GALLEON GOLD CORP. (formerly Pure Nickel Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended November 30, 2019 and 2018

Management's Responsibility for Financial Reporting

To the shareholders of
Galleon Gold Corp. (formerly Pure Nickel Inc.)

The accompanying consolidated financial statements of Galleon Gold Corp. (formerly Pure Nickel Inc.) and all the information contained in the consolidated financial statements are the responsibility of management and have been approved by the Board of Directors. They have been prepared by management in accordance with generally accepted accounting principles, consistently applied, which are based upon International Financial Reporting Standards as issued by the International Accounting Standards Board. Some amounts included in the financial statements correspond to management's best estimates and have been derived with careful judgment. Financial information in the Management's Discussion and Analysis for the year ended November 30, 2019 is consistent with these financial statements.

Management has established a system of internal control that it believes provides reasonable assurance that, in all material respects, transactions are authorized, assets are safeguarded from loss or unauthorized use, and financial records are reliable for the purpose of preparing financial statements. The Board of Directors carries out its responsibilities for the financial statements through the Audit Committee which is composed of two independent directors. The Audit Committee periodically reviews and discusses financial reporting matters with Galleon Gold Corp. (formerly Pure Nickel Inc.)'s auditors, Grant Thornton LLP, as well as with management.

"R. David Russell"	*"Sonia Agustina"*
R. David Russell,	Sonia Agustina
Chief Executive Officer	Chief Financial Officer

March 27, 2020

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Independent auditor's report

To the Shareholders of Galleon Gold Corp. (formerly Pure Nickel Inc.)

Opinion

We have audited the consolidated financial statements Galleon Gold Corporation and its subsidiaries (the "Company") (formerly Pure Nickel Inc.), which comprise the consolidated statements of financial position as at November 30, 2019, and 2018 and consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity, and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at November 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidation financial statements, which indicates that additional funding will be necessary to advance the Company's ongoing operations. This condition, along with the matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

/s/ Grant Thornton LLP

Mississauga, Canada
March 27, 2020

Chartered Professional Accountants
Licensed Public Accountants

GALLEON GOLD CORP. (formerly Pure Nickel Inc.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at November 30,	Notes		**2019**		**2018**
ASSETS					
Current					
Cash		$	**1,581,290**	$	269,340
Restricted cash equivalents	5		**20,000**		5,000
Amounts receivable	6		**14,187**		4,618
Prepaid expenses			**78,161**		529
Investments	7		**423,965**		–
Total current assets			**2,117,603**		279,487
Equipment	8		**63,683**		2,117
Exploration and evaluation properties	9		**587,010**		4
Royalty interest	10		**1**		1
Reclamation bond	9		**116,278**		–
Total assets		$	**2,884,575**	$	281,609
LIABILITIES AND SHAREHOLDERS' DEFICIT					
Current					
Accounts payable and accrued liabilities		$	**718,161**	$	687,324
Current portion of convertible debentures	11		**454,534**		–
Total current liabilities			**1,172,695**		687,324
Convertible debentures	11		**2,097,515**		–
Total liabilities			**3,270,210**		687,324
Deficit:					
Share capital	12		**54,073,314**		53,541,113
Reserves	13		**120,655**		–
Equity component of convertible debentures	11		**684,383**		–
Accumulated other comprehensive income			**1,476,246**		1,469,067
Deficit			**(56,740,233)**		(55,415,895)
Total deficit			**(385,635)**		(405,715)
Total liabilities and deficit		$	**2,884,575**	$	281,609

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)
COMMITMENTS (Note 21)
SUBSEQUENT EVENTS (Note 22)

Approved on behalf of the board of directors:

"R. David Russell"	*"Thomas S. Kofman"*
R. David Russell, Director	Thomas Kofman, Director

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

GALLEON GOLD CORP. (formerly Pure Nickel Inc.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

For the years ended November 30,	Notes		**2019**		**2018**
Expenses					
Administration and general	12	$	**1,269,550**	$	299,382
Business development			**17,214**		–
Impairment of exploration and evaluation properties	9		**716**		1,461
Impairment of royalty interest	10		**–**		432,314
Loss before other (expense) income			**(1,287,480)**		(733,157)
Other (expense) income:					
Interest income			**228**		183
Accretion expense	11		**(143,492)**		–
Gain on exploration and evaluation properties	9		**213,463**		–
Unrealized loss on investments	7		**(215,315)**		–
Royalty income	10		**111,019**		–
Foreign exchange loss			**(2,761)**		(1,647)
Net loss			**(1,324,338)**		(734,621)
Other comprehensive income					
Currency translation adjustment			**7,179**		18,597
Total comprehensive loss		$	**(1,317,159)**	$	(716,024)
Net loss per share – basic and diluted	15	$	**(0.02)**	$	(0.01)

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

GALLEON GOLD CORP. (formerly Pure Nickel Inc.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(Expressed in Canadian dollars)

		RESERVES					
	Share capital	**Share based payments**	**Warrants**	**Equity component of convertible debentures**	**Accumulated other comprehensive income**	**Deficit**	**Total shareholders' equity (deficit)**
Balance, November 30, 2018	**$ 53,541,113**	**$ –**	**$ –**	**$ –**	**$ 1,469,067**	**$ (55,415,895)**	**$ (405,715)**
Net loss	–	–	–	–	–	(1,324,338)	(1,324,338)
Share-based compensation (Note 13)	–	45,813	–	–	–	–	45,813
Shares issued on Neal property (Note 9 (a))	204,235	–	–	–	–	–	204,235
Equity component of convertible debentures (Note 11)	–	–	–	684,383	–	–	684,383
Shares issued as commission on convertible debentures (Note 11)	90,000	–	–	–	–	–	90,000
Shares issued for debt settlement (Note 12(ii))	74,670	–	–	–	–	–	74,670
Issued on private placements (Note 12(iii))	163,296	–	74,842	–	–	–	238,138
Foreign exchange translation	–	–	–	–	7,179	–	7,179
Balance, November 30, 2019	**$ 54,073,314**	**$ 45,813**	**$ 74,842**	**$ 684,383**	**$ 1,476,246**	**$ (56,740,233)**	**$ (385,635)**
Balance, November 30, 2017	**$ 53,541,113**	**$ –**	**$ –**	**$ –**	**$ 1,450,470**	**$ (54,681,274)**	**$ 310,309**
Net loss	–	–	–	–	–	(734,621)	(734,621)
Foreign exchange translation	–	–	–	–	18,597	–	18,597
Balance, November 30, 2018	**$ 53,541,113**	**$ –**	**$ –**	**$ –**	**$ 1,469,067**	**$ (55,415,895)**	**$ (405,715)**

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

GALLEON GOLD CORP. (formerly Pure Nickel Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

