

**WESTERN TROY CAPITAL RESOURCES INC.**

82 Richmond Street East  
Toronto, Ontario M5C 1P1

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the "**Meeting**") of shareholders of **Western Troy Capital Resources Inc.** (the "**Corporation**") will be held on **Tuesday, August 4, 2020**, at the hour of 11:00 a.m. (Eastern time), at 82 Richmond Street East, Toronto, Ontario M5C 1P1 for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Corporation for the years ended November 30, 2018 and November 30, 2019, and the report of the auditors thereon;
2. to appoint the auditors of the Corporation and to authorize the directors of the Corporation to fix their remuneration;
3. to elect the directors of the Corporation;
4. to consider, and if deemed advisable, pass, with or without variation, a special resolution to amend the articles of incorporation of the Corporation to consolidate each of the issued and outstanding common shares of the Corporation by changing three (3) pre-consolidation common shares of the Corporation into one (1) post-consolidation common share of the Corporation, as more fully described in the accompanying management information circular dated July 6, 2020 of the Corporation;
5. to consider and, if deemed advisable, pass, with or without variation, a special resolution to amend the articles of incorporation of the Corporation to change the name of the Corporation to such name as the directors of the Corporation in their sole discretion, may determine and as may be acceptable to the Director appointed under the *Business Corporations Act* (Ontario);
6. to approve and confirm the stock option plan of the Corporation; and
7. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

The full text of each of the special resolutions referred to in items 4 and 5 above are attached to this notice of meeting as Exhibits "A" and "B", respectively.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his or her duly executed form of proxy with the Corporation's transfer agent and registrar, TSX Trust Company, at Suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1 not later than 11:00 a.m. (Eastern time) on Friday, July 31, 2020 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned meeting.

Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The board of directors of the Corporation has by resolution fixed the close of business on Monday, June 29, 2020 as the record date, being the date for the determination of the registered holders of common shares of the Corporation entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

**COVID-19 GUIDANCE**

**In the context of the effort to mitigate potential risk to the health and safety associated with COVID-19 and in compliance with the orders and directives of the Government of Canada, the Province of Ontario and the City of Toronto, the shareholders are being discouraged from attending the Meeting in person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out herein and in the accompanying management information circular dated July 6, 2020 of the Corporation.**

The accompanying management information circular provides additional detailed information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this notice of annual and special meeting. Additional information about the Corporation and its financial statements are also available on the Corporation's profile at [www.sedar.com](http://www.sedar.com).

**DATED** at Toronto, Ontario this 6<sup>th</sup> day of July, 2020.

**BY ORDER OF THE BOARD**

*"Stephen R. Dunn" (signed)*  
Chief Executive Officer and Director

**EXHIBIT "A"**

**SPECIAL RESOLUTION OF THE SHAREHOLDERS**

**OF**

**WESTERN TROY CAPITAL RESOURCES INC.**

**AMENDMENT TO ARTICLES OF INCORPORATION – CONSOLIDATION**

**"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the articles of incorporation of the Corporation be amended to consolidate each of the issued and outstanding common shares of the Corporation by changing three (3) pre-consolidation common shares of the Corporation, or such other number of pre-consolidation common shares as the directors of the Corporation in their discretion may determine, into one (1) post-consolidation common share of the Corporation (the "**Consolidation**"), and further authorizing the directors in their sole discretion when and if to effect the Consolidation, in each case without requirement for further approval, ratification or confirmation by shareholders, as more particularly described in the management information circular dated July 6, 2020 of the Corporation, provided that in the event the Consolidation would result in a shareholder of the Corporation holding a fraction of a common share, a shareholder shall not receive a whole common share of the Corporation for each such fraction;
2. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be, and they are hereby authorized and empowered to revoke this resolution at any time prior to the issue of a certificate of amendment giving effect to the Consolidation and to determine not to proceed with the amendment of the articles of incorporation of the Corporation without further approval of the shareholders of the Corporation; and
3. any director or officer of the Corporation be and he or she is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, including, without limitation, the execution and delivery of the articles of amendment in the prescribed form to the Director appointed under the *Business Corporations Act* (Ontario), the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

**EXHIBIT "B"**

**SPECIAL RESOLUTION OF THE SHAREHOLDERS**

**OF**

**WESTERN TROY CAPITAL RESOURCES INC.**

**AMENDMENT TO ARTICLES OF INCORPORATION – NAME CHANGE**

**"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. the articles of incorporation of the Corporation be amended to change the name of the Corporation to such name as the directors of the Corporation, in their sole discretion, may determine and as may be acceptable to the Director appointed under the *Business Corporations Act* (Ontario) (the "**Name Change**");
2. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be, and they are hereby authorized and empowered to revoke this resolution at any time prior to the issue of a certificate of amendment giving effect to the Name Change and to determine not to proceed with the amendment of the articles of incorporation of the Corporation without further approval of the shareholders of the Corporation; and
3. any director or officer of the Corporation be and he or she is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, including, without limitation, the execution and delivery of the articles of amendment in the prescribed form to the Director appointed under the *Business Corporations Act* (Ontario), the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

**WESTERN TROY CAPITAL RESOURCES INC.**

82 Richmond Street East  
Toronto, Ontario M5C 1P1

**MANAGEMENT INFORMATION CIRCULAR**

This information is given as of July 6, 2020, unless stated otherwise

**SOLICITATION OF PROXIES**

**THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF WESTERN TROY CAPITAL RESOURCES INC.** (the "**Corporation**") of proxies to be used at the annual and special meeting of shareholders of the Corporation to be held on Thursday, July 23, 2020 at 82 Richmond Street East, Toronto, Ontario M5C 1P1 at 11:00 a.m. (Eastern time), and at any adjournment or postponement thereof (the "**Meeting**") for the purposes set out in the accompanying notice of meeting (the "**Notice of Meeting**"). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to send the Notice of Meeting, this management information circular (the "**Management Information Circular**"), the annual consolidated financial statements of the Corporation for the financial years ended November 30, 2018 and November 30, 2019 and related management's discussion and analysis and other meeting materials, if applicable (collectively the "**Meeting Materials**") to the beneficial owners of the common shares of the Corporation (the "**Common Shares**") held of record by such parties. The Corporation may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation of proxies will be borne by the Corporation. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Corporation in favour of the matters set forth in the Notice of Meeting.

