
**WESTERN TROY CAPITAL RESOURCES INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 2018 AND 2017
(EXPRESSED IN CANADIAN DOLLARS)**



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Western Troy Capital Resources Inc.:

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

Management's Responsibility for the Consolidated Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Western Troy Capital Resources 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 consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Western Troy Capital Resources Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
April 1, 2019

An independent firm associated with
Moore Stephens International Limited

MOORE STEPHENS

Western Troy Capital Resources Inc.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	As at November 30, 2018	As at November 30, 2017
ASSETS		
Current assets		
Cash	\$ 58,878	\$ 80,533
Legal judgment receivable (note 16)	-	517,125
Amounts receivable and other assets (note 3)	10,975	40,984
Total assets	\$ 69,853	\$ 638,642
DEFICIENCY AND LIABILITIES		
Current liabilities		
Amounts payable and other liabilities (notes 14 and 16)	\$ 165,893	\$ 687,138
Advances from related party (note 4)	-	12,413
Total liabilities	165,893	699,551
Deficiency		
Share capital (note 9)	12,317,720	11,959,780
Reserves (notes 10 and 11)	94,032	3,750
Accumulated deficit	(12,507,792)	(12,024,439)
Total deficiency	(96,040)	(60,909)
Total deficiency and liabilities	\$ 69,853	\$ 638,642

Nature of operations and going concern (note 1)
Contingencies and commitments (note 16)
Subsequent events (note 18)

Approved on behalf of the Board:

"Mel Williams", Director _____

"John Archibald", Director _____

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

Western Troy Capital Resources Inc.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Year Ended November 30,	
	2018	2017
Operating expenses		
Exploration and evaluation expenditures (note 5)	\$ 508,926	\$ 272,596
General and administrative (note 13)	404,252	584,478
Total operating expenses	(913,178)	(857,074)
Interest and other income	-	41,748
Foreign exchange gain	4,866	18,092
Loss on sale of equipment	-	(1,930)
Transaction cost (note 17)	(65,180)	-
Flow-through indemnification reversal (note 16)	148,541	-
Gain from the forgiveness of debt (note 14)	325,893	-
Net loss and comprehensive loss for the year	\$ (499,058)	\$ (799,164)
Net loss per share - Basic and diluted (note 12)	\$ (0.06)	\$ (0.12)
Weighted average number of common shares outstanding - Basic and diluted	8,130,816	6,717,994

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

Western Troy Capital Resources Inc.**Consolidated Statements of Cash Flows****(Expressed in Canadian dollars)**

	Year Ended November 30,	
	2018	2017
Operating activities		
Net loss for the year	\$ (499,058)	\$ (799,164)
Adjustments for:		
Share-based payments (note 11)	65,977	-
Warrants issued for property	40,010	-
Changes in non-cash working capital items:		
Amounts receivable and other assets	547,134	1,115,319
Amounts payable and other liabilities	(521,245)	(290,350)
Net cash (used in) provided by operating activities	(367,182)	25,805
Financing activities		
Advances from (repayment to) related party	(12,413)	12,413
Shares issued	366,250	-
Share issue cost	(8,310)	-
Net cash provided by financing activities	345,527	12,413
Net change in cash	(21,655)	38,218
Cash, beginning of year	80,533	42,315
Cash, end of year	\$ 58,878	\$ 80,533

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

Western Troy Capital Resources Inc.
Consolidated Statements of Changes in Deficiency
(Expressed in Canadian dollars)