For the years ended November 30,		**2019**		**2018**
Operating activities:				
Net loss for the year	**$**	**(1,324,338)**	$	(734,621)
Items not affecting cash:				
Depreciation		**635**		908
Accretion expense		**143,492**		–
Share-based compensation		**45,813**		–
Unrealized loss on investments		**215,315**		–
Gain on sale of exploration and evaluation properties		**(213,463)**		–
Proceed from royalty interest		**–**		181,461
Impairment of exploration and evaluation properties		**716**		1,461
Impairment of royalty interest		**–**		432,314
Changes in non-cash working capital items:				
Amounts receivable		**(9,569)**		(3,014)
Prepaid expenses and deposits		**(77,632)**		30
Accounts payable and accrued liabilities		**30,837**		(176,311)
Total cash flows used in operating activities		**(1,188,890)**		(297,772)
Investing activities:				
Purchase of investments		**(500,000)**		–
Purchase of equipment		**(62,201)**		–
Additions to exploration and evaluation properties		**(383,487)**		(1,461)
Proceeds from sale of exploration and evaluation properties		**75,000**		–
Purchase of reclamation bond		**(116,278)**		–
Total cash flows used in investing activities		**(926,966)**		(1,461)
Financing activities:				
Proceeds from private placements, net of issuance costs		**238,139**		–
Proceeds from convertible debentures, net of issuance costs		**3,182,940**		–
Current portion of interest on convertible debentures		**59,302**		–
Total cash flows generated from financing activities		**3,421,079**		–
Translation adjustments		**21,729**		2,819
Increase (decrease) in cash during the year		**1,326,950**		(296,414)
Cash and restricted cash equivalents, beginning of the year		**274,340**		570,754
Cash and restricted cash equivalents, end of the year	**$**	**1,601,290**	$	274,340

Cash	**$**	**1,581,290**	269,340
Restricted Cash		**20,000**	5,000
Total cash and restricted cash equivalents	**$**	**1,601,290**	274,340

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Galleon Gold Corp. (formerly Pure Nickel Inc.) (the "Company" or "Galleon Gold") is a corporation domiciled in Canada, originally incorporated under the laws of British Columbia, Canada, and subsequently continued under the *Canada Business Corporations Act*. The address of the Company's registered head office is TD Canada Trust Tower, 161 Bay Street, Suite 2700, Toronto, ON, M5J 2S1. The Company's common shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "GGO".

The Company is in the business of acquiring, exploring and developing mineral properties in Canada and the United States, primarily those containing nickel, platinum group elements (PGEs), copper, gold, silver and associated base and precious metals. The Company is in the process of exploring its exploration and evaluation properties and has not yet determined whether they contain reserves that are economically recoverable. The Company will be required to obtain additional financing to explore and develop its resource properties.

As of the date of these consolidated financial statements, the Company has not yet determined whether any of its exploration and evaluation properties contain economically recoverable reserves. Accordingly, exploration and evaluation properties are recorded at cost on a property-by-property basis, less impairment. The recoverability of the exploration and evaluation costs is dependent upon the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet obligations under various agreements, and future profitable production or, alternatively, upon the Company's ability to recover its costs through a disposition of its exploration and evaluation resource properties.

During the year ended November 30, 2019, the Company had a net loss of $1,324,338 (2018 – $734,621), negative cash flow from operations of $1,188,892 (2018 –$297,772) and working capital as at November 30, 2019 of $1,004,906 (2018 – working capital deficiency of $407,837). The Company is subject to risks and challenges similar to companies in a comparable stage of exploration. As a result of these risks, there are material uncertainties which cast significant doubt as to the Company's ability to continue as a going concern. Subsequent to year-end, the Company completed a flow-through private placement of 12.5 million units for gross proceeds of $1,000,000. Despite this additional financing, the Company does not have any revenue generating properties or activities and will need to continue to obtain additional financing to execute exploration and development activities and discharge its day-to-day obligations. There is no assurance that the Company's funding initiatives will be successful, and these consolidated financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported and consolidated statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with *Internal Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB"). The accounting policies, methods of computation and presentation applied in these consolidated financial statements are consistent with those of the previous financial years, except the adoption of new accounting standards as further described in Note 3.

These consolidated financial statements were approved by the Board of Directors and authorized for issue on March 27, 2020.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for certain investments measured at fair value.

2. BASIS OF PREPARATION (continued)

(c) Basis of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control is obtained until the date control ceases.

Intercompany assets and liabilities, equity, income, expenses, and cash flows between the Company and its subsidiaries are eliminated on consolidation.

The principal subsidiaries of the Company as at November 30, 2019 were as follows:

Legal entity	Location	Ownership interest
Nevada Star Resources Corp. ("Nevada Star")	United States	100%
2227390 Alberta Ltd.	Canada	100%
Neal Development Limited Partnership ("Neal LP")	United States	70%

(d) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency for Nevada Star Resources Corp. and Neal LP is the United States (US) dollar. The presentation currency for these consolidated financial statements is the Canadian dollar.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign currency translation

Translation of foreign operations

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which each operates.

Translation of all assets and liabilities from the US dollar functional currency to the presentation currency is performed using the exchange rate prevailing on the balance sheet date. The differences arising upon translation from the functional currency to the presentation currency are recorded as currency translation adjustments in other comprehensive income or loss.

Translation of all income and expenses from the US dollar functional currency to the presentation currency are performed using the average exchange rate for the year with translation gains and losses recorded as currency translation adjustments in other comprehensive income or loss.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income or loss. Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash & cash equivalents

Cash & cash equivalents include cash on account and demand deposits. Funds that are not available for use by the Company are noted as restricted.

(c) Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided for beginning from the time the equipment is utilized, based on the estimated useful lives of the assets using the following annual rates and methods:

Field equipment	10-50% diminishing balance
Computer hardware	30% diminishing balance

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment and amortized according to their respective useful lives.

(d) Exploration and evaluation properties

Exploration and evaluation properties are recorded at cost on a property-by-property basis. The recoverability of the amounts shown for exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet obligations under various agreements, and future profitable production or, alternatively, upon the Company's ability to recover its costs through a disposition of its exploration and evaluation properties. If a project does not prove to be viable, all unrecoverable costs associated therewith would be written off. The amounts shown for exploration and evaluation of the properties do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

Exploration and evaluation properties are recorded at cost on a property-by-property basis. The recoverability of the amounts shown for exploration and evaluation properties is dependent upon the existence of economically recoverable reserves, the ability to obtain financing to complete the development of such reserves and meet obligations under various agreements, and future profitable production or, alternatively, upon the Company's ability to recover its costs through a disposition of its exploration and evaluation properties. If a project does not prove to be viable, all unrecoverable costs associated therewith would be written off. The amounts shown for exploration and evaluation of the properties do not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for exploration and evaluation.