**COVID-19 GUIDANCE**

**In the context of the effort to mitigate potential risk to the health and safety associated with COVID-19 and in compliance with the orders and directives of the Government of Canada, the Province of Ontario and the City of Toronto, the shareholders are being discouraged from attending the Meeting in person. All shareholders are encouraged to vote on the matters before the Meeting by proxy in the manner set out in the Notice of Meeting and this Management Information Circular.**

**APPOINTMENT AND REVOCATION OF PROXIES**

A Registered Shareholder may vote in person at the Meeting or may appoint another person to represent such Registered Shareholder as proxy and to vote the Common Shares of such Registered Shareholder at the Meeting. In order to appoint another person as proxy, a Registered Shareholder must complete, execute and deliver the form of proxy accompanying this Management Information Circular, or another proper form of proxy, in the manner specified in the Notice of Meeting.

The purpose of a form of proxy is to designate persons who will vote on the shareholder's behalf in accordance with the instructions given by the shareholder in the form of proxy. The persons named in the enclosed form of proxy are officers or directors of the Corporation. **A REGISTERED SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A Registered Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed form of proxy with the Corporation's transfer agent and registrar, TSX Trust Company (the "**Transfer Agent**"), not later than 11:00 a.m. (Eastern time) on Friday, July 31, 2020 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting at which the form of proxy is to be used. A form of proxy should be executed by the Registered Shareholder or his or her attorney duly authorized in writing or, if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies may be deposited with the Transfer Agent using one of the following methods:

<b>By Mail or Hand Delivery:</b>	TSX Trust Company Suite 301 100 Adelaide Street West Toronto, Ontario M5H 4H1
<b>By Fax:</b>	416-595-9593
<b>By Internet:</b>	www.voteproxyonline.com  You will need to provide your 12 digit control number (located on the form of proxy accompanying this Management Information Circular)

A Registered Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her form of proxy is nullified with respect to the matters such person votes upon at the Meeting and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

A Registered Shareholder who has given a form of proxy may revoke the form of proxy at any time prior to using it: (a) by depositing an instrument in writing, including another completed form of proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Registered Shareholder is a corporation, by an authorized officer or attorney thereof at, or by transmitting by telephone or electronic means, a revocation signed, subject to the *Business Corporations Act* (Ontario), by electronic signature, to (i) the registered office of the Corporation, located at 82 Richmond Street East, Toronto, Ontario M5C 1P1, at any time prior to 5:00 p.m. (Eastern time) on the last business day preceding the day of the Meeting or any adjournment thereof or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (b) in any other manner permitted by law.

**EXERCISE OF DISCRETION BY PROXIES**

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and, if a Registered Shareholder specifies a choice with respect to any matter to be acted upon at the meeting, the Common Shares represented by the proxy shall be voted accordingly. Where no choice is specified, the proxy will confer discretionary authority and will be voted for the election of directors, for the appointment of auditors and the authorization of the directors to fix their remuneration and for each item of special business, as stated elsewhere in this Management Information Circular.

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his judgment may determine. At the time of printing this Management Information Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

**ADVICE TO NON-REGISTERED SHAREHOLDERS**

**The information set forth in this section is of significant importance to many shareholders of the Corporation, as a substantial number of shareholders of the Corporation do not hold Common Shares in their own name.** Only Registered Shareholders or the persons they appoint as their proxies are permitted to attend and vote at the Meeting and only forms of proxy deposited by Registered Shareholders will be recognized and acted upon at the Meeting. Common Shares beneficially owned by a Non-Registered Holder are registered either: (i) in the name of an intermediary (an "**Intermediary**") with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) (each a "**Clearing Agency**") of which the Intermediary is a participant. Accordingly, such Intermediaries and Clearing Agencies would be the Registered Shareholders and would appear as such on the list maintained by the Transfer Agent. Non-Registered Holders do not appear on the list of the Registered Shareholders maintained by the Transfer Agent.

### ***Distribution of Meeting Materials to Non-Registered Holders***

In accordance with the requirements of NI 54-101, the Corporation has distributed copies of the Meeting Materials to the Clearing Agencies and Intermediaries for onward distribution to Non-Registered Holders as well as directly to NOBOs (as defined below).

Non-Registered Holders fall into two categories - those who object to their identity being known to the issuers of securities which they own ("**OBOs**") and those who do not object to their identity being made known to the issuers of the securities which they own ("**NOBOs**"). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from Intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. If you are a NOBO and the Corporation or its agent has sent the Meeting Materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf.

The Corporation's OBOs can expect to be contacted by their Intermediary. The Corporation does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs and it is the responsibility of such Intermediaries to ensure delivery of the Meeting Materials to their OBOs.

### ***Voting by Non-Registered Holders***

The Common Shares held by Non-Registered Holders can only be voted or withheld from voting at the direction of the Non-Registered Holder. Without specific instructions, Intermediaries or Clearing Agencies are prohibited from voting Common Shares on behalf of Non-Registered Holders. Therefore, each Non-Registered Holder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

The various Intermediaries have their own mailing procedures and provide their own return instructions to Non-Registered Holders, which should be carefully followed by Non-Registered Holders in order to ensure that their Common Shares are voted at the Meeting.

Non-Registered Holders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

*Voting Instruction Form.* In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form (a "**VIF**"). If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the VIF must be completed, signed and returned in accordance with the directions on the form.

or,

*Form of Proxy.* Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must complete and sign the form of proxy and in accordance with the directions on the form.

### ***Voting by Non-Registered Holders at the Meeting***

Although a Non-Registered Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary or a Clearing Agency, a Non-Registered Holder may attend the Meeting as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder and vote such Common Shares as a proxyholder. A Non-Registered Holder who wishes to attend the Meeting and to vote their Common Shares as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder, should (a) if they received a VIF, follow the directions indicated on the VIF; or (b) if they received a form of proxy strike out the names of the persons named

in the form of proxy and insert the Non-Registered Holder's or its nominees name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

All references to shareholders in the Meeting Materials are to Registered Shareholders as set forth on the list of registered shareholders of the Corporation as maintained by the Transfer Agent, unless specifically stated otherwise.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The holders of Common Shares of record at the close of business on the record date, set by the directors of the Corporation to be Monday, June 29, 2020 (the "**Record Date**"), are entitled to vote such Common Shares at the Meeting on the basis of one vote for each Common Share held.

