>	<b>(538,901)</b>	<b>(579,257)</b>
<b>Financing activities</b>		
Private placement proceeds, net of cost of issue	640,219	543,127
Repayments of promissory notes	(68,984)	-
<b>Net cash provided by financing activities</b>	<b>571,235</b>	<b>543,127</b>
<b>Net change in cash</b>	<b>32,334</b>	<b>(36,130)</b>
<b>Cash, beginning of year</b>	<b>60,760</b>	<b>96,890</b>
<b>Cash, end of year</b>	<b>\$ 93,094</b>	<b>\$ 60,760</b>

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

## BWR Exploration Inc.

### Statements of Changes in Shareholders' Deficiency (Expressed in Canadian Dollars)

	Reserves				
	Share capital	Contributed surplus	Warrants reserve	Deficit	Total
<b>Balance, November 30, 2016</b>	<b>\$ 2,080,643</b>	<b>\$ 160,500</b>	<b>\$ 194,874</b>	<b>\$ (2,568,952)</b>	<b>\$ (132,935)</b>
Common shares issued for exploration expenditure	250,000	-	-	-	250,000
Private placement	619,275	-	-	-	619,275
Warrants issued	(400,098)	-	400,098	-	-
Cost of issue - cash	(76,148)	-	-	-	(76,148)
Cost of issue - broker warrants	(26,568)	-	26,568	-	-
Premium on flow-through shares	(65,025)	-	-	-	(65,025)
Expiry of warrants	-	-	(30,135)	30,135	-
Share-based payments	-	74,578	-	-	74,578
Net loss for the year	-	-	-	(943,439)	(943,439)
<b>Balance, November 30, 2017</b>	<b>\$ 2,382,079</b>	<b>\$ 235,078</b>	<b>\$ 591,405</b>	<b>\$ (3,482,256)</b>	<b>\$ (273,694)</b>
Private placements	677,850	-	-	-	677,850
Warrants issued	(134,726)	-	134,726	-	-
Cost of issue - cash	(37,631)	-	-	-	(37,631)
Cost of issue - broker warrants	(18,081)	-	18,081	-	-
Expiry of warrants	-	-	(164,739)	164,739	-
Flow-through premium	(20,504)	-	-	-	(20,504)
Share-based payments	-	781	-	-	781
Net loss for the year	-	-	-	(494,116)	(494,116)
<b>Balance, November 30, 2018</b>	<b>\$ 2,848,987</b>	<b>\$ 235,859</b>	<b>\$ 579,473</b>	<b>\$ (3,811,633)</b>	<b>\$ (147,314)</b>

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

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# **BWR Exploration Inc.**

## **Notes to Financial Statements**

**Years Ended November 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

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### **1. Nature of operations and going concern**

BWR Exploration Inc. (the "Company" or "BWR"), incorporated on January 20, 2011, is engaged in the exploration of precious and base metal properties. BWR is a public company, quoted for trading on the TSX Venture Exchange ("TSX-V") under the symbol "BWR". The Company's principal properties are the Shunsby Project, the Vendôme Sud Property and the Little Stull Lake Gold Project. The head office of the Company is located at The Canadian Venture Building, 82 Richmond Street East, Suite 205, Toronto, Ontario, M5C 1P1, Canada.

The financial statements of BWR for the years ended November 30, 2018 and 2017 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on March 30, 2019.

As at November 30, 2018, the Company had a working capital deficit of \$147,314 (November 30, 2017 - working capital deficit of \$273,694) and a deficit of \$3,811,633 (November 30, 2017 - \$3,482,256). The Company has not generated revenues from operations. These factors indicate the existence of material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. However, management of the Company believes that it will be able to pay its ongoing general and administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due through additional financing. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. The Company's ability to continue operations and fund its exploration and evaluation expenditures is dependent on management's ability to generate cash and manage its cash resources.

Management believes the going concern assumption to be appropriate for these financial statements. If the going concern assumption was not appropriate, adjustments might be necessary to the carrying value of the assets and liabilities, reported revenues and expenses, and the balance sheet classifications used in the financial statements. These adjustments could be material.

The recoverability of exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mineral claims, the ability to obtain necessary financing, obtain government approval and attain profitable production, or alternatively, upon the Company's ability to dispose of its interest on an advantageous basis.

### **2. Summary of significant accounting policies**

#### **(a) Basis of presentation and statement of compliance**

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") as of November 30, 2018.