(e) Royalty interest

The Company records its royalty interest at cost, net of impairment charges. Royalty revenues received from the royalty interest are recorded against the capitalized amount when received. Royalty revenues received in excess of the capitalized amount are recorded as revenue on the statement of income (loss) when received. Where a potential impairment is indicated, assessments are performed for each area of interest. Any royalty interest that is not expected to be recovered is charged to the results of operations.

(f) Impairment of exploration and evaluation properties and royalty interest

The carrying value of exploration and evaluation properties and royalty interest are reviewed at each reporting date for impairment whenever events or circumstances indicate the recoverable amount may be less than the carrying amount. The recoverable amount is the greater of its value-in-use and its fair value less costs of disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Value-in-use is based on estimates of discounted future cash flows expected to be recovered from an asset or the smallest group of assets that largely generates independent cash inflows (cash generating units or "CGUs") through their use. Estimated future cash flows are calculated using estimates of future recoverable reserves and resources, future commodity prices and expected future operating and capital costs. Once calculated, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less costs of disposal is the amount obtainable from the sale of an asset or CGU in an orderly transaction between market participants at the measurement date, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

An impairment loss is recognized when the carrying value of an asset held for use exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. Assumptions, such as commodity prices, discount rate, and expenditures, underlying the fair value estimates are subject to risks and uncertainties. Impairment charges are recorded in the reporting year in which determination of impairment is made by management.

Impairment losses recognized in prior years are assessed at each reporting year date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion or amortization, if no impairment loss had been recognized.

(g) Financial instruments

Recognition and derecognition
Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to cash flows from the financial asset expire, or when the financial asset and all risks and rewards are transferred

A financial liability is derecognized when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets
Financial assets are initially measured at fair value adjusted for transaction costs (if any). Financial assets are classified at into the following categories:

- Amortized cost
- Fair value through profit or loss
- Fair value through other comprehensive income

In the periods presented the Company does not have any financial assets categorised as fair value through other comprehensive income.

The classification is determined by both:

- The Company's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement of financial assets

Financial assets measured at amortised cost. Financial assets are measured at amortised cost if the assets meet the following conditions:

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest in the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents and reclamation bond fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are within a different business model other than 'hold to collect' of 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assts whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The Company accounts for the investments at FVTPL.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model. Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Classification and measurement of financial liabilities

The Company's financial liabilities include accounts payable and accrued liabilities and convertible debentures. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. All interest-related charges are included within finance costs or finance income.

(h) Asset retirement obligations

The Company recognizes liabilities for statutory, contractual or legal obligations associated with the reclamation of exploration and evaluation properties, where applicable, when:

(i) The Company has a present legal or constructive obligation as a result of past events.
(ii) It is probable that an outflow of resources will be required to settle the obligation.
(iii) The amount can be reliably estimated.

Initially, a liability for an asset retirement obligation is recognized at its fair value in the year in which it is incurred and the corresponding asset retirement cost is added to the carrying amount of the related asset. The cost is amortized over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate.

Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is adjusted for changes to the amount or timing of the underlying cash flows needed to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

As at November 30, 2019 and 2018, the Company had not incurred any asset retirement obligations related to the exploration of its exploration and evaluation properties.

Reclamation bonds
The reclamation bond is a bond held on behalf of the State of Idaho's Department of Lands as collateral for possible rehabilitation activities on the Neal property in connection with permits required for exploration activities. The reclamation bond is released once the property is restored to satisfactory condition, or as released under the surety bond agreement. As they are restricted from general use, they are included under non-current assets on the consolidated balance sheet.

(i) Convertible debentures

The liability and equity components of convertible debentures are presented separately on the consolidated balance sheet starting from initial recognition.

The liability component is recognized initially at the fair value, by discounting the stream of future payments of interest and principal at the prevailing market rate for a similar liability of comparable credit status and providing substantially the same cash flows that do not have an associated conversion option. Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest method; the liability component is increased by accretion of the discounted amounts to reach the nominal value of the debentures at maturity.

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the debentures and is presented in shareholders' equity as equity component of convertible debenture. The equity component is not re-measured subsequent to initial recognition except on conversion or expiry. A deferred tax liability is recognized with respect to any temporary difference that arises from the initial recognition of the equity component separately from the liability component. The deferred tax is charged directly to the carrying amount of the equity component. Subsequent changes in the deferred tax liability are recognized through the consolidated statement of loss.

Transaction costs are distributed between liability and equity on a pro-rata basis of their carrying amounts.

(j) Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

(k) Warrants

Warrants are classified as equity. Incremental costs directly attributable to the issuance of warrants are recognized as a deduction from the proceeds in equity in the period where the transaction occurs.

(l) Share-based compensation

The Company has an equity-settled share-based compensation plan for granting stock options to management, directors, employees and consultants. The Company recognizes compensation expense for this plan at fair value so that the fair value of each option grant is estimated on the date of the grant and amortized over the vesting year, with the resulting amortization credited to reserves. The Company uses the accelerated method (also referred to as graded vesting) for allocating stock option expense over the vesting year. Stock option expense incorporates an expected forfeiture rate. The forfeiture rate is based on past experience and expectations of future forfeitures rates. Adjustments are made if the actual forfeiture rate differs from the expected rate. The fair value of each grant is determined using the Black-Scholes option-pricing model. Consideration paid upon the exercise of stock options is recorded as share capital.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income taxes

Income taxes expense comprises current and deferred income taxes. Income taxes expense is recognized in the consolidated statements of income (loss) except to the extent that it relates to items recognized directly in equity.

Current income taxes

Current taxes are the expected taxes payable or recoverable on the taxable income or loss, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income taxes payable in respect of previous years.

Deferred income taxes

The Company accounts for income taxes under the asset and liability method. Under this method of tax allocation, deferred income tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences).

Deferred income taxes are measured using the tax rates that are expected to be in effect when the temporary differences are likely to reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The effect on deferred income tax assets and liabilities of a change in tax rates is included in earnings in the year in which the change is substantively enacted. The amount of deferred income tax assets recognized is limited to the amount that is probable to be realized.

(n) Income (loss) per share

Basic loss per share is computed by dividing the net income (loss) by the weighted average number of common shares outstanding during the year. Outstanding stock options have not been considered in the computation of diluted income (loss) per share as the result would be anti-dilutive.

(o) Comprehensive income or loss

Comprehensive income or loss is the change in equity during the year from transactions, events and circumstances other than those under the control of management. It includes all changes in equity during a year except those resulting from investments by shareholders and distributions to shareholders. The Company reports comprehensive income or loss as a separate statement. Comprehensive income or loss represents the change in net equity for the year that arises from unrealized gains and losses on available-for-sale financial instruments and the translation of the Company's subsidiaries' financial statements from their functional currency to the presentation currency. Amounts included in other comprehensive income or loss are shown net of tax.