	Share capital	Reserves			Total
		Equity settled share-based payments reserve	Warrant reserve	Accumulated deficit	
Balance, November 30, 2017	\$ 11,959,780	\$ 3,750	\$ -	\$ (12,024,439)	\$ (60,909)
Shares issued (note 9)	357,940	-	-	-	357,940
Share-based payments (note 11)	-	65,977	-	-	65,977
Warrants issued on property (note 10)	-	-	40,010	-	40,010
Warrants expired (note 10)	-	-	(11,955)	11,955	-
Stock options expired (note 11)	-	(3,750)	-	3,750	-
Net loss for the year	-	-	-	(499,058)	(499,058)
Balance, November 30, 2018	\$ 12,317,720	\$ 65,977	\$ 28,055	\$ (12,507,792)	\$ (96,040)
Balance, November 30, 2016	\$ 11,959,780	\$ 36,175	\$ -	\$ (11,257,700)	\$ 738,255
Stock options expired (note 11)	-	(32,425)	-	32,425	-
Net loss for the year	-	-	-	(799,164)	(799,164)
Balance, November 30, 2017	\$ 11,959,780	\$ 3,750	\$ -	\$ (12,024,439)	\$ (60,909)

Effective January 18, 2019, the Company consolidated its shares on the basis of one new, post-consolidated share for every five old, pre-consolidated shares (Note 18). The weighted average number of common shares outstanding and loss per share figures have been adjusted to reflect this share consolidation. All other share and per share amounts in these financial statements are presented on a pre-consolidation basis.

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

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

1. Nature of operations and going concern

Western Troy Capital Resources Inc. (the "Company" or "Western Troy") was incorporated under the laws of the Province of Ontario, Canada, by Articles of Incorporation dated November 8, 1989. The Company is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals and currently had interests in resource properties in the United States of America ("USA"). The primary office of the Company is located at The Canadian Venture Building, 82 Richmond St. East, Suite 200, Toronto, Ontario, Canada, M5C 1P1.

The consolidated financial statements were approved by the Board of Directors on April 1, 2019.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume 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. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Company has incurred losses in the current and prior periods, with a loss of \$499,058 for the year ended November 30, 2018 and as at November 30, 2018 has an accumulated deficit of \$12,507,792 (November 30, 2017 - \$12,024,439) and working capital of \$(96,040) (November 30, 2017 deficiency of \$60,909).

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. Based on current projections and operating plans, the Company may be required to raise additional funds through equity financing. There is, however, no assurance that any such initiatives will be successful and, as a result, there exists material uncertainty casting significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

2. Significant accounting policies

(a) Basis of preparation

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").

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are carried at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements reflect the following accounting policies which have been consistently applied to all periods presented.

(b) Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned inactive subsidiary, Canadian Remote Power Corporation ("CRPC") and its wholly-owned US subsidiary, Western Troy Mining Company ("WTMC"). Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The consolidated financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated on consolidation.

(c) Functional and reporting currency

The functional and reporting currency of the Company and its subsidiaries is the Canadian dollar.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At each financial reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the consolidated statement of loss and comprehensive loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot rate at the date of the initial transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

(d) Financial instruments

The Company's financial instruments consist of the following:

Financial assets:	Classification:
Cash	Loans and receivables
Legal judgment receivable	Loans and receivables
Amounts receivable and other assets	Loans and receivables
Financial liabilities:	Classification:
Amounts payable and other liabilities	Other financial liabilities
Advances from related party	Other financial liabilities

FVTPL:

Financial instruments are measured at fair value. All gains and losses are included in consolidated statements of loss for the period in which they arise.

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(d) Financial instruments (continued)

Available-for-sale:

Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income (loss) until the asset is removed from the consolidated statement of financial position. Losses due to impairment are included in consolidated statements of income (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.

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.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

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 consolidated statements of income (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 consolidated statements 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.

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(d) *Financial instruments (continued)*

Financial instruments recorded at fair value:

Financial instruments, if recorded at fair value on the consolidated 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).

(e) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and balances with banks and short-term deposits with original maturities of three months or less. As at November 30, 2018 and 2017, the Company did not have any cash equivalents.

(f) *Short-term investments*

Short-term investments consist of guaranteed investment certificates with a maturity of greater than 90 days and less than one year and mutual funds.

(g) *Marketable securities*

The Company's marketable securities are classified as "available-for-sale" and are measured at fair value. Investments in securities having quoted market values and which are publicly traded on a recognized securities exchange and for which no sales restrictions apply are recorded at values based on the current bid prices.