These audited financial statements have been prepared on a historical cost basis except for cash carried at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These audited financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

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## **BWR Exploration Inc.**

### **Notes to Financial Statements**

**Years Ended November 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

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## **2. Summary of significant accounting policies (continued)**

### **(b) Exploration and evaluation expenditures**

The Company expenses exploration and evaluation expenditures as incurred in mineral properties not commercially viable and technically feasible. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activities.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

### **(c) Finance income and finance costs**

Interest received and interest paid are classified under operating activities in the statements of cash flows.

### **(d) Income taxes**

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to taxable temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **(e) Flow-through shares**

The Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting settlement of flow-through share premium on renunciation to the tax authorities when the Company has made the required expenditures.



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## BWR Exploration Inc.

### Notes to Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian Dollars)

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## 2. Summary of significant accounting policies (continued)

### (f) *Share issue costs*

All costs related to the issuance of the common shares are recorded as a reduction of share capital.

### (g) *Loss per share*

The Company presents basic and diluted loss per share, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

### (h) *Financial instruments*

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	At fair value through profit or loss ("FVTPL")
Financial liabilities:	Classification:
Accounts payable and accrued liabilities	Other financial liabilities
Promissory notes	Other financial liabilities

#### Fair value through profit or loss

This category comprises assets acquired or incurred for the purpose of selling or repurchasing it in the near future. The Company measures financial assets at FVTPL at fair value, recognizing any gains or losses arising from this measurement in the statement of loss and comprehensive loss.

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

#### Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has positive intention and ability to hold to maturity. These investments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of financial assets. After initial recognition, held-to maturity are measured at amortized cost using the effective interest method, which is discussed below.

#### Other financial liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

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## **BWR Exploration Inc.**

### **Notes to Financial Statements**

**Years Ended November 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

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## **2. Summary of significant accounting policies (continued)**

### **(h) Financial instruments (continued)**

#### **Impairment of financial assets:**

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. It may not be possible to identify a single, discrete event that caused the impairment. Rather the combined effect of several events may have caused the impairment. Losses expected as a result of future events, no matter how likely, are not recognized.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of loss and comprehensive loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### **Financial instruments recorded at fair value:**

Financial instruments recorded at fair value on the statements of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### **(i) Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows to present value at pre-tax rate.

### **(j) Share-based payment transactions**

The fair value of stock options granted to employees is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

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## **BWR Exploration Inc.**

### **Notes to Financial Statements**

**Years Ended November 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

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## **2. Summary of significant accounting policies (continued)**

### **(j) Share-based payment transactions (continued)**

The fair value is measured at the grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each statement of financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest. Stock option expense incorporates an expected forfeiture rate.

The fair value of share-based payments to non-employees and other share-based payments are based on the fair value of the goods or services received. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted at the date the Company receives the goods or services.

### **(k) Interest in joint arrangements**

A joint arrangement is a contractual arrangement whereby the Company and other parties undertake an economic activity that is subject to joint control; that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

The Company has an interest in a joint arrangement, which is a joint operation, whereby the Company and the other venturer have a contractual arrangement that establishes joint control over its share of future economic benefits through its share of a jointly controlled asset. The arrangement requires unanimous agreement for financial and operating decisions among the venturers. The Company recognizes in its financial statements its share of assets and liabilities that it has incurred and any expenses that it has incurred in respect of its interest in the joint arrangement or operation.

### **(l) Restoration, rehabilitation and environmental obligations**

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the Company's exploration and evaluation activities. Discount rates using a pretax rate that reflects the risk and the time value of money are used to calculate the net present value. These costs are charged against profit or loss as exploration and evaluation expenditures and the related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company has no restoration, rehabilitation and environmental costs as at November 30, 2018 and November 30, 2017.

### **(m) Significant accounting judgments and estimates**

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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## **BWR Exploration Inc.**

### **Notes to Financial Statements**

**Years Ended November 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

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## **2. Summary of significant accounting policies (continued)**

### ***(m) Significant accounting judgments and estimates (continued)***

#### Critical accounting estimates

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

- all inputs used in the Black-Scholes model for determining the fair value of share-based payments;
- the assumptions used for determining the amount of deferred income taxes and deferred income tax assets and liabilities including future income tax rate;
- the recoverability of deferred income tax assets and liabilities; and
- the inputs and assumptions used in the determination of the fair value of warrants.

#### Critical accounting judgments

- the Company's assumption of no material restoration, rehabilitation and environmental provisions, based on the facts and circumstances that existed during the period; and
- going concern presentation of the financial statements which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due.

#### Future accounting changes

### ***(n) Future accounting standards***

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for annual periods beginning on or after December 1, 2018 or later periods. Many are not applicable to or do not have a significant impact on BWR and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on BWR.

(i) IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010 and other dates thereafter. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018. Based on the Company's assessment, the Company has determined that this standard will not have a significant impact on its financial statements.