(p) Use of estimates and judgements

(i) *Use of estimates*

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected. The most significant source of estimation uncertainty is related to share-based payments, valuation warrants in investments and equity, fair value of financial instruments, impairment of equipment, exploration and evaluation properties, the reversal of impairment loss of previously recognized royalty interest, discount rates for convertible debentures and deferred tax.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company recognizes the deferred tax benefit related to tax assets and tax losses to the extent recovery is probable. Assessing the recoverability of deferred income tax assets requires management to make significant estimates of future taxable profit and expected timing of reversals of existing temporary differences. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the deferred tax assets recorded at the statement of financial position's date could be affected. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future years from tax assets and tax losses.

At the end of each reporting year, the Company assesses whether or not there has been an impairment of the capitalized royalty interest, or if there is any indication that an impairment loss recognized in prior years for royalty interests may no longer exist or may have decreased. This requires that the Company considers observable market data, significant changes in market conditions, and evidence if the royalty's economic performance will be other than previously expected. Significant judgement required in estimating future cash flows associated with the royalty includes future commodity prices, foreign exchange rates, and production volumes.

(ii) *Critical judgments*

The judgments that management has applied in the application of the Company's accounting policies that have the most significant effect on the amounts recognized in these consolidated financial statements are the policies on exploration and evaluation properties, royalty interest and functional currency.

The Company's accounting policy for exploration costs results in certain items being capitalized according to the expected recoverability of the projects. This policy requires management to make certain assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such assumptions may change as new information becomes available.

The Company considers at the end of each accounting year, whether or not there has been an impairment of the capitalized exploration and evaluation properties. For non-producing exploration and evaluation properties, this assessment is based on whether factors that may indicate the need for a write-down are present. If the Company has determined that the deferred costs of non-producing properties may not be recovered based on current economics or permitting considerations, the Company would be required to write-down the recorded value of its exploration and evaluation properties which would reduce the Company's earnings and net assets.

The functional currency of the Company and its subsidiaries have been assessed by management based upon consideration of the currency and economic factors that influence costs, financing and similar items. Changes to these factors may have an impact on the judgment applied in the determination of the functional currency.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Adoption of new accounting pronouncements

The Company has adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15") and IFRS 9 Financial Instruments ("IFRS 9") effective December 1, 2018. These changes were made in accordance with the applicable transitional provisions.

IFRS 15 - Revenue from Contracts with Customers
The IASB replaced IAS 18, Revenue, in its entirety with IFRS 15, Revenue from Contracts with Customers. The standard uses a five-step model for revenue recognition that applies to contracts with customers and two approaches to recognizing revenue, at a point in time or over time, the assessment of which required judgment. The Company adopted IFRS 15 using the modified retrospective approach, where the cumulative impact of adoption was required to be recognized in retained earnings as of August 1, 2018 and comparatives were not required to be restated. The adoption of this new standard had no impact on the amounts recognized in the Company's consolidated financial statements.

IFRS 9 - Financial Instruments
The Company has adopted all of the requirements of IFRS 9 as of December 1, 2018. IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to the measurement of financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that were recognized at the date of application, which was December 1, 2018. The change did not impact the carrying value of any financial assets on this date.

The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial Assets / Liabilities	IAS 39 Classification	IFRS 9 Classification
Cash	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost	Other financial liabilities

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS TO BE ADOPTED IN THE FUTURE

New accounting standards, amendments and interpretations issued but only effective for the Company beginning on or after January 1, 2019 are as follows:

IFRS 16 – Leases
In January 2016, the IASB issued IFRS 16, which will replace IAS 17 Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial adoption of IFRS 16. The Company is adopting IFRS 16 on December 1, 2019 and has assessed that there is not expect material impact of this new standard on its consolidated financial statements.

(Expressed in Canadian dollars)

4. NEW AND REVISED STANDARDS AND INTERPRETATIONS TO BE ADOPTED IN THE FUTURE (continued)

IFRIC 23 - Uncertainty over Income Tax Treatments

On December 31, 2018, the Company adopted IFRIC 23 Uncertainty over Income Tax Treatments. IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty, that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored, that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment, that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. The adoption of IFRIC 23 had no impact on the consolidated financial statements for the year ended November 30, 2019.

Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued that are not mandatory for reporting periods ending November 30, 2019 and have not been early adopted by the Company. These standards are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

5. RESTRICTED CASH EQUIVALENTS

Restricted cash equivalents include funds invested in guaranteed investment certificates with maturities of less than year as security for corporate credit cards. The funds securing the corporate credit cards are restricted and cannot be withdrawn while the credit cards are outstanding.

6. AMOUNTS RECEIVABLE

	November 30, 2019	November 30, 2018
Sales taxes receivable	$ 14,187	$ 4,618
Total amounts receivable	$ **14,187**	$ 4,618

7. INVESTMENTS

The Company's investments are as follows:

	November 30, 2019	November 30, 2018
FVTPL		
Explor Resources Inc.		
10,000,000 Shares (2018 – NIL shares)	$ 250,000	$ –
5,000,000 Warrants (2018 – NIL warrants)	89,930	–
Murchison Minerals Limited		
500,000 Shares (2018 – NIL shares)	30,000	–
CanAlaska Uranium Limited		
300,000 Shares (2018 – NIL shares)	51,000	–
100,000 Warrants (2018 – NIL warrants)	3,035	–
Balance	**$ 423,965**	$ –

(Expressed in Canadian dollars)

7. INVESTMENTS (continued)

The Company's investments consist of common shares and warrants held in Canadian publicly traded companies. Fair values of shares are determined at the closing price on November 30, 2019. Warrants are valued using the Black-Scholes option pricing model and are revalued at each reporting period until exercise or expiry. The Company recorded an unrealized loss of $215,315 for year ended November 30, 2019 (2018 - $nil).

8. EQUIPMENT

		Computer hardware		Field Equipment		Total
Cost						
Balance at November 30, 2017	$	32,263	$	–	$	32,263
Additions		–		–		–
Balance at November 30, 2018	$	32,263	$	–	$	32,263
Additions		–		62,201		62,201
Balance at November 30, 2019	$	32,263	$	62,201	$	**94,464**
Accumulated depreciation						
Balance at November 30, 2017	$	29,238	$	–	$	29,238
Depreciation		908		–		908
Balance at November 30, 2018	$	30,146	$	–	$	30,146
Depreciation		635		–		635
Balance at November 30, 2019	$	30,781	$	–	$	**30,781**
Net book value						
As at November 30, 2017	$	3,025	$	–	$	3,025
As at November 30, 2018	$	2,117	$	–	$	2,117
As at November 30, 2019	$	1,482	$	62,201	$	**63,683**