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value, of which as at the Record Date 9,636,001 Common Shares are issued and outstanding, and an unlimited number of special shares, of which none are issued and outstanding.

Only Registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. On a show of hands, every Registered Shareholder and proxy holder will have one vote and, on a poll, every Registered Shareholder present in person or represented by proxy will have one vote for each Common Share held.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON**

Other than as otherwise disclosed herein, no director or executive officer of the Corporation who was a director or executive officer at any time since the beginning of the last financial year of the Corporation, or any associate or affiliates of any such directors or officers, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

To the knowledge of the board of directors of the Corporation (the "**Board**"), the matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

### **1. PRESENTATION OF FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Corporation for the years ended November 30, 2018 and November 30, 2019 and the respective report of the auditors will be placed before the shareholders at the Meeting. No vote will be taken on the consolidated financial statements. The consolidated financial statements and additional information concerning the Corporation are available under the profile of the Corporation on SEDAR at [www.sedar.com](http://www.sedar.com).

### **2. APPOINTMENT OF AUDITOR**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF DALE MATHESON CARR-HILTON LABONTE LLP, CHARTERED PROFESSIONAL ACCOUNTANTS, AS AUDITORS OF THE CORPORATION TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.** Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, were first appointed as the auditors of the Corporation on November 3, 2017.

### 3. ELECTION OF DIRECTORS

The Board currently consists of four directors to be elected annually. At the Meeting, four directors will be nominated by management for election as directors for the ensuing year. The following table states the names of the persons nominated by management for election as directors, any offices with the Corporation currently held by them, their principal occupations or employment, the period or periods of service as directors of the Corporation and the approximate number of voting securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof.

Name, province or state and country of residence and position, if any, held in the Corporation	Principal Occupation	Served as Director of the Corporation since	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>	Percentage of Voting Shares Owned or Controlled
Stephen Dunn <sup>(2)</sup> Ontario, Canada Chief Executive Officer, Chairman, Interim Chief Financial Officer and Director	Chief Executive Officer, Chairman and Director of the Corporation	October 27, 2017	514,200 <sup>(3)</sup>	5.34%
Ed Milewski <sup>(4)(5)(7)</sup> Ontario, Canada Director	Director of the Corporation	November 1, 2019	nil	nil
Rex Loesby <sup>(2)(7)</sup> Nevada, United States Director	Director of the Corporation	July 31, 2017	514,200 <sup>(6)</sup>	5.34%
James Fairbairn <sup>(5)(7)</sup> Ontario, Canada Director	Director of the Corporation	October 23, 2019	nil	nil

*Notes:*

- (1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.
- (2) Rex Loesby resigned as Chief Executive Officer and Chairman of the Board of the Corporation effective October 23, 2019 and Stephen Dunn was appointed in his stead. Effective October 23, 2019, Stephen Dunn was also appointed Interim Chief Financial Officer of the Corporation.
- (3) Mr. Dunn holds 182,000 Common Shares through 834669 Ontario Limited, a corporation controlled by Mr. Dunn.
- (4) John Archibald resigned as a director of the Corporation effective November 1, 2019 and Ed Milewski was appointed in his stead.
- (5) James Fairbairn was appointed as a director of the Corporation effective October 23, 2019.
- (6) Mr. Loesby holds 500,000 of his Common Shares through Sierra Minerals Corporation, a corporation controlled by Mr. Loesby.
- (7) Member of the Audit Committee.
- (8) The principal occupations during the past five years of the directors of the Corporation who were not elected to their present term of office by the shareholders of the Corporation are as follows:

*Ed Milewski:* Mr. Milewski graduated from University of Windsor with B.Comm in 1973. Ed obtained his CA designation in 1976 and has worked as a financial advisor with various investment firms for 35 years. He established a professional consulting firm, ERM Consulting in 2012 which provides independent advice to public small cap companies across Canada.

*James Fairbairn:* Jim has over 20 years' experience with publicly traded companies. He holds a B.A. from the University of Western Ontario, is a Chartered Accountant, having obtained his CA designation in 1987, and is an Institute Certified Director. Jim's valued experience touches on corporate governance and financial reporting with respect to junior mineral exploration companies, and he is a director of several junior mining companies.

The term of office of each director will be from the date of the Meeting at which he is elected until the next annual meeting, or until his successor is elected or appointed.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.** Management has no reason to believe that any of the nominees will be unable to serve as a director but, **IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

### ***Corporate Cease Trade Orders or Bankruptcies***

No proposed director, within 10 years before the date of this Management Information Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**") and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director, within 10 years before the date of this Management Information Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***Personal Bankruptcies***

None of the proposed directors of the Corporation have, within the 10 years before the date of this Management Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

### ***Penalties and Sanctions***

None of the proposed directors of the Corporation have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **4. AMENDMENT TO THE ARTICLES OF THE CORPORATION – CONSOLIDATION**

At the Meeting, shareholders are being asked to consider and, if deemed advisable, pass, with or without variation, a special resolution, the text of which is attached as Exhibit "A" to the Notice of Meeting (the "**Consolidation Resolution**"), which would authorize the Corporation to amend the articles of incorporation of the Corporation to consolidate each of the issued and outstanding Common Shares by changing three (3) pre-consolidation Common Shares into one (1) post-consolidation Common Share (the "**Consolidation**"). In the event that shareholders pass the Consolidation Resolution and the Board determines to consolidate on a one for three (3) basis, the presently issued and outstanding 9,636,001 Common Shares will be consolidated into approximately 3,212,000 Common Shares. If the Consolidation would otherwise result in a shareholder holding a fraction of a Common Share, no fraction or fractional certificate will be issued and the shareholder will not receive a whole Common Share for each such fraction held. In all other respects, the post-consolidated Common Shares will have the same attributes as the existing Common Shares.