(ii) IFRS 16, Leases ("IFRS 16") was issued in January 2016, and supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will affect the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

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## **BWR Exploration Inc.**

### **Notes to Financial Statements**

**Years Ended November 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

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### **3. Capital risk management**

The Company manages its capital with the following objectives:

- to ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- to maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

The Company considers its capital to be equity, which comprises share capital, reserves and deficit, which at November 30, 2018 had a deficiency of \$147,314 (November 30, 2017 - \$273,694).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended November 30, 2018.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX-V which requires adequate working capital or financial resources of the greater of (i) \$50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months. As of November 30, 2018, the Company is not compliant with Policy 2.5. The impact of this violation is not known and is ultimately dependent on the discretion of the TSX-V.

### **4. Financial risk management**

#### **Financial risk**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and foreign currency risk).

Risk management is carried out by the Company's management team under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### **(i) Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with a major Canadian chartered bank, from which management believes the risk of loss to be minimal.

#### **(ii) Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. A significant decrease in commodity prices can have an adverse impact on the Company's ability to raise funds through the equity market. The Company generates cash flow primarily from its financing activities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

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## BWR Exploration Inc.

### Notes to Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian Dollars)

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#### 4. Financial risk management (continued)

##### Financial risk (continued)

###### (iii) Market risk

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

###### (a) Interest rate risk

The Company currently does not have any short-term or long-term debt that is interest bearing at variable rates. As such, the Company's current exposure to interest rate risk is minimal.

###### (b) Foreign currency risk

The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

###### (c) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices and the stock market to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of precious and base metals. There is no assurance that, even if commercial quantities of precious and base metals are produced in the future, a profitable market will exist for them. As of November 30, 2018, the Company was not a precious and base metals producer. Even so, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

##### Fair value hierarchy and liquidity risk disclosure

The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at November 30, 2018:

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	Level 1	Level 2	Level 3	Total
Cash	\$ 93,094	\$ -	\$ -	\$ 93,094

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The following table illustrates the classification of the Company's financial instruments within the fair value hierarchy as at November 30, 2017:

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	Level 1	Level 2	Level 3	Total
Cash	\$ 60,760	\$ -	\$ -	\$ 60,760

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The carrying value of financial assets and liabilities approximates their carrying amounts due to the relatively short period to maturity.

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## BWR Exploration Inc.

### Notes to Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian Dollars)

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#### 5. Promissory notes

On February 29, 2016, the Company issued promissory notes totaling \$60,000 to a director and a director and officer of the Company. The notes bore interest at 8% per annum and were payable on demand. During the year ended November 30, 2018, these promissory notes and accrued interest were repaid.

During the year ended November 30, 2018, the Company recorded an interest expense of \$460 (year ended November 30, 2017 - \$5,287) related to the promissory notes.

#### 6. Mineral properties

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	Year ended November 30, 2018	Year ended November 30, 2017
Acquisition costs	\$ -	\$ 350,000
Travel, meals and accommodations	22,091	55,828
Geological consultants (note 12)	135,668	73,204
Geophysics	41,543	77,336
Administrative	391	-
Leases and taxes	2,805	2,520
Camp and equipment	72,260	30,977
	<b>\$ 274,758</b>	<b>\$ 589,865</b>

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#### Shunsby Property

On February 21, 2012, as amended in March 2013, BWR and Hage Corporate Services Inc. ("Hage"), a related party, entered into an agreement whereby BWR acquired from Hage, acting in trust, a 59.8% interest in 20 patented mineral claims located in Cunningham Township, Porcupine Mining Division, Province of Ontario of which the mineral claims remain in full force and effect (collectively, the "Shunsby Property").

In consideration of the purchase, BWR agreed to provide to Hage:

(1) the amount of \$50,000 representing the amount paid by Hage to date for lease payments, consulting fees and administrative services which shall be satisfied by the issuance to Hage of 500,000 common shares of BWR (issued in 2012) valued at \$0.10 per share;

(2) the amount of \$450,000 representing the purchase price for the Hage's Ownership Interest in the Shunsby Property (paid)

(3) a 1.5% Net Smelter Royalty to be retained by Hage on the terms and conditions as outlined in a previous agreement of which 0.5% shall be reserved for Rally Energy Ltd. ("Rally"), the owner of the 35.3% of the Shunsby Property, in the event of a dilution of interest by Rally as anticipated to be provided for in an agreement to be settled in the future between BWR and Rally and, with respect to the remaining 1.0% Net Smelter Royalty, BWR shall have the right to buy 0.5% at the time of production for a net present value determination of the Net Smelter Royalty as provided for in a previous agreement and the other 0.5% shall remain with Hage.