9. EXPLORATION AND EVALUATION PROPERTIES

	Idaho	Saskatchewan	Manitoba		Quebec	
	Neal	Fond du Lac	William Lake	Manibridge	HPM	**Total**
Balance November 30, 2018	$ –	$ 1	$ 1	$ 1	$ 1	**$ 4**
Exploration and evaluation costs:						
Acquisition	264,235	–	–	–	–	**264,235**
Claims	8,264	–	715	–	816	**9,795**
Consulting	51,009	–	–	–	–	**51,009**
Drilling	169,611	–	–	–	–	**169,611**
Field accommodations and vehicles	24,220	–	–	–	–	**24,220**
Geophysical, geochemical and assays	20,388	–	–	–	–	**20,388**
Leases	13,312	–	–	–	–	**13,312**
Technical reports	35,970	–	–	–	–	**35,970**
Less:						
Disposals	–	–	–	(1)	(817)	**(818)**
Impairment	–	(1)	(715)	–	–	**(716)**
Balance November 30, 2019	**$ 587,009**	**$** –	**$ 1**	**$** –	**$** –	**$ 587,010**

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION PROPERTIES (continued)

	Idaho	Saskatchewan	Manitoba		Quebec	
	Neal	Fond du Lac	William Lake	Manibridge	HPM	Total
Balance November 30, 2017	$ –	$ 1	$ 1	$ 1	$ 1	$ 4
Exploration and evaluation costs:						
Claims	–	–	728	13	720	1,461
Less:						
Impairment	–	–	(728)	(13)	(720)	(1,461)
Balance November 30, 2018	**$ –**	**$ 1**	**$ 1**	**$ 1**	**$ 1**	**$ 4**

(a) Neal Property, Idaho, USA

On May 13, 2019, the Company issued 10,221,732 common shares valued at $204,235 to acquire 102 units, representing 70% of ownership and controlling interest, in the Neal LP ("Neal LP") and the right to enter into a lease agreement with the landowner of five patented claims known as Neal Property ("Neal Lease"). In addition, the Company assumed liabilities totalling $60,000 which has been included in the initial consideration capitalized to the exploration & evaluation asset, bringing the total to $264,235.

On May 15, 2019, the Company entered into the Neal Lease for a period of five years which may be extended for 1 year terms thereafter. Annual lease payment consists of a $3 per dry ton for all material it removes from the property and a 3% net smelter return royalty, with a minimum annual payment of US$10,000.

Pursuant to the Neal LP agreement, the Company is fully responsible for all expenditures related to the exploration, development and operation of the Neal property. Upon achievement of production, the unit holders have rights to the net profits or losses relative to their ownership percentage. Since the Neal property is currently not in production no amounts have been attributed to the unit holders who represent the non-controlling interest in Neal LP.

The Company was required to purchase a reclamation bond of $116,278 (US$87,500) in respect of its expected site reclamation and closure obligations of the Neal Property as required by the State of Idaho's Department of Lands. The reclamation bond represents collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company, which will be released once the property is restored to satisfactory condition, or as released under the surety bond agreement.

(b) Fond du Lac Property, Saskatchewan, Canada

Fond du Lac is located in northern Saskatchewan on the northern edge of the Athabasca Basin. This nickel, copper property is currently in the early exploration stage. The Fond du Lac Property was written down to $1 as no substantive exploration expenditures are planned or budgeted. The Company relinquished 3 of the 4 claims that comprised the property in April 2019 and the last claim was relinquished in July 2019.

(c) Other properties

In 2007, the Company purchased the property rights for the properties listed below from Falconbridge Limited ("Xtrata") subject to a 2% net smelter return royalty. In addition, Xstrata has a one-time right to repurchase a 50% working interest in any one of the properties if certain conditions are met. Xstrata also has the right to purchase 100% of the ore produced at market prices.

(i) William Lake Property, Manitoba, Canada

The William Lake property is located in central Manitoba. An extensive exploration program was conducted on this nickel and platinum group element (PGE) property during 2008. A re-assay program was completed in 2012 and preliminary target modelling was completed in 2013. The William Lake Property was written down to $1 in 2015 as no substantive exploration expenditures are planned or budgeted for. The costs to maintain the claims on this property are minimal as the Company has banked work credits that will be used at renewal.

(Expressed in Canadian dollars)

9. EXPLORATION AND EVALUATION PROPERTIES (continued)

(ii) Manibridge Property, Manitoba, Canada

This nickel property is located in the Thompson Nickel Belt in Manitoba. The Manibridge Property was written down to $1 in 2015 as no substantive exploration expenditures are planned or budgeted. On April 1, 2019, the Company sold its interest in the Manibridge Property to CanAlaska Uranium Ltd. ("CanAlaska") for $25,000 in cash, 300,000 CanAlaska shares and 100,000 CanAlaska warrants, each exercisable into one CanAlaska share at a purchase price of $0.28 per share for a period of two years from the closing date. In connection with the sale, the Company recognized a gain on sale of exploration and evaluation property of $116,779.

(iii) HPM Property, Quebec, Canada

The HPM Property is located in Quebec. The property was owned 50% by the Company and 50% by Murchison Minerals Ltd. The HPM Property was written down to $1 in 2015 as no substantive expenditures were planned or budgeted for. On March 5, 2019, the Company sold its interest in the HPM property to Murchison Minerals Ltd. ("Murchison") for $50,000 in cash and 500,000 common shares of Murchison. In connection with the sale, the Company recognized a gain on sale of exploration and evaluation property of $96,684.

10. ROYALTY INTEREST

The Company holds a 1% net smelter royalty (the "Royalty") on the Milford Copper Property located in Utah. The Milford Copper Property was previously owned by CS Mining LLC ("CS Mining") and is now owned by Tamra Mining Company, LLC ("Tamra") as of August 29, 2018. The royalty is shared with another party on a pro-rata basis, with the Company's royalty capped at US$5,000,000 ($6,644,500) and the other party's royalty capped at US$3,000,000 ($3,986,700).

For the year ended November 30, 2018, the Company received royalty payments for a total of $181,461 (US$138,974). At the end of 2018, the Company was informed that processing of ore at the Milford Copper Property has been suspended pending new financing partners. Given the uncertainty of future operations and collection of the royalty payments, the royalty was written down to $1. For the year ended November 30, 2019, the Company received royalty payments in arrears, earned prior to the suspension of operations, of a total of $111,019 (US$82,072), increasing total royal payments received to $813,725 (US$609,631). As at November 30, 2019, the maximum royalty remaining balance was US$4,390,369 (2018 – US$4,472,441) or $5,834,361 (2018 - $5,943,427).