In order to pass the Consolidation Resolution, at least two-thirds of the votes cast by the shareholders present at the Meeting in person or by proxy must be voted in favour of the Consolidation Resolution. If the Consolidation Resolution does not receive the requisite shareholder approval, the Corporation will continue with its present share capital.

The Board recommends that shareholders vote in favour of the Consolidation Resolution to approve the Consolidation as set out above.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE CONSOLIDATION RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

#### **5. AMENDMENT TO THE ARTICLES OF THE CORPORATION – NAME CHANGE**

The Corporation intends to change its name to such name as the Board, in its sole discretion, may determine and as may be acceptable to the Director appointed under the *Business Corporation Act* (Ontario) (the "**Name Change**"). Management feels that the Name Change is in the best interests of the Corporation in order to reflect contemplated changes in the business activities of the Corporation.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, a special resolution, the text of which is attached as Exhibit "B" to the Notice of Meeting (the "**Name Change Resolution**"), authorizing the amendment of the Articles to effect the Name Change.

In order to pass the Name Change Resolution, at least two thirds of the votes cast by the shareholders present at the Meeting in person or by proxy must be voted in favour of the Name Change Resolution. If the Name Change Resolution does not receive the requisite shareholder approval, the Corporation will continue under its present name.

The Board recommends that shareholders vote in favour of the Name Change Resolution to approve the Name Change as set out above.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE NAME CHANGE RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

#### **6. APPROVAL AND CONFIRMATION OF STOCK OPTION PLAN**

The Corporation has adopted an incentive stock option plan (the "**Stock Option Plan**") for senior officers, directors, employees and consultants of the Corporation. The Stock Option Plan was approved at the last annual and special meeting of the Corporation on August 1, 2018.

The Stock Option Plan provides for the issue of stock options to acquire up to 10% of the Corporation's issued and outstanding Common Shares as at the date of grant, subject to standard anti-dilution adjustment. This is a "rolling" stock option plan as the number of Common Shares reserved for issue pursuant to the grant of stock options will increase as the number of outstanding Common Shares increases. At no time will more than 10% of the outstanding Common Shares be subject to grant under the Stock Option Plan. If a stock option expires, is exercised or otherwise terminates for any reason, the number of Common Shares in respect of that expired, exercised or terminated stock option will again be available for the purpose of the Stock Option Plan.

Under the policies of the TSX Venture Exchange ("**TSXV**"), a listed company whose common shares are listed on the TSXV is required to obtain the approval of its shareholders for a "rolling" stock option plan at each annual meeting of shareholders.

At the Meeting, the shareholders will be asked to consider and, if deemed advisable, approve and pass the following resolution:

**"BE IT RESOLVED THAT:**

1. the Corporation's stock option plan as described in the management information circular dated July 3, 2020 of the Corporation (the "**Stock Option Plan**"), be and is hereby approved and confirmed;
2. the Corporation be and is hereby authorized to grant stock options in the aggregate for up to 10% of the common shares of the Corporation outstanding from time to time pursuant and subject to the terms and conditions of the Stock Option Plan; and

3. any one director or officer of the Corporation be and is hereby authorized and directed to execute and deliver on behalf of the Corporation all such documents and instruments and to do all such other acts and things as in his or her opinion may be necessary or desirable in connection with the foregoing."

For a description of the terms of the Stock Option Plan see the section entitled "Statement of Executive Compensation – Stock Option Plan and other Incentive Plans" in this Management Information Circular.

In order to confirm and approve the Stock Option Plan a majority of votes cast at the Meeting by shareholders must be voted in favour of the Stock Option Plan.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE STOCK OPTION PLAN UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS SHARES ARE TO BE VOTED AGAINST SUCH APPROVAL.**

#### STATEMENT OF EXECUTIVE COMPENSATION

Under applicable securities legislation, the Corporation is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of the Corporation as at November 30, 2019 whose total compensation was more than \$150,000 for the financial year of the Corporation ended November 30, 2019 (collectively the "Named Executive Officers") and for the directors of the Corporation.

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of the Corporation:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Stephen Dunn Chief Executive Officer and Director	2019	800	nil	nil	nil	nil	800
	2018	4,000	nil	nil	nil	nil	4,000
Stephen Dunn <sup>(2)</sup> Interim Chief Financial Officer	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
Ed Milewski Director	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
James Fairbairn Director	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
Rex Loesby Director	2019	nil	nil	nil	nil	nil	nil
	2018	nil	nil	nil	nil	nil	nil
Rex Loesby Former Chief Executive Officer <sup>(2)</sup>	2019	40,812	nil	nil	nil	nil	40,812
	2018	(280,102)	nil	nil	nil	nil	(280,102)
Melvyn Williams <sup>(3)</sup> Former Chief Financial Officer	2019	1,550	nil	nil	nil	nil	1,550
	2018	7,750	nil	nil	nil	nil	7,750

Notes:

- (1) This table does not include any amount paid as reimbursement for expenses. This table includes compensation received by the Named Executive Officers as directors of the Corporation.
- (2) During the year ended November 30, 2018, accrued consulting fee due to the former CEO has been forgiven resulting in a gain totaling \$325,893.
- (3) Melvyn Williams resigned as the Chief Financial Officer and a director of the Corporation effective October 23, 2019. Effective October 23, 2019, Stephen Dunn was appointed as the Interim Chief Financial Officer of the Corporation.

## Stock Options and Other Compensation Securities

The Corporation did not grant any compensation securities to the Named Executive Officers or the directors of the Corporation during the most recently completed financial year of the Corporation.

As at November 30, 2019, the Named Executive Officers and directors of the Corporation held compensation securities as set out in the table below.

COMPENSATION SECURITIES HELD BY DIRECTORS AND NAMED EXECUTIVES OFFICERS			
Name and position	Type of compensation security	Number of compensation securities	Number of underlying securities exercised or exchanged
Stephen Dunn Chief Executive Officer, Interim Chief Financial Officer and Director	stock options	80,000	80,000 Common Shares
Rex Loesby Director	stock options	160,000	160,000 Common Shares
Ed Milewski Director	stock options	nil	nil Common Shares
James Fairbairn Director	stock options	nil	nil Common Shares

None of the Named Executive Officers or directors of the Corporation exercised any compensation securities during the most recently completed financial year of the Corporation.