Counsel for Rally has advised that Rally has determined not to remit their share of the 2014 expenditures on the Shunsby property and that they understand by electing not to remit their share, their interest will undergo dilution accordingly. Management of BWR will apply an industry standard dilution formula to Rally's shortfall and recalculate their respective interest.

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## **BWR Exploration Inc.**

### **Notes to Financial Statements**

**Years Ended November 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

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#### **6. Mineral properties (continued)**

##### Santa Maria Project

On November 14, 2011, the Company entered into an option and joint venture agreement with New Klondike Exploration Ltd. ("NKE") to earn a 70% interest in NKE's wholly-owned Santa Maria claims, located in the Dryden area, Ontario. The option granted by NKE gives BWR the right to earn a 70% interest in the project by making a payment to NKE of \$10,000 (paid in 2011) and incurring expenditures of \$90,000 (incurred in 2012) on the claims.

Upon the Company earning its 70% interest, BWR became the operator with a 70% interest and NKE having a 30% interest. The parties will fund their respective pro rata interest for approved programs and expenditures or be subject to dilution of their interest. In the event that a party's interest is reduced to 10%, their interest will automatically be converted to a 1.5% net smelter royalty interest, with the other party earning a 100% participating interest in the project. BWR has retained the right, pursuant to the option and joint venture agreement, to acquire 1% of this royalty from NKE for \$500,000 at any time.

The Company also holds a 0.5% net smelter royalty interest in 19 claims 100% owned by NKE which are within a two kilometre radius of each point on the outermost boundary of the Santa Maria claims.

In addition, 6 claims were acquired through staking in the year ended November 30, 2012. Subsequent to the period end, all 25 mineral claims expired in February 2019.

##### Sakoose Mine Property

On November 1, 2013, the Company entered into an option agreement with Rubicon Minerals Corporation ("Rubicon") to acquire 100% interest in the Sakoose Mine located in the Tabor Lake area of Kenora Mining Division of the Province of Ontario. The 100% interest could be earned by making cash payments totaling \$65,000 (\$10,000 paid), issuing common shares equal to the fair market value of \$110,000 (153,846 common shares issued valued at \$20,000) and making payments of \$400,000 to be satisfied by the issuance of cash, common shares or a combination of both.

During the year ended November 30, 2017, the Company declined to make all outstanding payments on the option agreement and allowed the option to terminate.

##### Vendôme Sud Property

In August 2015, the Company acquired a 100% interest in 49 map designated cells ("claims") in Fiedmont township within the Abitibi region of Quebec, located north of the town of Val-D'Or near the town of Barraute.

The claims were acquired through the issuance of 6,000,000 common shares (fair valued \$120,000) to four separate arms length parties, one of which retained a 2% net smelter return production royalty of which 50% can be purchased by BWR for the payment of \$1 million within 20 years of signing the agreement.

In 2016, the Company allowed 34 of the 49 claims to expire. In addition, 2 claims were allowed to expire in 2017.



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## BWR Exploration Inc.

### Notes to Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian Dollars)

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#### 6. Mineral properties (continued)

##### Little Stull Lake Gold Project

On July 12, 2016, the Company signed a non-binding Letter of Intent (“LOI”) whereby the Company could acquire a 100% interest in the Little Stull Lake Gold project in Northern Manitoba from Puma Exploration Inc. (“Puma”). The Company made a \$50,000 deposit to Puma that provided it with an exclusive due diligence period during which the Company continued to evaluate the project and negotiate a definitive acquisition agreement.

On October 7, 2016, the Company signed a definitive acquisition agreement, whereby BWR could acquire a 100% interest in the Little Stull Lake Gold project. On December 2, 2016, the Company received TSX-V approval for the acquisition.

As at November 30, 2018, the company had incurred cumulative exploration expenditures of \$489,172.

The main elements of the definitive agreement include:

- Cash payments of \$150,000 to Puma; the first \$50,000 was paid upon signing the LOI on July 11, 2016, with two additional milestone payments of \$50,000 each, payable within 30 days of Edmund Lake and Kistigan Mineral Exploration Licenses being granted and transferred to BWR by Manitoba Department of Natural Resources (licenses transferred and payments made during the year ended November 30, 2017).
- Puma will receive up to 10,000,000 BWR common shares, of which 4,750,000 are subject to escrow provisions. 4,750,000 of the first 5,000,000 securities were delivered to Puma upon execution and approval of the definitive agreement to be released in increments over a 36-month period, 250,000 shares were similarly delivered as directed by Puma to a finder (5,000,000 issued and valued at \$250,000). The remaining 5,000,000 common shares are to be delivered to Puma as directed by Puma, upon certain exploration and development milestones being met by BWR as follows:
  - i) 1,000,000 shares to be issued once 500,000 ounces of gold have been identified in the measured and indicated category;
  - ii) 1,000,000 additional shares to be issued once 1,000,000 ounces of gold have been identified in the measured and indicated category;
  - (iii) 1,000,000 additional shares to be issued once a positive preliminary economic analysis has been prepared;
  - (iv) 2,000,000 additional shares to be issued upon delivery of positive feasibility study
  - (v) Notwithstanding the above, with respect to the additional 5,000,000 securities, BWR must expend \$1,500,000 in exploration within the first 36 months of the effective date (October 5 2016). Failure on the part of BWR to do so will result in the issuance of 5,000,000 common shares being issued to Puma in accordance with provisions of the escrow agreement.
- BWR added Marcel Robillard, who was nominated by Puma as a representative in BWR, to its’ Board of Directors upon closing of the agreement.
- Puma will have the right to maintain its’ pro rata equity interest in BWR by investing in future financings of BWR for as long as it maintains greater than 10% equity. The pro rata equity interest calculation is as if Puma has received all 9,750,000 shares.
- If commercial production is attained at the Little Stull Lake Project, Puma retains a non-buyable 1% NSR.

BWR has assumed Puma’s right of first refusal regarding an underlying 1% net smelter royalty that is payable to Tanqueray Resources Inc. (“Tanqueray”). This underlying royalty is buyable in its entirety at anytime for \$3,000,000 by BWR, Tanqueray has consented to this assignment.

## BWR Exploration Inc.

### Notes to Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian Dollars)

#### 7. Share capital

a) Authorized share capital

The authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares	Amount
<b>Balance - November 30, 2016</b>	<b>39,191,961</b>	<b>\$ 2,080,643</b>
Common shares issued for mineral property acquisition (note 6)	5,000,000	250,000
Private placement (i)	11,535,500	619,275
Warrants issued (i)	-	(400,098)
Cost of issue - cash (i)	-	(76,148)
Cost of issue - broker warrants (i)	-	(26,568)
Premium on flow-through shares issued (i)	-	(65,025)
<b>Balance - November 30, 2017</b>	<b>55,727,461</b>	<b>\$ 2,382,079</b>
Private placement (ii)	8,685,000	677,850
Warrants issued (ii)	-	(134,726)
Cost of issue - cash (ii)	-	(37,631)
Cost of issue - broker warrants (ii)	-	(18,081)
Premium on flow-through shares issued (ii)	-	(20,504)
<b>Balance - November 30, 2018</b>	<b>64,412,461</b>	<b>\$ 2,848,987</b>

(i) On March 28, 2017 and April 6, 2017, the Company completed the first and final tranche, respectively, of a non-brokered private placement. Under the first tranche, the Company issued 7,285,500 non flow-through units ("NFT Units") at a price of \$0.05 per unit for gross proceeds of \$364,275 and 3,650,000 flow-through units ("FT Units") at \$0.06 per FT Unit for gross proceeds of \$219,000. Under the final tranche, the Company issued an additional 600,000 FT Units for gross proceeds of \$36,000.

Each NFT Unit consisted of one common share of the Company plus one share purchase warrant ("Warrant"). Each Warrant expires 24 months from the date of issue and will entitle the holder to purchase one common share at a price of \$0.075. Each FT Unit consisted of one common share of the Company plus one-half share purchase warrant ("FT Warrant"). Each FT Warrant expires 24 months from the date of issue and entitles the holder to purchase one common share at a price of \$0.10. Cash commissions totaling \$28,862 were paid to registered brokers on the basis of 8% of the value of the private placements by their clients. In addition 644,840 broker warrants were issued to registered brokers on the basis of 8% of number of units subscribed for by their clients. Each broker warrant entitles the holder to purchase a common share for a period of 24 months from the date of issuance at a price per share of \$0.10.

The fair value of the 7,285,500 Warrants and 2,125,000 FT Warrants were estimated at \$312,548 and \$87,550, respectively, using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.055, expected volatility - 185% (based on historical volatility), risk-free interest rate - 0.74%, exercise price of \$0.08 and an expected average life of 2 years.

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## **BWR Exploration Inc.**

### **Notes to Financial Statements**

**Years Ended November 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

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#### **7. Share capital (continued)**

##### b) Common shares issued (continued)

(i) (continued) The fair value of the 644,840 broker warrants was estimated at \$26,568, using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.055, expected volatility - 185% (based on historical volatility), risk-free interest rate - 0.74%, exercise price of \$0.10 and an expected average life of 2 years.