Balance, November 30, 2017	**$**	**597,998**
Royalty payments received		(181,461)
Impairment of royalty interest		(432,314)
Effect of exchange rate movements		15,778
Balance, November 30, 2018 and 2019	**$**	**1**

(Expressed in Canadian dollars)

11. CONVERTIBLE DEBENTURES

	September 5, 2019 Note 11(i)	October 29, 2019 Note 11 (ii)	Total
Balance, beginning of the year	$ –	$ –	$ –
Issuance of convertible debentures	2,797,229	295,711	3,092,940
Equity component of convertible debentures	(638,557)	(45,826)	(684,383)
Accretion expense	136,431	7,061	143,492
	2,295,103	256,946	2,552,049
Less: Current portion	**197,588**	**256,946**	**454,534**
	$ **2,097,515**	$ –	$ **2,097,515**

(i) On September 5, 2019, the Company issued a convertible debenture (the "Debenture") for gross proceeds of $3,000,000 to 2176423 Ontario Ltd., a corporation that is beneficially owned by Eric Sprott. The Debenture has a term of two years, bears interest at a rate of 8% per annum and is convertible into common shares at a price of $0.05 per share for the first 12 months, and $0.10 per share thereafter until maturity.

The convertible debenture is comprised of a liability component and a conversion feature. As the debentures are convertible into common shares, the liability and equity components are presented separately. The initial carrying amount of the financial liability was determined by discounting the stream of future payments of interest and principal at a market interest rate. Using the residual method, the carrying amount of the conversion feature is the difference between the principal amount and the initial carrying value of the financial liability. The equity component is recorded in reserves on the statement of financial position. The debentures, net of the equity component and issue costs are accreted using the effective interest method over the term of the debentures, such that the carrying amount of the financial liability will equal the principal balance at maturity. The transaction costs are apportioned to the liability and conversion feature in proportion to the allocation of proceeds.

The estimated fair value of the convertible debenture was calculated as $2,797,229 using a discount rate of 22.85%, with $2,158,672 being allocated to the debt component and $638,557 being allocated to the conversion feature. The Company issued 1,800,000 shares valued at $90,000 and paid $112,770 of transaction costs related to the Debenture. The transaction costs of $202,770 have been allocated proportionately to the liability and equity components. The effective interest rate of the convertible debenture was estimated to be 26.82%, and an accretion expense of $136,431 related to the debenture has been recognized in the consolidated statements of loss and comprehensive loss for the year ended November 30, 2019.

(ii) On October 24, 2019, the Company issued 300 units convertible debenture (the "Debenture Units") at a price of $1,000 per Debenture Unit for gross proceeds of $300,000. The Debenture has a term of one year, bears interest at a rate of 8% per annum and is convertible into common shares at a price of $0.05 per share.

The estimated fair value of the convertible debenture is $297,710 using a discount rate of 26.66% with $249,884 being allocated to the debt component and $45,826 being allocated to the conversion feature. The Company paid $4,290 of transaction costs related to the Debenture Units. The transaction costs of $4,290 have been allocated proportionately to the liability and equity components. The effective interest rate of the convertible debenture was estimated to be 27.88%, and accretion expense of $7,061 related to the debenture has been recognized in the consolidated statements of loss and comprehensive loss for the year ended November 30, 2019.

(Expressed in Canadian dollars)

12. SHARE CAPITAL

Share capital consists of unlimited authorized common shares without par value.

	Number of shares		Amount
Balance November 30, 2017 and 2018	**68,144,874**	**$**	**53,541,113**
Issued for Neal property (i)	10,221,732		204,235
Shares for debt settlements (ii)	1,493,400		74,670
Issued on convertible debenture (Note 11 (i))	1,800,000		90,000
Issued on private placements (iii)	4,833,333		163,296
Balance, November 30, 2019	**86,493,339**	**$**	**54,073,314**

(i) Pursuant to the agreement to acquire 102 units of the Neal LP (Note 9 (a)), the Company issued 10,221,732 common shares valued at $204,235, based on the share price of the date of issuance, to 2176423 Ontario Ltd., a company controlled by Eric Sprott.

(ii) On July 9, 2019, the Company settled an aggregate amount of $74,670 for services and expenses rendered to the Company through the issuance of 1,493,400 common shares at a share price of $0.05 per share.

(iii) On June 17, 2019, the Company completed the first tranche of a non-brokered private placement for 2,333,333 Units at a price of $0.05 per Unit for gross proceeds of $116,667. The second and final tranche of the non-brokered private placement for an additional 500,000 Units for gross proceeds of $25,000 was completed on July 22, 2019 and subscribed by a director of the Company.

Each Unit consists of one common share and one-half of one common share purchase warrant, each warrant entitling the holder to purchase one additional common share at an exercise price of $0.12 for a period of two years after closing. The proceeds of the placement have been allocated as $92,107 to share capital, and $49,560 to the warrant reserve (Note 13). The Company paid $1,278 of issuance costs for these transactions.

On September 24, 2019, the Company completed a non-brokered private placement of 2,000,000 Units at a price of $0.05 per Unit for gross proceeds of $100,000. Each Unit consists of one common share and one-half of one common share purchase warrant, each warrant entitling the holder to purchase one additional common share at an exercise price of $0.12 for a period of two years after closing. The proceeds of the private placement have been allocated as $71,199 to share capital, and $28,801 to the warrant reserve. The Company's CEO and director participated in the private placement for a total of 2,000,000 units. The Company paid $2,250 of issuance costs for this transaction.

13. RESERVES

Reserves include (i) the accumulated fair value of stock options recognized as share-based compensation, and (ii) the fair value of warrants issued in private placements and for share issue costs. Reserves are increased by the fair value of these items as they vest and are reduced by corresponding amounts when the options or warrants expire or are exercised or cancelled.

SHARE-BASED COMPENSATION

The Company has a common share fixed option plan for designated directors, officers, employees and consultants. Pursuant to the plan, option awards are recommended by the Compensation Committee of the Board and then reviewed by the Board of Directors. Under the fixed plan, options on common shares may be issued for up to a cumulative amount that may not exceed 10% of shares outstanding at the time the plan was approved. As at November 30, 2019, the Company had 4,049,334 options reserved on common shares.

(Expressed in Canadian dollars)

13. RESERVES (continued)

The exercise price for each option granted under the plan is based upon the five-day weighted average market price at the date of the grant but shall not be lower than the discounted market price, as defined by the TSX Venture Exchange Corporate Finance Manual. The term may not exceed ten years from the date of the grant of the option. The specific terms including vesting year and term of the option are set by the board of directors.

Stock option activity is presented below:

	Number of options	Weighted average exercise price $
Outstanding, November 30, 2017	**1,600,000**	**0.05**
Expired	(1,600,000)	(0.05)
Outstanding, November 30, 2018	–	–
Issued	4,600,000	0.05
Outstanding, November 30, 2019	**4,600,000**	**0.05**

On March 29, 2019, the Company granted an aggregate of 4,600,000 stock options to certain management, directors, consultants and employees. The options have an exercise price of $0.05, a term of five years and vest immediately.