## Stock Option Plan and other Incentive Plans

The Corporation has in place the Stock Option Plan which was last approved by the shareholders on August 1, 2018. The number of Common Shares which may be reserved for issue under the Stock Option Plan is limited to 10% of the issued and outstanding number of Common Shares as at the date of the grant of stock options. As at the date hereof, 963,600 stock options may be reserved for issue pursuant to the Stock Option Plan, 240,000 stock options have been issued and 723,600 stock options are still available for issue.

The Corporation currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan. The purpose of the Stock Option Plan is to, among other things, encourage Common Share ownership in the Corporation by directors, officers, employees and consultants of the Corporation and its affiliates and other designated persons. Options may be granted under the Stock Option Plan only to directors, officers, employees and consultants of the Corporation and its subsidiaries and other designated persons as designated from time to time by the Board. Any Common Shares subject to an option which is exercised or, for any reason, is cancelled or terminated prior to exercise, will be available for a subsequent grant under the Stock Option Plan. The option price of any Common Shares cannot be less than the market price of the Common Shares. Options granted under the Stock Option Plan may be exercised during a period not exceeding five years, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, officer, director or consultant of the Corporation or any of its subsidiaries or ceasing to have a designated relationship with the Corporation, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The options are non-transferable. The Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the capitalization of the Corporation. Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. The Stock Option Plan does not contain any provision for financial assistance by the Corporation in respect of options granted under the Stock Option Plan.

The Corporation has no equity compensation plans other than the Stock Option Plan.

## **Employment, Consulting and Management Agreements**

The Corporation has in place the following employment agreements between the Corporation or any subsidiary or affiliate thereof and its Named Executive Officers:

### ***Rex Loesby – Director***

Pursuant to a consulting agreement entered into on January 1, 2011 (the "**Effective Date**"), as amended, the Corporation engaged Cascade Corporation ("**Cascade**") to provide assistance with financial, business and operational matters, including but not limited to strategic planning initiatives, structuring strategic transactions, investor relations and capital raising efforts, and engaged the services of Rex Loesby, an employee of Cascade, to act in the role of Chief Executive Officer of the Corporation (the "**Loesby Agreement**"). The initial term of the Loesby Agreement was one (1) year from the Effective Date and the Loesby Agreement automatically renewed for additional one (1) year terms unless earlier terminated by either party. Under the Loesby Agreement, Mr. Loesby received a monthly consulting fee of US\$12,000 (the "**Consulting Fee**"), payable monthly in advance in equal installments. The Consulting Fee was prorated for partial months and for any time that is less than forty (40) hours per week devoted by Mr. Loesby to the Corporation. Any stock options granted to Mr. Loesby under prior agreements were vested upon execution of the Loesby Agreement and in accordance with the Stock Option Plan. In addition, Mr. Loesby was also entitled to be reimbursed for all reasonable out-of-pocket expenses, including travel expenses, incurred in connection with the services performed under the Loesby Agreement. Effective January 1, 2015, the Loesby Agreement was amended reducing the Consulting Fee to US\$8,000 per month. Effective November 1, 2016, the Loesby Agreement was further amended reducing the Consulting Fee to US\$3,000 per month.

In the event the Loesby Agreement is terminated: (i) by the Corporation without cause, Mr. Loesby will be entitled to receive, in addition to any consulting fee then owing and any expenses incurred but not reimbursed at the time of termination, the Consulting Fee for a period of six (6) months following the date of termination of the Loesby Agreement; or (ii) by the Corporation without cause within thirty (30) days prior to, or within six (6) months following, the occurrence of a change of control of the Corporation, Mr. Loesby will be entitled to receive, in addition to any consulting fee then owing and any expenses incurred but not reimbursed at the time of termination, an amount equal to US\$144,000, payable in 12 equal monthly instalments (or US\$12,000 per month).

The Loesby Agreement was terminated effective October 23, 2019 in connection with the resignation of Mr. Loesby as Chief Executive Officer of the Corporation.

### ***Stephen Dunn – Chief Executive Officer, Interim Chief Financial Officer, Chairman and Director***

Pursuant to a consulting agreement entered into on October 1, 2019 (the "**Effective Date**") the Company engaged 834669 Ontario Limited ("**834669**"), to provide assistance with business and operational matters including but not limited to, managerial services, production advice, distribution and financial services, and retained the services of Stephen Dunn, the sole director and officer of 834669, (the "**Dunn Agreement**"). The initial term of the Dunn Agreement is one (1) year (the "**Term**") from the Effective Date and will automatically renew for an additional one-year term unless extended or earlier terminated by mutual written consent of the parties. In accordance with the terms of the Dunn Agreement, Mr. Dunn receives a consulting fee of \$7,500 commencing on the Effective Date to November 30, 2019, and thereafter, at a rate of \$2,000 per month, payable monthly in advance. Mr. Dunn is also eligible to participate in the Stock Option Plan. Mr. Dunn is also entitled to be reimbursed for all reasonable out-of-pocket expenses, including travel expenses, incurred in connection with the services performed under the Dunn Agreement.

The Dunn Agreement may be terminated by either party upon thirty (30) days' prior written notice.

There are no employment agreements in place with any of the independent directors of the Corporation.

## **Oversight and Description of Director and Named Executive Officer Compensation**

### ***Compensation of Directors***

The Board, at the recommendation of the management of the Corporation, determines the compensation payable to the directors of the Corporation and reviews such compensation periodically throughout the year. For their role as directors of the Corporation, each director of the Corporation who is not a Named Executive Officer may, from time to time, be awarded stock options under the provisions of the Stock Option Plan. There are no other arrangements under which the directors of the Corporation who are not Named Executive Officers were compensated by the Corporation or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Corporation.

### ***Compensation of Named Executive Officers***

#### **Principles of Executive Compensation**

The Corporation believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of the Corporation as a whole. The primary components of the Corporation's executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the shareholders. The following principles form the basis of the Corporation's executive compensation program:

1. align interest of executives and shareholders;
2. attract and motivate executives who are instrumental to the success of the Corporation and the enhancement of shareholder value;
3. pay for performance;
4. ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Corporation's long-term value; and
5. connect, if possible, the Corporation's employees into principles 1 through 4 above.