(h) *Impairment of non-financial assets*

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets are impaired. Where such an indication exists, the recoverable amount of the asset is estimated. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGUs). The Company consists of a single CGU as defined in IAS 36 - Impairment of Assets. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

(i) *Flow-through shares*

Proceeds from a 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 when the entity renounces the tax differences, which may differ from the effective date of renunciation.

The Company indemnifies the subscribers of flow-through shares from any tax consequences arising from the failure of the Company to meet its commitments under the flow-through subscription agreements.

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(j) *Exploration and evaluation expenditures*

The Company expenses exploration and evaluation expenditures as incurred on mineral properties. Exploration and evaluation expenditures include acquisition costs of mineral exploration properties, property option payments and evaluation activities.

Once a project has been established as commercially viable, technically feasible and financially viable, 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.

(k) *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 at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(l) *Share-based payment transactions*

The fair value of share options granted is recognized as an expense over the vesting period using the graded vesting method with a corresponding increase in equity. The fair value of the options issued to employees and others providing similar services is determined by using the Black-Scholes option pricing model. 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 and consultants of the Company. The fair value of the options issued to non-employees is determined by the fair value of the goods or services received. If the fair value of the goods or services received cannot be reliably measured, then the Black-Scholes option pricing model is used.

The fair value of the options measured using the Black-Scholes option pricing model takes into account the terms and conditions upon which the options were granted. At each 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. Share-based compensation incorporates an expected forfeiture rate. Amounts recorded for expired unexercised stock options and warrants are transferred to deficit. Forfeited options are reversed to stock-based payments if the estimated forfeiture is different from actual.

(m) *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 exploration, development or ongoing production of a mineral property interest. Such costs are discounted to their net present value and are provided for, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. 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. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as at November 30, 2018 and November 30, 2017 as the disturbance to date is minimal.

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(n) *Income taxes*

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in consolidated statements of loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

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

Deferred tax is recognized in respect of 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 temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the financial position 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, or on different tax entities, 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.

(o) *(Loss) Income per share*

The Company presents basic and diluted (Loss) Income per share data for its common shares, calculated by dividing the (Loss) Income attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted (Loss) Income per share 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. The Company's diluted (loss) income per share does not include the effect of stock options and warrants for the periods presented as they are anti-dilutive.

(p) *Operating segments*

The Company has one operating segment which is the acquisition and exploration of mineral properties in Canada and United States of America. In making this determination, the Company reviews various factors including geographical location, quantitative thresholds and managerial structure.

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(q) Significant accounting judgments and estimates

The preparation of these consolidated financial statements in accordance with IFRS requires the Company to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the reported amounts of assets, liabilities and expenses, and the related disclosure of assets and liabilities included in the Company's consolidated financial statements. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Company has made in the preparation of its consolidated financial statements.

- The Company assumes no material restoration, rehabilitation and environmental provisions based on facts and circumstances that existed as of each reporting period. The Company must review this assumption in accordance with exploration results, existing laws, contracts and other policies. A material restoration obligation involves a number of estimates relating to timing, type of costs and associated contract negotiations, and a review of potential methods and technical advancements.
- The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the consolidated financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. All estimates for value added and withholding taxes have been included in accounts payable and accrued liabilities.
- Contingencies - See note 16.

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

2. Significant accounting policies (continued)

(r) New accounting standards and interpretations

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2016 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 9 – Financial Instruments (“IFRS 9”)

IFRS 9 was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 - Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has determined the impact of adopting IFRS 9 will have an insignificant effect on its consolidated financial statements.

IFRS 16 - Leases (“IFRS 16”)

IFRS 16 was issued in January 2016 and replaces the previous guidance on leases. This standard provides a single recognition and measurement model to be applied by lessees to leases, with required recognition of assets and liabilities for most leases. This standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if the Company is also applying IFRS 15, Revenue from Contracts with Customers. The Company will adopt this new standard as of its effective date. The Company has determined the impact of adopting IFRS 16 will have an insignificant effect on its consolidated financial statements..