The fair value of the options granted was estimated on the date of the grant using the Black-Scholes option pricing model, with the following assumptions:

Volatility	277%
Expected life	5 years
Risk-free interest rate	1.52%
Expected dividend yield	0%
Forfeiture rate	0%

The following stock options are outstanding and exercisable at November 30, 2019:

		Options outstanding			Options exercisable	
Grant date	Exercise price $	Number of options	Weighted average remaining contractual life in years	Weighted average exercise price $	Number of options	Weighted average exercise price $
March 28, 2019	0.05	4,600,000	4.33	0.05	4,600,000	0.05
		4,600,000	**4.33**	**0.05**	**4,600,000**	**0.05**

Stock options outstanding at November 30, 2019 have an expiry date of March 28, 2024. During the year ended November 30, 2019, the Company recognized $45,813 of share-based compensation expense (2018 – $Nil).

(Expressed in Canadian dollars)

13. RESERVES (continued)

WARRANTS

Warrants activity is presented below:

	Number of warrants	Weighted average exercise price $
Outstanding, November 30, 2017 and 2018	–	–
Issued on private placements (Note 12 (iii))	2,416,667	0.12
Outstanding, November 30, 2019	**2,416,667**	**0.12**

The fair values of the warrants were calculated using the Black-Scholes option pricing model with the following assumptions:

Volatility	253-348%
Expected life	2 years
Risk-free interest rate	1.40-1.52%
Expected dividend yield	0%

14. ADMINISTRATION AND GENERAL EXPENSES

Included in administration and general expenses are the following:

	November 30, 2019	November 30, 2018
Accounting, audit and legal fees	$ 166,232	$ 71,321
Consulting	642,752	36,405
Depreciation	635	908
Directors' fees	43,679	42,941
Investor relations	6,829	657
Occupancy costs	1,865	1,987
Office and miscellaneous	36,807	22,624
Regulatory, filing and transfer agent fees	47,106	15,730
Salaries and benefits	200,560	101,392
Share-based compensation	45,813	–
Travel	77,272	5,417
Total	$ 1,269,550	$ 299,382

(Expressed in Canadian dollars)

15. LOSS PER SHARE

The weighted average number of shares outstanding used in the computation of loss per share for the year ended November 30, 2019 was 76,578,476 (2018 – 68,144,874).

For the years ended		November 30, 2019		November 30, 2018
Loss attributable to common shareholders	$	(1,324,338)	$	(734,621)
Weighted average number of common shares outstanding		76,578,476		68,144,874
Loss per share basic and diluted	**$**	**(0.02)**	**$**	**(0.01)**

An amount of 4,600,000 stock options and 1,416,667 warrants (Note 12) were excluded from the computation of diluted weighted average shares outstanding for the year ended November 30, 2019 (nil and nil respectively, for the year ended November 30, 2018), as their effect would be anti-dilutive.

16. INCOME TAXES

In assessing the realization of the Company's deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of deferred income tax assets considered realizable could change materially in the near term based on deferred taxable income generated during the carry-forward period.

(a) Income Tax Reconciliation

Income tax recovery presented in the consolidated statements of loss differs from the amounts that would be computed by applying the combined Canadian federal and provincial income tax rate of 26.5% (2018 – 26.5%) and the United States 40% (2018 – 40%) to loss before income taxes as follows:

		November 30, 2019		November 30, 2018
Income tax (expense) recovery expected at statutory rates	$	412,000	$	254,000
Non-deductible differences		(68,000)		(174,000)
Tax losses for which no deferred tax asset was recognized		(344,000)		(80,000)
Income tax recovery	$	–	$	–

The following temporary differences have not been recognized in the Company's consolidated financial statements:

		November 30, 2019		November 30, 2018
Non-capital tax losses carried forward	$	19,923,000	$	18,673,000
Exploration and development expenses		28,166,000		28,166,000
Convertible debentures		(1,004,500)		-
Share and debt issuance costs		120,600		-
Other		650,000		653,000
	$	47,850,100	$	47,492,000

(Expressed in Canadian dollars)

16. INCOME TAXES (continued)

(b) Non-capital losses

As at November 30, 2019, the Company has non-capital losses carried forward for income tax purposes available to reduce taxable income in future years expiring as follows:

		Canada CAD		United States USD
2025	$	178,000	$	–
2026		381,000		–
2027		2,455,000		1,514,000
2028		1,130,000		196,000
2029		1,143,000		86,000
2030		1,166,000		1,000
2031		1,210,000		–
2032		1,232,000		540,000
2033		980,000		12,000
2034		749,000		893,000
2035		207,000		4,016,000
2036		709,000		230,000
2037		947,000		12,000
2038		295,000		7,000
2039		496,000		339,000
	$	13,278,000	$	7,846,000

(c) Exploration expenditures

Under the Income Tax Act, the Company can accumulate its resource related exploration expenses and development expenses (as defined by Canada Revenue Agency), carry them forward indefinitely and use them to reduce taxable income in the future. As of November 30, 2019, the Company has Cumulative Canadian Exploration expenses (CCEE) of $28,162,000 (2018 - $28,162,000).

17. RELATED PARTY TRANSACTIONS

(a) Compensation awarded to key management personnel

Key management personnel include the Company’s directors, chief executive officer and chief financial officer. Compensation expenses for key management personnel include:

For the years ended	November 30, 2019	November 30 2018
Salaries, consulting and other short-term benefits	637,827	24,000
Directors’ fees	43,688	42,938
Share-based compensation	37,347	–
	718,862	66,938

Included in the accounts payable and accrued liabilities as of November 30, 2019 was $50,236 (2018 - $604,329) due to officers of the Company, $Nil (2018 - $56,435) due to directors of the Company and $489,254 (2018- $598,349) due to the Company’s former President and CEO.

(Expressed in Canadian dollars)

17. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties

On May 26, 2018, a transition agreement was agreed to which governed the services provided by, and the transition of the Company's former CEO and President. On January 11, 2019, the transition agreement was not renewed, and the Company's former President and CEO ceased performing his services for the Company. As of November 30, 2019, a total of $489,254 (November 30, 2018 - $598,349) due to the Company's former President and CEO has been included in accounts payable and accrued liabilities.

On January 11, 2019, the Company appointed a new President and CEO, R. David Russell ("D. Russell"). The consulting agreement with D. Russell contains clauses requiring additional payments of up to US$728,000 be made upon termination of contract.

18. SEGMENTED INFORMATION

The Company operates in one segment being the acquisition, exploration and development of exploration and evaluation properties. The Company has exploration and evaluation properties located in two geographical areas, Canada and the United States of America.