The Board is responsible for the Corporation's compensation policies and practices. The Board has the responsibility to review and make recommendations concerning the compensation of the directors of the Corporation and the Named Executive Officers within the constraints of the agreements described under "*Employment, Consulting and Management Agreements*". The Board also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the Stock Option Plan. The Board also reviews and approves the hiring of executive officers.

#### **Base Salary**

The Board approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Corporation's peer group is also accumulated from a number of external sources including independent consultants. The Corporation's policy for determining salary for executive officers of the Corporation is consistent with the administration of salaries for all other employees.

### Annual Incentives

The Corporation is not currently awarding any annual incentives by way of cash bonuses. However, the Corporation, in its discretion, may award such incentives in order to motivate executives to achieve short-term corporate goals. The Board approves annual incentives.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Corporation in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officers' performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Corporation that arise on a day to day basis. This assessment is used by the Board in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

### Compensation and Measurements of Performance

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

### Long Term Compensation

The Corporation currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan.

### **Pension Disclosure**

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Corporation.

### **Termination and Change of Control Benefits**

The Corporation does not have in place any pension or retirement plan. The Corporation has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of the Corporation in connection with or related to the retirement, termination or resignation of such person. The Corporation has not provided any compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates. Other than as disclosed in the section entitled "*Statement of Executive Compensation – Employment, Consulting and Management Agreements*" in this Management Information Circular, the Corporation is not party to any compensation plan or arrangement with Named Executive Officers or directors of the Corporation resulting from the resignation, retirement or the termination of employment of such person.

## **SECURITIES AUTHORIZED FOR ISSUE UNDER EQUITY COMPENSATION PLAN**

The following table sets forth information with respect to all compensation plans of the Corporation under which equity securities are authorized for issuance as of November 30, 2019:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by securityholders	400,000	0.25	418,299
Equity compensation plans not approved by securityholders	nil	nil	nil
<b>Total</b>	400,000	0.25	418,299

Notes:

(1) *The Stock Option Plan is a "rolling" stock option plan whereby the maximum number of Common Shares that may be reserved for issue pursuant to the Stock Option Plan will not exceed 10% of the outstanding Common Shares at the time of the stock option grant. As at the date of this Management Information Circular, 963,600 stock options may be issued under the Stock Option Plan, 240,000 stock options are outstanding and an additional 723,600 stock options are reserved for issue and remain available for future issue under the Stock Option Plan.*

#### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as already disclosed herein, no director, executive officer or principal shareholder of the Corporation, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect the Corporation.

#### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Corporation or person who acted in such capacity in the last financial year of the Corporation, or any other individual who at any time during the most recently completed financial year of the Corporation was a director of the Corporation or any associate of the Corporation, is indebted to the Corporation, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

#### AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER

National Instrument 52-110 - *Audit Committees* ("NI 52-110") requires that certain information regarding the Audit Committee of a "venture issuer" (as that term is defined in NI 52-110) be included in the management information circular sent to shareholders in connection with the issuer's annual shareholder meeting. The Corporation is a "venture issuer" for the purposes of NI 52-110.

#### Audit Committee Charter

The full text of the charter of the Corporation's Audit Committee is attached hereto as appendix A (the "**Audit Committee Charter**").

#### Composition of the Audit Committee

The Audit Committee members are currently James Fairbairn (Chair), Rex Loesby and Ed Milewski, each of whom is a director and financially literate. Messrs. Fairbairn, Loesby and Milewski are each independent in accordance with NI 52-110.

## Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Corporation to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

**Rex Loesby, Director** – Mr. Loesby is a registered professional mining engineer with over 45 years experience in the mining and finance industries. He received his Mining Engineering and Master of Business Administration degrees from the University of Washington in Seattle. His career has been dominated by efforts to bring both large and small mining projects around the world into profitable production.

**Ed Milewski, Director** – Mr. Milewski graduated from University of Windsor with B.Comm in 1973. Ed obtained his CA designation in 1976 and has worked as a financial advisor with various investment firms for 35 years. He established a professional consulting firm, ERM Consulting in 2012 which provides independent advice to public small cap companies across Canada.

**James Fairbairn, Director** – Mr. Fairbairn has over 20 years' experience with publicly traded companies. He holds a B.A. from the University of Western Ontario, is a Chartered Accountant, having obtained his CA designation in 1987, and is an Institute Certified Director. Jim's valued experience touches on corporate governance and financial reporting with respect to junior mineral exploration companies, and he is a director of several junior mining companies.

## Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

## Reliance on Exemptions in NI 52-110

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Corporation's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Corporation, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);
2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation if a circumstance arises that affects the business or operations of the Corporation and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Corporation);

3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation if an Audit Committee member becomes a control person of the Corporation or of an affiliate of the Corporation for reasons outside the member's reasonable control);
4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the Board was required to fill the vacancy); or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

The Corporation is a "venture issuer" for the purposes of NI 52-110. Accordingly, the Corporation is relying upon the exemption in section 6.1 of NI 52-110 providing that the Corporation is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

### **Audit Fees**

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Corporation for professional services rendered to the Corporation during the fiscal years ended November 30, 2019 and November 30, 2018:

	<b>Audit Fees (\$)</b>	<b>Audit-Related Fees (\$)</b>	<b>Tax Fees (\$)</b>	<b>All Other Fees (\$)</b>
<b>Year ended November 30, 2019</b>	10,000	nil	nil	nil
<b>Year ended November 30, 2018</b>	13,200	nil	nil	nil

**Audit Fees** – aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation's annual consolidated financial statements as well as services provided in connection with statutory and regulatory filings.

**Audit-Related Fees** – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly consolidated financial statements and related documents.

**Tax Fees** – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

**All Other Fees** – aggregate fees billed for professional services which included accounting advice and association fees.

## REPORT ON CORPORATE GOVERNANCE

The Corporation believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* (collectively the "**Governance Guidelines**") of the Canadian Securities Administrators set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their own corporate governance guidelines. In certain cases, the Corporation's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Corporation at its current stage of development and therefore these guidelines have not been adopted. The Corporation will continue to review and implement corporate governance guidelines as the business of the Corporation progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes the Corporation's approach to governance and outlines the various procedures, policies and practices that the Corporation and the Board have implemented.