3. Amounts receivable and other assets

	As at November 30, 2018	As at November 30, 2017
Sales tax receivable - (Canada)	\$ 10,975	\$ 5,496
Prepaid expenses	-	35,488
	\$ 10,975	\$ 40,984

4. Advances from related party

During the year ended November 30, 2018, the Company's wholly-owned US subsidiary, Western Troy Mining Company, received \$72,279 (US\$56,000) in advances from a corporation controlled by the President, Chief Executive Officer and director of the Company, and the Company repaid \$84,962 (US\$65,631) to the same corporation. A net balance payable of \$nil (US\$nil) was outstanding at November 30, 2018 (November 30, 2017 - \$12,413 (US\$9,631)).

Western Troy Capital Resources Inc.**Notes to Consolidated Financial Statements****Years Ended November 30, 2018 and 2017****(Expressed in Canadian dollars)**

5. Exploration and evaluation expenditures

	Year Ended November 30,	
	2018	2017
<hr/>		
Willow Creek		
Acquisition costs		
Staking claims	\$ 61,330	\$ 7,690
Option agreement	72,278	-
	<hr/>	<hr/>
	133,608	7,690
Exploration expenditures		
Geologists fees and costs	86,503	153,404
Drilling	235,251	-
Fuel and transportation	-	565
Water and environmental	3,222	1,528
Meals, travel and accommodation	843	25,807
Equipment rental, supplies and services	5,080	36,197
Storage cost	2,377	24,615
Permits and licences	-	6,154
Sampling and assay	42,042	14,980
Insurance	-	1,656
	<hr/>	<hr/>
	375,318	264,906
Total	<hr/>	<hr/>
	508,926	272,596
	<hr/>	<hr/>
Total exploration and evaluation expenditures	\$ 508,926	\$ 272,596

Willow Creek

On September 14, 2017, the Company, along with its newly formed wholly owned US subsidiary, WTMC, entered into a Letter Agreement with Mt. Elbert Mining Company LLC ("MEMC") with respect to the Willow Creek Mine located in Lake Country, Colorado. The property consists of 120 acres of private land, and approximately 3,120 acres of contiguous unpatented mining claims. On December 14, 2017, the Company executed the lease agreement with MEMC. The lease agreement was terminated on January 29, 2018.

Pursuant to the lease agreement the Company issued 1,000,000 Series A common share purchase warrants of the Company. Each Series A warrant entitles the holder to acquire one common share of the Corporation at an exercise price of \$0.05, exercisable for a period of two years from the date of issuance of the warrants. The Company also issued 2,000,000 Series B common share purchase warrants of the Company. Each Series B warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.05, exercisable for a period of 120 days from the date of issuance of the warrants (note 10).

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

6. 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. As discussed in note 1, the Company's ability to continue to carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

The Company considers its capital to be equity / (deficiency), which comprises share capital, reserves and accumulated deficit which at November 30, 2018 totaled an deficiency of \$96,040 (2017 - \$60,909).

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.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended November 30, 2018 and 2017.

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 Venture Exchange ("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 compliant with Policy 2.5.

7. 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, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee and 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 fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable.

Cash and short-term investments are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal.

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

7. Financial risk management (continued)

(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 the Company's 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. The Company generates cash flow primarily from its financing activities and interest income earned on its cash and short-term investments. As at November 30, 2018, the Company had cash and short-term investments of \$58,878 to settle current liabilities of \$165,893. See Notes 14 and 16 for information on Current Liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in note 1, the Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing.

(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 prices.

(a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its financial institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its financial institutions.

(b) Foreign currency risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company is exposed to foreign currency risk with respect to the expenditures incurred by its US subsidiary.

(c) Commodity and equity price risk

The Company is exposed to price risk with respect to commodity prices and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of copper, molybdenum, gold, silver, uranium, platinum, rare earths and other minerals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian dollars)

7. Financial risk management (continued)

(iv) Sensitivity analysis

At November 30, 2018 and 2017 the Company's financial instruments that are carried at fair value consist of marketable securities that are classified as Level 1 and short-term investments that are classified as Level 2 within the fair value hierarchy.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a year.

Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of copper, molybdenum, gold, silver, uranium, platinum, rare earths and other minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even if commercial quantities of copper, molybdenum, gold, silver, uranium, platinum, rare earths and other minerals may be produced in the future, a profitable market will exist for them. As of November 30, 2018 and 2017, the Company is not a producer of copper, molybdenum, gold, silver, uranium, platinum, rare earths and other minerals. As a result, 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 liability to meet its ongoing obligations.

8. Categories of financial instruments

	As at November 30, 2018	As at November 30, 2017
Financial assets:		
Loans and receivables		
Cash	\$ 58,878	\$ 80,533
Legal judgment receivable	-	517,125
Financial liabilities:		
Other financial liabilities		
Amounts payable and other liabilities	\$ 165,893	\$ 687,138
Advances from related party	-	-

As of November 30, 2018 and 2017, the fair value of all the Company's financial instruments approximates the carrying value, due to their short-term nature.

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian dollars)

9. Share capital

a) Authorized share capital

Unlimited number of common shares, no par value

Unlimited number of Class A shares, no par value

b) Shares issued

As at November 30, 2018, the issued share capital amounted to \$12,317,720.

Effective January 18, 2019, the Company consolidated its shares on the basis of one new, post-consolidated share for every five old, pre-consolidated shares (Note 18). The weighted average number of common shares outstanding and loss per share figures have been adjusted to reflect this share consolidation. All other share and per share amounts in these financial statements are presented on a pre-consolidation basis.

	Number of common shares	Amount
Balance, November 30, 2016, 2017 and 2018	33,589,970	\$ 11,959,780
Shares issued (i)	7,325,000	366,250
Share issue costs	-	(8,310)
Balance, November 30, 2018	40,914,970	\$ 12,317,720

(i) On December 13, 2017, the Company closed a non-brokered private placement pursuant to which it issued 7,325,000 common shares at a price of \$0.25 per common share to raise aggregate gross proceeds of \$366,250. The Company incurred share issuance costs of \$8,310 in relation to this issuance.

10. Warrants

The following table reflects the continuity of warrants for year ended November 30, 2018 and November 30, 2017:

	Number of warrants	Weighted average exercise price (\$)	Grant date fair value of warrants (\$)
Balance, November 30, 2016 and November 30, 2017	-	-	-
Issued (i)	3,000,000	0.05	40,010
Expired	(2,000,000)	0.05	(11,955)
Balance, November 30, 2018	1,000,000	0.05	28,055

(i) Pursuant to the lease agreement (note 5), the Company issued to MEMC 1,000,000 Series A common share purchase warrants, each Series A warrant entitles the holder to acquire one common share of the Corporation at an exercise price of \$0.05, exercisable for a period of two years. The Company also issued 2,000,000 Series B common share purchase warrants, each Series B warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.05, exercisable for a period of 120 days from the date of issuance of the warrants. The weighted average fair value of the warrants of \$40,010 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 103% - 194%; risk-free interest rate of 1.13% - 1.95%; and an expected average life of 0.53 - 2 years.

On April 16, 2018, the 400,000 Series B common share purchase warrants issued to MMEC expired unexercised.

Western Troy Capital Resources Inc.

Notes to Consolidated Financial Statements

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(Expressed in Canadian dollars)

10. Warrants (continued)

The following table reflects the warrants issued and outstanding as of November 30, 2018:

Number of warrants outstanding	Exercise price (\$)	Expiry date
1,000,000	0.05	December 9, 2019

11. Stock options

Under the Company's stock option plan (the "Plan"), the directors of the Company can grant options to acquire common shares of the Company to qualified directors, officers, employees and persons providing ongoing services to the Company. The stock options are non-transferable and have no maximum term of grant. The exercise price of the stock options cannot be less than the closing price of the Company's shares on the trading day preceding the date of grant. The aggregate number of common shares reserved for issuance under this plan is limited to 10% of the aggregate number of common shares of the Company that are issued and outstanding.