As at November 30, 2019		Canada		United States		Total
Current assets	$	2,058,580	$	59,022	$	2,117,602
Equipment		63,683		–		63,683
Royalty interest		–		1		1
Exploration and evaluation properties		1		587,010		527,010
Reclamation bond		–		116,278		116,278
	$	2,122,264	$	762,311	$	2,884,575
Current liabilities	$	1,031,866	$	140,829	$	1,172,695
Long-term liabilities		2,097,515		–		2,097,515
	$	3,129,381	$	140,829	$	3,270,210

As at November 30, 2018		Canada		United States		Total
Current assets	$	93,884	$	185,603	$	279,487
Equipment		2,117		–		2,117
Royalty interest		–		1		1
Exploration and evaluation properties		4		–		4
	$	96,005	$	185,604	$	281,609
Current liabilities	$	678,371	$	8,953	$	687,324

(Expressed in Canadian dollars)

19. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and liabilities in the statements of financial position are as follows:

November 30, 2019	Financial assets at fair value through profit of loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Cash	$ –	$ 1,581,290	$ –
Restricted cash equivalents	–	20,000	–
Amounts receivable	–	14,187	–
Investments	423,965	–	–
Reclamation bond	–	116,278	–
Accounts payable and accrued liabilities	–	–	658,161
Liability component of convertible debentures	–	–	2,552,049

November 30, 2018	Financial assets at fair value through profit of loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Cash	$ –	$ 269,340	$ –
Restricted cash equivalents	–	5,000	–
Amounts receivable	–	4,618	–
Accounts payable and accrued liabilities	–	–	687,324

(b) Fair value

Fair value is the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between arm’s length market participants at the measurement date.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company designated its investments as fair value through profit and loss, which is measured at fair value and classified as level 1, except for investments – warrants, which is classified as level 3. The carrying value of the investments - warrants is determined using the Black-Scholes option pricing model.

(c) Credit risk

The Company has no trade accounts. The exposure credit risk for cash and restricted cash equivalents is considered immaterial. The Company maintains all of its cash and restricted cash equivalents invested in demand deposits and short-term instruments at major Canadian and United states of America financial institution. Most of these amounts are not insured but depend upon the general creditworthiness of the institution. The Company believes that exposure to credit risk is low.

19. FINANCIAL INSTRUMENTS (continued)

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or as a result of conditions specific to the Company. As at November 30, 2019, the Company had cash of $1,581,290 (2018 - $269,340) to settle current liabilities of $1,112,695 (2018 - $687,324).

(e) Interest rate risk

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(f) Currency risk

As the Company operates in the United States, some of the Company's assets, liabilities, and transactions are denominated in United States funds. Fluctuation in the exchange rates between the United States dollar and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations.

At November 30, 2019, the Company had net monetary assets denominated in United States funds of approximately $234,000 (US$176,000). Based upon the balance as at November 30, 2019, an increase of 15% in the U.S. to Canadian dollar exchange would result in a decrease in the net loss and comprehensive loss of $35,000, and a reduction of 15% would result in an increase in the net loss and comprehensive loss of $35,000. Management believes that it is not likely, but it is possible that the exchange rate could fluctuate by more than 15% within the next 12 months.

20. CAPITAL MANAGEMENT

The Company considers all of the components of shareholders' deficit to be capital, the balance of which is $543,794 (2018 - $405,715). The Company's objectives in managing capital are to safeguard its ability to operate as a going concern and to generate a superior return to shareholders. As at November 30, 2019, the Company has debt obligations, net of unrestricted cash, totalling $1,628,920 (2018- $417,984). The Company expects to finance exploration activity through joint ventures, sales of property interests, entering into debt financing and by raising additional share capital when market conditions are suitable. The Company and its subsidiaries are not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

21. COMMITMENTS

On August 22, 2019 the Company signed an amalgamation agreement (the "Amalgamation Agreement") with Explor Resources Inc. ("Explor") to merge the companies' on a 46/54 (Pure Nickel Inc./Explor) basis. Under the terms of the Amalgamation Agreement, (i) each issued and outstanding Explor Share (other than Explor Shares held by Pure Nickel Inc. and any Dissenting Shareholders) shall be exchanged for 0.5 of a Pure Nickel Inc. Share ("Exchange Ratio"); and (ii) each issued and outstanding Explor Share held by a Dissenting Shareholder will be cancelled and the Dissenting Shareholder will be entitled to be paid the fair value of such Explor Share.

21. COMMITMENTS (continued)

Under terms of the Amalgamation Agreement, the Company agreed to subscribe for 10,000,000 units of Explor at a price of $0.05 per unit representing a total amount of $500,000 (Note 7) which was closed on September 18, 2019. Each unit of Explor is comprised of one common share and one-half of one common share purchase warrant. Each whole purchase warrant can be exercised into one additional common share of Explor at a price of $0.10 per share for a period of 24 months (Note 7).

22. SUBSEQUENT EVENTS

(a) On December 23, 2019, the Company completed the amalgamation with Explor (Note 21) and issued 95,198,612 common shares in exchange for all of the issued and outstanding shares of Explor. The amalgamation was completed through amalgamating Explor with the Company's wholly owned subsidiary, 2227390 Alberta Ltd., incorporated solely for the purpose of acquiring Explor. Concurrent to the completion of the Amalgamation, the Company changed its name from Pure Nickel Inc. to Galleon Gold Corp.

As a result of the amalgamation, the Company is exposed to certain contingent liabilities associated with Explor. Canada Revenue Agency (CRA) has issued notice of assessments in connection to Explor's spending obligations on flow through financings raised in 2011 – 2013 and 2015 – 2017. CRA has disqualified certain Canadian Exploration Expenses ("CEE") that were previously reported and assessed penalties on the shortfall of CEE spending. Explor has filed notices of objection to the CRA and is awaiting responses on both objections. A claim for damages was filed with the Superior Court of Quebec against Explor and its officers and directors in March 2018, the claim related to non-compliance with flow-through share agreements.

(b) On December 30, 2019, the Company closed a flow through private placement 12,500,000 units at a price of $0.08 per unit for gross proceeds of $1,000,000 ("Private Placement"). Each unit consists of one common share and one-half of one common share purchase warrant, each warrant entitling the holder to purchase one additional common share at an exercise price of $0.12 for a period of two years after closing. The Company paid a finder's fee of 7% cash, amounting to $70,000 and issued 875,000 compensating warrants, exercisable into one common share at a price of $0.08 for a period of 2 years.

(c) On January 9, 2020, Eric Sprott, through 2176423 Ontario Ltd., a corporation that is beneficially owned by him, converted the Debenture (Note 11), in the principal amount of $3,000,000, into 60,000,000 common shares. Additionally, the Company closed a debt settlement agreement to settle the interest due on the Debenture of $82,177 by issuance of 1,027,218 common shares at a price of $0.08 per share on January 22, 2020.

(d) On February 25, 2020, the Company settled an aggregate amount of $70,000 for interest owed on a convertible debenture assumed through the amalgamation with Explor. The debt was settled by the issuance of 1,000,000 common shares at a price of $0.07 per share.

(e) In March 2020, the World Health Organization declared a global pandemic caused by the outbreak of the novel coronavirus, specifically identified as "COVID-19". The outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of virus. These measures, which include the implementation of travel bands, self-imposed quarantine periods and social distancing, have caused material disruption to business globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results of the Company in the future.