The flow-through units issued were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$65,025.

(ii) On December 22, 2017, the Company closed the first tranche of the non-brokered private placement for gross proceeds of \$577,850, consisting of 1,330,000 flow-through shares at \$0.10 per share and 6,355,000 non flow-through units at \$0.07 per unit. The second tranche of the private placement closed on December 29, 2017 for gross proceeds of \$100,000, consisting of 1,000,000 flow-through shares at \$0.10 per share.

Each unit consisted of one common share of the Company plus one half of one common share purchase warrant. Each warrant will expire 24 months from the date of issue and each whole warrant will entitle the holder thereof to purchase one common share at a price of \$0.15 per share.

The fair value of 3,177,500 warrants were estimated at \$134,726 using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.065, expected volatility - 166% (based on historical volatility), risk-free interest rate - 1.66%, exercise price of \$0.15 and an expected average life of 2 years.

In connection with the private placements, BWR has paid finder's fees in an amount of \$31,492 and issued 370,000 broker warrants. Each broker warrant entitles the holder thereof to purchase one unit of the Company at a price of \$0.10 per unit for a period of 24 months from the date of issuance.

The fair value of 290,000 broker warrants issued on December 22, 2017 were estimated at \$13,369 using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.065, expected volatility - 166% (based on historical volatility), risk-free interest rate - 1.66%, exercise price of \$0.10 and an expected average life of 2 years.

The fair value of 80,000 Broker Warrants issued on December 29, 2017 were estimated at \$4,712 using the Black-Scholes option pricing model with the following weighted average assumptions: expected dividend yield - 0%, share price of \$0.08, expected volatility - 166% (based on historical volatility), risk-free interest rate - 1.69%, exercise price of \$0.10 and an expected average life of 2 years.

One director participated in this financing subscribing for 860,000 units for net proceeds to the Company of \$60,200.

The flow-through units issued were issued at a premium in recognition of the tax benefits accruing to subscribers. The flow-through premium was calculated to be \$20,504. As of November 30, 2018, the Company has a flow-through premium liability of \$1,787.

## BWR Exploration Inc.

### Notes to Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian Dollars)

#### 8. Warrants

The following summarizes the warrant activity for the year ended November 30, 2018 and 2017:

	Number of warrants	Weighted average exercise price
<b>Balance - November 30, 2016</b>	<b>7,998,500</b>	<b>\$ 0.09</b>
Issued (Note 7(b)(i))	10,055,340	0.08
Expired	(1,216,500)	0.10
<b>Balance - November 30, 2017</b>	<b>16,837,340</b>	<b>\$ 0.09</b>
Warrants issued (note 7(b)(ii))	3,177,500	0.15
Broker warrants issued (note 7(b)(ii))	370,000	0.10
Expired	(6,782,000)	0.10
<b>Balance - November 30, 2018</b>	<b>13,602,840</b>	<b>\$ 0.10</b>

As of November 30, 2018, the following warrants were outstanding:

Expiry Date	Number of warrants	Exercise price (\$)	Fair value on grant (\$)
March 28, 2019	2,421,840	0.10	99,780
March 28, 2019	7,285,500	0.075	312,548
April 6, 2019	348,000	0.10	14,338
December 22, 2019	3,177,500	0.15	134,726
December 22, 2019	290,000	0.10	13,369
December 29, 2019	80,000	0.10	4,712
	<b>13,602,840</b>	<b>0.10</b>	<b>579,473</b>

#### 9. Stock options

The following summarizes the stock option activity for the year ended November 30, 2018 and 2017:

	Number of stock options	Weighted average exercise price
<b>Balance - November 30, 2016</b>	<b>2,930,000</b>	<b>\$ 0.13</b>
Granted (i), (ii)	1,587,500	0.08
Forfeited	(50,000)	0.20
<b>Balance - November 30, 2017,</b>	<b>4,467,500</b>	<b>\$ 0.11</b>
Expired	(1,300,000)	0.20
<b>Balance - November 30, 2018</b>	<b>3,167,500</b>	<b>\$ 0.08</b>

## BWR Exploration Inc.

### Notes to Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian Dollars)

#### 9. Stock options (continued)

(i) On January 30, 2017, the Company granted 500,000 stock options to a consultant with an exercise price of \$0.10 per share, vesting 25% in three months and at the end of six, nine and twelve months, with an expiry date of January 30, 2019. The fair value of these stock options was estimated at \$18,700 using the Black-Scholes option pricing formula with the following weighted average assumptions: expected dividend yield - 0%, expected volatility - 188%, risk-free interest rate - 0.79% and an expected average life of 2 years. The stock options were valued based on the equity instrument granted as no value could be determined for the service.