The following table reflects the continuity of stock options:

	Number of stock options	Weighted average exercise price (\$)
Balance, November 30, 2016	690,000	0.11
Cancelled	(250,000)	0.10
Expired	(290,000)	0.13
Balance, November 30, 2017	150,000	0.10
Granted (i)	2,000,000	0.05
Expired	(150,000)	0.10
Balance, November 30, 2018	2,000,000	0.05

(i) On December 18, 2017, the Company granted a total of 2,000,000 stock options to officers and directors of the Company. All options are exercisable at a price of \$0.05 per common share. The options vested immediately and expire in five years. The grant date fair value of \$65,977 or \$0.033 per option was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 175% which is based on historical volatility of the Company's share price, risk-free rate of return of 1.70% and an expected life of 5 years.

The following table reflects the actual stock options issued and outstanding as of November 30, 2018:

Expiry date	Weighted average exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
December 18, 2022	0.05	4.05	2,000,000	2,000,000

Western Troy Capital Resources Inc.

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(Expressed in Canadian dollars)

12. Net loss per common share

The weighted average number of common shares outstanding and loss per share figures have been adjusted to reflect the share consolidation effected on January 19, 2019.

The calculation of basic and diluted loss per share for the year ended November 30, 2018 was based on the loss attributable to common shareholders of \$499,058 (year ended November 30, 2017 - loss of \$799,164) and the weighted average number of common shares outstanding of 8,130,816 (year ended November 30, 2017 - 6,717,994). Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

13. General and administrative

	Year Ended November 30,	
	2018	2017
Management and consulting fees (note 14)	\$ 45,854	\$ 313,172
Shareholder relations	50,742	1,168
Accounting and corporate	29,930	38,175
Professional fees	160,428	173,730
Office, travel and general	35,571	46,683
Share-based payments (note 11)	65,977	-
Directors' fees (note 14(b))	15,750	11,550
	\$ 404,252	\$ 584,478

14. Related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

(a) The Company entered into the following transactions with related parties:

(i) During the year ended November 30, 2018, the Company expensed consulting fees of \$45,853, (year ended November 30, 2017 - \$311,831) to a corporation controlled by the President, Chief Executive Officer and director of the Company. As of November 30, 2018, there is an amount owing of \$nil (November 30, 2017 - \$324,901) by the Company to the corporation and it has been included in amounts payable and other liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

(ii) During the year ended November 30, 2018, the Company paid consulting fees totaling \$nil (year ended November 30, 2017 - \$3,969) to a company controlled by a director of the Company.

(iii) During the year ended November 30, 2018, the Company paid directors fees totaling \$12,600 (year ended November 30, 2017 - \$nil) to directors and a company controlled by a director of the Company.

(iv) The advances from a corporation controlled by the President, Chief Executive Officer and director of the Company as of November 30, 2018 amounted to \$nil (November 30, 2017 - \$12,413) (see note 4).

(v) During the year ended November 30, 2018, the balance of accrued consulting fee due to the CEO has been forgiven, which resulted a gain of totaling \$325,893.

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Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

14. Related party balances and transactions

(b) Remuneration of directors and key management personnel (including the Chief Executive Officer (note 14(i)), Chief Financial Officer and directors) of the Company was as follows:

	Year Ended November 30,	
	2018	2017
Salaries and benefits ⁽¹⁾	\$ 45,853	\$ 323,381
Share-based payments	\$ 68,300	\$ -
Gain from the forgiveness of debt - consulting fees	\$ (325,893)	\$ -

⁽¹⁾ Salaries and benefits include director fees. Directors are entitled to director fees and stock options for their services and officers are entitled to stock options for their services.