### Board of Directors

The Board is currently composed of four directors. *Form 58-101F2 – Corporate Governance Disclosure (Venture Issuers)* ("**Form 58-101F2**") requires disclosure regarding how the Board facilitates its exercise of independent supervision over management of the Corporation by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect "material relationship" with the company. "Material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years an employee or executive officer of an issuer, is deemed to have a "material relationship" with the issuer. Accordingly, of the proposed nominees, Stephen Dunn, Chief Executive Officer is an executive officer of the Corporation and is considered not to be "independent". The remaining three proposed directors, Mr. Milewski, Mr. Loesby and Mr. Fairbairn, are considered by the Board to be "independent", within the meaning of NI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the Board has examined the circumstances of each director in relation to a number of factors.

### Directorships

The following table sets forth the directors of the Corporation who currently hold directorships with other reporting issuers:

Name of Director	Reporting Issuer
Stephen Dunn	Crown Mining Corp. and Pasofino Gold Limited
Ed Milewski	Pasofino Gold Limited
James Fairbairn	Ateba Resources Inc., Crown Mining Corp. and Mainstream Minerals Corporation

### Orientation and Continuing Education

The Board does not have a formal orientation or education program for its members. The Board's continuing education is typically derived from correspondence with the Corporation's legal counsel to remain up to date with developments in relevant corporate and securities law matters. Additionally, historically board members have been nominated who are familiar with the Corporation and the nature of its business.

### Ethical Business Conduct

The Board has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct, but does promote ethical business conduct through the nomination of Board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having at least two of its Board members independent of corporate matters.

## **Nomination of Directors**

The recruitment of new directors has generally resulted from recommendations made by directors and shareholders. The assessment of the contributions of individual directors has principally been the responsibility of the Board. Prior to standing for election, new nominees to the Board are reviewed by the entire Board.

## **Other Board Committees**

The Board has no committees other than the Audit Committee.

## **Assessments**

Currently the Board has not implemented a formal process for assessing directors.

## **OTHER MATTERS**

The management of the Corporation knows of no other matters to come before the Meeting other than as set forth in the Notice of Meeting. **However, if other matters which are not known to management should properly come before the Meeting, the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.**

## **ADDITIONAL INFORMATION**

Additional Information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Corporation in order to request copies of: (i) this Management Information Circular; and (ii) the Corporation's consolidated financial statements and the related management's discussion and analysis (the "MD&A") which will be sent to the shareholder without charge upon request. Financial information is provided in the Corporation's consolidated financial statements and MD&A for its financial year ended November 30, 2019.

## **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Management Information Circular have been approved, and the delivery of it to each shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

**DATED** at Toronto, Ontario, on the 6<sup>th</sup> day of July, 2020.

## **BY ORDER OF THE BOARD**

*"Stephen R. Dunn" (signed)*  
Chief Executive Officer and Director

## APPENDIX A

### WESTERN TROY CAPITAL RESOURCES INC.

#### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The charter of the Corporation's audit committee charter is as follows:

1. **Establishment of Audit Committee:** The board of directors of the Corporation hereby establishes a committee to be called the Audit Committee. The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:
  - (a) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;
  - (b) monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
  - (c) monitor the independence and performance of the Corporation's external auditors; and
  - (d) provide an avenue of communication among the external auditors, management and the Board of Directors.

The Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to the external auditors as well as anyone in the organization. The Audit Committee has the ability to retain, at the Corporation's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

2. **Membership:** The Audit Committee shall be composed of three members or such greater number as the board of directors may from time to time determine. A majority of the members of the Audit Committee shall be resident Canadians and unrelated to the Corporation and all members of the Audit Committee shall be non-management directors. Members shall be appointed annually from among the members of the board of directors. The Chair of the Audit Committee shall be appointed by the board of directors. All members of the Audit Committee shall be financially literate. An Audit Committee member who is not financially literate may be appointed to the Audit Committee provided that the member becomes financially literate within a reasonable period of time.
3. **Mandate:** The Audit Committee shall, in addition to any other duties and responsibilities specifically assigned or delegated to it from time to time by the board of directors:
  - (a) meet with the independent external auditors (the "auditors") and the senior management of the Corporation to review the year-end audited financial statements of the Corporation which require approval by the board of directors, prior to the issuance of any press release in respect thereof;
  - (b) review with senior management and, if necessary, the auditors, the interim financial statements of the Corporation prior to the issuance of any press release in respect thereof;
  - (c) review the MD&A and press releases containing financial results of the Corporation;
  - (d) review all prospectuses, material change reports and annual information forms;
  - (e) review the audit plans and the independence of the auditors;
  - (f) meet with the auditors independently of management;

- (g) in consultation with senior management, review annually and recommend for approval by the board of directors:
  - (i) the appointment of auditors at the annual general meeting of shareholders of the Corporation;
  - (ii) the remuneration of the auditors; and
  - (iii) pre-approve all non audit services to be provided to the Corporation by the external auditor;
- (h) review with the auditors:
  - (i) the scope of the audit;
  - (ii) significant changes in the Corporation's accounting principles, practices or policies; and
  - (iii) new developments in accounting principles, reporting matters or industry practices which may materially affect the financial statements of the Corporation;
- (i) review with the auditors and senior management the results of the annual audit, and make appropriate recommendations to the board of directors, having regard to, among other things:
  - (i) the financial statements;
  - (ii) management's discussion and analysis and related financial disclosure contained in continuous disclosure documents;
  - (iii) significant changes, if any, to the initial audit plan;
  - (iv) accounting and reporting decisions relating to significant current year events and transactions;
  - (v) the audit findings report and management letter, if any, outlining the auditors' findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and
  - (vi) any other matters relating to the conduct of the audit, including the review and opportunity to provide comments in respect of any press releases announcing year end financial results prior to issue and such other matters which should be communicated to the Audit Committee under generally accepted auditing standards;
- (j) review with the auditors the adequacy of management's internal control procedures and management information systems and inquiring of management and the auditors about significant risks and exposures to the Corporation that may have a material adverse impact on the Corporation's financial statements, and inquiring of the auditors as to the efforts of management to mitigate such risks and exposures;
- (k) monitor policies and procedures for reviewing directors' and officers' expenses and perquisites, and inquire about the results of such reviews;
- (l) review and approve written risk management policies and guidelines including the effectiveness of the overall process for identifying the principal risks affecting financial reporting; and
- (m) review issues relating to legal, ethical and regulatory responsibilities to monitor management's efforts to ensure compliance Including any legal matters that could have a significant impact on

the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations and inquiries received from regulators of governmental agencies.