(ii) On May 29, 2017, the Company granted 1,087,500 stock options to certain officers, directors and consultants with an exercise price of \$0.075, fully vested on issuance and with an expiry date of May 29, 2022. The fair value of these stock options was estimated at \$56,659 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield - 0%, expected volatility - 178% (based on historical volatility), risk-free interest rate - 0.95% and an expected average life of 5 years.

As of November 30, 2018, the following stock options were outstanding:

Expiry Date	Exercise price (\$)	Number of stock options	Number of exercisable stock options	Weighted average contractual life (years)	Grant date fair value (\$)
January 30, 2019	0.10	500,000	500,000	0.17	18,700
August 11, 2019	0.10	650,000	650,000	0.70	43,615
March 21, 2021	0.05	930,000	930,000	2.31	22,320
May 29, 2022	0.075	1,087,500	1,087,500	3.50	56,659
	<b>0.08</b>	<b>3,167,500</b>	<b>3,167,500</b>	<b>2.05</b>	<b>141,294</b>

#### 10. Loss per share

	Year ended November 30, 2018	Year ended November 30, 2017
Net loss per share:		
- basic	\$ (0.01)	\$ (0.02)
- diluted	\$ (0.01)	\$ (0.02)
Net loss for the year	\$ (494,116)	\$ (943,439)
Weighted average outstanding - basic	63,869,803	51,818,998
Weighted average outstanding - diluted	63,869,803	51,818,998

Basic loss per share is computed by dividing net loss (the numerator) by the weighted average number of outstanding common shares for the period (the denominator). In computing diluted loss per share, an adjustment is not made for the dilutive effect of outstanding warrants and outstanding stock options as they are anti-dilutive.

## BWR Exploration Inc.

### Notes to Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian Dollars)

#### 11. General and administrative expenses

	Year ended November 30, 2018	Year ended November 30, 2017
Consulting fees (Note 12)	\$ 84,000	\$ 121,313
Accounting and corporate secretarial fees (Note 12)	43,966	43,253
Professional fees (Note 12)	31,435	31,148
Office and general (Note 12)	34,789	47,191
Travel and accommodation	7,321	7,399
Investor relations and shareholder information	55,931	73,569
Share-based payments (Notes 9 and 12)	781	74,578
	<b>\$ 258,223</b>	<b>\$ 398,451</b>

#### 12. Related party transactions

The Chief Financial Officer is a senior employee of Marrelli Support Services Inc. ("MSSI"), a firm providing accounting services and office space. During the year ended November 30, 2018, the Company incurred \$39,730 (year ended November 30, 2017 - \$37,874) for accounting services rendered by MSSI and \$9,900 for rent expense (year ended November 30, 2017 - \$9,900). As at November 30, 2018, MSSI was owed \$8,032 (November 30, 2017 - \$14,897) and this amount was included in accounts payable and accrued liabilities.

DSA Corporate Services Inc. ("DSA"), a firm providing corporate secretarial and filing services, is affiliated with MSSI through a common officer. During the year ended November 30, 2018, the Company incurred \$6,640 (year ended November 30, 2017 - \$8,196) for services rendered by DSA. As at November 30, 2018, DSA was owed \$1,585 (November 30, 2017 - \$1,870) and this amount was included in accounts payable and accrued liabilities.

The Company received consulting services from Nominex Ltd. ("Nominex"), a company controlled by the President and Chief Executive Officer ("CEO"). The fees consisted of consulting fees of \$60,000 during the year ended November 30, 2018 (year ended November 30, 2017 - \$60,000) for CEO services and exploration and evaluation expenditures of \$86,375, during the year ended November 30, 2018 (year ended November 30, 2017 - \$66,491) for geological consulting. As at November 30, 2018, Nominex was owed \$102,500 (November 30, 2017 - \$115,000) and this amount was included in accounts payable and accrued liabilities.

The Company received legal services from REVLaw, where the Company's Corporate Secretary is a partner. During the year ended November 30, 2018, the Company incurred \$24,000 (year ended November 30, 2017 - \$50,000) for services rendered by REVLaw. As at November 30, 2018, REVLaw was owed \$74,000 (November 30, 2017 - \$50,000) and this amount was included in accounts payable and accrued liabilities.

The Company received consulting services from G. Duguay Services Inc., a company controlled by a director of the Company. During the year ended November 30, 2018, the Company incurred \$24,000 (year ended November 30, 2017 - \$34,000) for services rendered by G. Duguay Services Inc. As at November 30, 2018, G. Duguay Services Inc. was owed \$37,000 (November 30, 2017 - \$34,000) and this amount was included in accounts payable and accrued liabilities.