15. Income Taxes

(a) A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

November 30,	2018	2017
(Loss) income before income taxes	\$ (499,058)	\$ (799,164)
Expected income tax (recovery) based at statutory rate	\$ (105,000)	\$ (208,000)
Adjustments to benefit resulting from:		
Impact of different foreign statutory tax rates on earnings of subsidiaries	(55,000)	(23,000)
Adjustment to prior years provision versus statutory tax returns	-	40,000
Foreign exchange	-	3,000
Other	(20,000)	(6,000)
Change in unrecognized tax assets	180,000	194,000
	\$ -	\$ -

(b) The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2018	2017
Deferred Tax Assets		
Allowable capital losses	\$ 54,000	\$ 54,000
Non-capital loss carry-forwards	566,000	542,000
Exploration and evaluation assets	2,027,000	1,871,000
Property and equipment	17,000	17,000
	2,664,000	2,484,000
Unrecognized deferred tax assets	(2,664,000)	(2,484,000)
Net deferred tax assets	\$ -	\$ -

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Notes to Consolidated Financial Statements

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(Expressed in Canadian dollars)

15. Income Taxes (continued)

(c) The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

Range	2018	Expiry Date Range	2017	Expiry Date
Temporary Differences				
Exploration and evaluation assets	\$ 54,000	No expiry date	\$ 54,000	No expiry date
Non-capital losses available for future period - Canada	\$ 2,089,000	2032 to 2038	\$ 2,089,000	2032 to 2037
Non-capital losses available for future period - US	\$ 9,000	2035 to 2038	\$ 7,000	2035 to 2037

16. Contingencies and commitments

Management agreements

The Company is party to management severance agreements which require that additional payments of up to US\$144,000 (\$191,534) be made upon the occurrence of certain events such as a change of control. As a triggering event has not taken place, the contingent payments have not been reflected in these consolidated financial statements.

Environmental contingencies

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Flow-through and other tax matters

During 2015, the Company received the results of an audit by the Canada Revenue Agency (the "CRA") related to its 2011 flow-through forms filed. The reassessment resulted in certain expenditures being denied by the CRA and a liability of Part XII.6 tax and interest. During the year ended November 30, 2018, CRA and the Company settled, and as at November 30, 2018 a liability of \$48,130 (November 30, 2017 - \$196,691) is recorded in amounts payable and other accrued liabilities resulting in a recovering of \$148,541.

In addition, as a consequence of the denied expenditures, the Company will reimburse certain investors for income taxes owing as a result of the reduced tax deduction by the investors. On July 5, 2017, the Company paid \$300,000 to an investor so that the investor could pay his potential lost tax benefit to the Canada Revenue Agency (CRA). Due to the settlement with CRA, the amount of the investor's potential lost tax benefit is estimated at approximately \$160,000. The Company has requested that the investor to refund a portion of the \$300,000 and the amount will be recognized as recovery in the statement of loss and comprehensive loss upon refund or when the recovery becomes certain.

In the ordinary course of business, the Company is subject to ongoing audits by tax authorities. There are many transactions and calculations for which the ultimate tax determination is uncertain. While the Company believes that its tax filing positions are appropriate and supportable, from time to time, certain matters are reviewed and challenged by the tax authorities. The determination of the Company's income and other tax assets and liabilities requires interpretation of complex laws and regulations involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax, deferred tax and other provisions in the period in which such determination is made. As of the date of the statement of financial position, no liability in respect of pending tax issues has been recognized in the consolidated financial statements. Should the ultimate tax liability materially differ from the Company's expectations, the Company's

Western Troy Capital Resources Inc.**Notes to Consolidated Financial Statements****Years Ended November 30, 2018 and 2017****(Expressed in Canadian dollars)**

cash position could be affected positively or negatively in the period in which the matters are resolved.

Western Troy Capital Resources Inc.

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16. Contingencies and commitments (continued)

Lawsuit

On September 28, 2012, Western Troy filed a Statement of Claim in Ontario's Superior Court of Justice (Toronto) against GENIVAR Inc. ("GENIVAR") for \$3.3 million and certain of their professional managers for \$2.2 million for professional negligence in work performed on a feasibility study for the Company's MacLeod Lake Copper/Molybdenum Project. On December 7, 2012, Western Troy received a Statement of Defence and Counterclaim from GENIVAR which asserted a counterclaim of \$450,000 for which the Company filed a defence on December 21, 2012. A trial began on March 1, 2016 and concluded on April 1, 2016. In an order issued by the Ontario Court on November 2, 2016, GENIVAR was found negligent in a number of instances surrounding the work on the MacLeod Lake Project. Western Troy was awarded \$1.25 million in restitution. Western Troy was also awarded costs and interest in the amount of \$414,981.