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## **BWR Exploration Inc.**

### **Notes to Financial Statements**

**Years Ended November 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

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#### **12. Related party transactions (continued)**

On February 29, 2016, the Company issued promissory notes totaling \$60,000 (\$69,444 including accrued interest before full repayment, \$68,984 including accrued interest at November 30, 2017) to a director and a director and officer of the Company. The notes bore interest at 8% per annum and were payable on demand. During the year ended November 30, 2018, these promissory notes and accrued interest were repaid.

As at November 30, 2018, the Company has accounts payable to a Company controlled by a director of the Company of \$4,787 (November 30, 2017 - \$4,787).

The above noted transactions are in the normal course of business.

To the knowledge of the directors and senior officers of the Company, as at November 30, 2018, no person or corporation beneficially owns or exercises control over common shares of the Company carrying more than 10% of the voting rights attached to all common shares of the Company other than as set out below. None of the Company's major shareholders have different voting rights than other holders of the Company's common shares.

As of November 30, 2018, directors and officers with control of less than 10% of the common shares of the Company collectively control 11,947,800 common shares of the Company or approximately 19% of the total common shares outstanding.

Remuneration of key management personnel of the Company, other than consulting fees, was as follows:

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	<b>Year ended November 30, 2018</b>	<b>Year ended November 30, 2017</b>
Share-based payments	\$ -	\$ 56,659

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#### **13. Segmented information**

The Company operates in one reportable operating segment, being the acquisition and exploration and evaluation of mineral properties located in Canada.

## BWR Exploration Inc.

### Notes to Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian Dollars)

#### 14. Income taxes

The income tax expense differs from the amount resulting from the application of the combined Canadian income tax rate as follows:

	Year ended November 30,	
	2018	2017
Loss before income taxes	\$ (494,116)	\$ (943,439)
Combined statutory income tax rate	26.50%	26.50%
Income tax (recovery), resulting from:		
Income tax at the statutory income tax rate	(130,941)	(250,011)
Share issue costs and other	(3,743)	98,849
Exploration expenditures	63,086	109,667
Permanent differences	207	19,763
Impact on flow-through shares	56,362	46,637
Adjustment to prior year provision versus statutory tax returns	15,029	(24,905)
Deferred income tax recovery	\$ -	\$ -

The significant components of the deferred tax assets and liabilities not recognized are as follows:

	November 30, 2018	November 30, 2017
<b>Deferred tax assets</b>		
Non-capital loss carry forwards	\$ 628,590	\$ 547,655
Share issue costs	21,401	19,411
Mineral resource expenditures	327,883	264,798
Other	401	4,288
Impairment allowance	978,275 (978,275)	836,152 (836,152)
Net deferred income tax assets	\$ -	\$ -

The Company has Canadian non-capital losses of approximately \$2,372,000 available to apply against the future taxable income, and these expire as follows:

2031	\$ 98,500
2032	389,900
2033	481,200
2034	280,400
2035	223,200
2036	250,400
2037	399,700
2038	248,700
	<u>\$ 2,372,000</u>



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## **BWR Exploration Inc.**

### **Notes to Financial Statements**

**Years Ended November 30, 2018 and 2017**

**(Expressed in Canadian Dollars)**

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#### **15. Subsequent events**

(i) On December 28, 2018, the Company closed a non-brokered private placement (the "Offering") for aggregate gross proceeds of \$189,500 through the purchase of 947,500 Units consisting of 2,842,500 flow-through shares ("Flow Through Shares"), 947,500 common shares ("Common Shares") plus 473,750 warrants, issued in connection with the Closing. Each Unit consists of 3 Flow Through Shares, plus 1 Common Share, plus one half of one common share purchase warrant (a "Warrant") of the Company. Each Warrant will expire 12 months from the date of issue (the "Warrant Expiry Date") and each whole Warrant will entitle the holder thereof to purchase one Common Share (a "Warrant Share") at a price of \$0.075 per Warrant Share.

All securities issued have a hold period of 4 months plus one day, which expires on April 29, 2019 for the Closing. Two insiders participated in this financing subscribing for 150,000 Units for net proceeds to the Company of \$30,000, representing approximately 15.8% of the funds raised.

The proceeds from the non flow-through portion of the Offering will be used for general corporate purposes. The flow-through portion of the Offering will be used for qualified exploration expenditures in Canada, with a focus on the Little Stull Lake Gold project located in Northeastern Manitoba.

(ii) On January 30, 2019, 500,000 options expired unexercised.