On March 3, 2017, the Ontario Appeals Court made an order lifting the stay on the payment of the judgment against GENIVAR to allow Western Troy to immediately enforce payment of (a) damages in the amount of \$750,000; (b) pre-judgment interest on the damages award, being \$85,969; and (c) the costs order in the amount of \$329,011. The total amount of the judgment, interest and costs Western Troy is entitled to enforce was \$1,164,981 pending the determination of Western Troy's appeal which was received during the year ended November 31, 2017. The Court of Appeal also awarded costs of Western Troy's motion in the amount of \$2,000. The remaining \$500,000 of the original award was held under the original stay pending resolution of the appeal process.

On December 11, 2017, the Appeal Court affirmed the trial court award of \$1.25 million. As a result, the stay of the \$500,000 payment was lifted and the funds were received on January 16, 2018.

17. Other event

On June 29, 2018, the Company executed a binding Letter of Intent ("LOI") with MASGLAS Peru S.A.C. (MASGLAS), a private company. MASGLAS is acquiring approximately 94 percent of the shares of Compañía Minera San Nicolas S.A. a company that controls certain concession rights and assets, 80 road kilometres north of the city of Cajamarca, Peru, and near Gold Fields' Cerro Corona Gold Mine and Buenaventura's Tantahuatay Gold Mine. Terms of the LOI included the following:

- 1) A Reverse Take-Over ("RTO") once the required exchange and shareholder approvals were gained, and the Company would obtain 100 percent of the shares of MASGLAS and the Company will convey 32,731,976 shares to MASGLAS after a one for five share consolidation. Current Western Troy shareholders would then hold 8,182,994 shares after the share consolidation.
- 2) Upon execution of the LOI, Western Troy paid \$25,000 to MASGLAS and the Company was to commission and fund an NI43-101 Technical Report on the San Nicolas properties.
- 3) The Company would initiate a private placement to raise a minimum of \$500,000.
- 4) The Company share trading was halted during the exchange review process (halted on June 28, 2018).

During the year ended November 30, 2018, the Company incurred total cost of \$65,180 in relation to this transaction. On December 4, 2018, the Company and MASGLAS agreed to terminate the LOI.

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18. Subsequent events

- a) On December 3, 2018, the Company terminated the LOI with MASGLAS, all costs were expensed, and the trading halt was lifted on December 11, 2018.
- b) On December 7, 2018, the Company was notified that it did not meet the listing requirements of the TSX Venture Exchange and, if the Company could not meet those requirements by March 6, 2019, trading in its shares would be moved to the NEX exchange. Due to the RTO with Cultivation Technologies, Inc. (see below), the exchange has delayed any move to the NEX pending the outcome of the RTO.
- c) On January 15, 2019, the Company announced that it has filed articles of amendment (“Articles”) to consolidate its common shares (the “Common Shares”) on a five (5) for one (1) basis (the “Consolidation”). A majority of the shareholders of Western Troy approved the share consolidation at the annual and special meeting of Western Troy held on May 3, 2017. The Consolidation will reduce the number of outstanding Common Shares from 40,914,970 to 8,182,994. The effective date of the Consolidation was January 18, 2019.
- d) On February 20, 2019, the Company and Cultivation Technologies, Inc. (“CTI”) entered into a Letter of Intent (“LOI”) dated February 20, 2019, to complete an arm’s length Reverse Takeover (“RTO”) Transaction. The shares of Western Troy have been halted pending completion of the RTO. Western Troy and CTI intend to complete a business combination that will result in CTI becoming a wholly-owned subsidiary of Western Troy (“Resulting Issuer”). The Resulting Issuer shall undergo a name change to SCARAB CO. (“SCARAB”). The RTO and other terms of the transaction will require Western Troy shareholder approval. It is anticipated that the transaction will be on the agenda at the regular Annual General Meeting (“AGM”) of the shareholders of Western Troy to be held on a date to be determined.