4. **Administrative Matters:** The following general provisions shall have application to the Audit Committee:
- (a) A quorum of the Audit Committee shall be the attendance of two members thereof present in person or by telephone. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all the members of the Audit Committee. Meetings of the Audit Committee shall be held at least annually and more often as the Chair of the Audit Committee may determine.
  - (b) Any member of the Audit Committee may be removed or replaced at any time by resolution of the directors of the Corporation. A member of the Audit Committee shall ipso facto cease to be a member of the Audit Committee upon ceasing to be a director of the Corporation. The board of directors, upon recommendation of the Corporate Governance Committee, may fill vacancies on the Audit Committee by appointment from among its members. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Audit Committee shall hold such office until the close of the annual general meeting of shareholders of the Corporation next following the date of appointment as a member of the Audit Committee or until a successor is duly appointed. Any member of the board of directors who has served as a member of the Audit Committee may be re-appointed as a member of the Audit Committee following the expiration of his term.
  - (c) The Audit Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Audit Committee and to assist thereat in the discussion of matters being considered by the Audit Committee. The independent auditor of the Corporation is to appear before the Audit Committee when requested to do so by the Audit Committee.
  - (d) The time at which and the place where the meetings of the Audit Committee shall be held, the calling of meetings and the procedure at such meetings shall be determined by the Audit Committee, having regard to the by-laws of the Corporation. A meeting of the Audit Committee may be held at any time without notice if all of the members are present or, if any members are absent, those absent have waived notice or otherwise signified their consent in writing to the meeting being held in their absence.
  - (e) The Chair shall preside at all meetings of the Audit Committee and shall have a second and deciding vote in the event of a tie, provided that, in the event of a tie vote when only two members of the Audit Committee are present at a particular meeting, the matter shall be resolved by a future vote of members of the Audit Committee at which more than two members are present. In the absence of the Chair, the other members of the Audit Committee shall appoint one of their members to act as Chair for the particular meeting.
  - (f) Notice of meetings of the Audit Committee may be given to the auditor of the Corporation and shall be given in respect of meetings relating to the annual audited financial statements. The auditor has the right to appear before and to be heard at any meeting of the Audit Committee. Upon the request of the auditor, the Chair of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters which the auditor believes should be brought to the attention of the directors or shareholders of the Corporation.
  - (g) The Audit Committee shall report to the directors of the Corporation on such matters and questions relating to the financial position of the Corporation or any affiliates of the Corporation as the directors of the Corporation may from time to time refer to the Audit Committee.

- (h) The members of the Audit Committee shall, for the purpose of performing their duties, have the right of inspecting all the books and records of the Corporation and its affiliates and of discussing such books and records in any matter relating to the financial position of the Corporation with the officers, employees and auditor of the Corporation and its affiliates.
- (i) Minutes of the Audit Committee will be recorded and maintained and the Chair of the Audit Committee will report to the board of directors on the activities of the Audit Committee and/or the minutes will promptly be circulated to the directors who are not members of the Audit Committee or otherwise made available at the next meeting of directors.
- (j) The Chair of each meeting of the Audit Committee shall appoint a person to act as recording secretary to keep the minutes of the meeting. The recording secretary need not be a member of the Audit Committee.
- (k) Unless the Audit Committee has been provided with express instructions from the board of directors, the Audit Committee shall function primarily to make assessments and determinations with respect to the purposes mandated herein and its decisions shall serve as recommendations for consideration by the board of directors.

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**WESTERN TROY CAPITAL RESOURCES INC.  
CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED NOVEMBER 30, 2019 AND 2018  
(EXPRESSED IN CANADIAN DOLLARS)**

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Western Troy Capital Resources Inc.:

### Opinion

We have audited the consolidated financial statements of Western Troy Capital Resources Inc. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2019 and 2018, and the consolidated statements of profit/ (loss) and comprehensive profit / (loss), changes in deficiency and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

### 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 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 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 to the financial statements which describes events or conditions that indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

*DMCL*

**DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS**

Vancouver, BC

March 27, 2020



An independent firm  
associated with Moore  
Global Network Limited

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

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	As at November 30, 2019	As at November 30, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 351	\$ 58,878
Amounts receivable and other assets (note 3)	25,471	10,975
<b>Total assets</b>	<b>\$ 25,822</b>	<b>\$ 69,853</b>
<b>DEFICIENCY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities (notes 15)	\$ 47,978	\$ 165,893
<b>Total liabilities</b>	<b>47,978</b>	<b>165,893</b>
<b>Deficiency</b>		
Share capital (note 8)	12,317,720	12,317,720
Obligation to issue shares (note 8)	20,060	-
Reserves (notes 9 and 10)	94,032	94,032
Accumulated deficit	(12,453,968)	(12,507,792)
<b>Total deficiency</b>	<b>(22,156)</b>	<b>(96,040)</b>
<b>Total deficiency and liabilities</b>	<b>\$ 25,822</b>	<b>\$ 69,853</b>

Nature of operations and going concern (note 1)

Contingencies and commitments (note 15)

Subsequent events (notes 8 and 17)

**Approved on behalf of the Board:**"Rex Loesby", Director  
\_\_\_\_\_"John Archibald", Director  
\_\_\_\_\_

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

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

	Year Ended November 30,	
	2019	2018
<b>Operating expenses</b>		
Exploration and evaluation expenditures (note 4)	\$ -	\$ 508,926
General and administrative (note 12)	<b>156,598</b>	404,252
<b>Total operating expenses</b>	<b>(156,598)</b>	(913,178)
Break up fee (note 16)	<b>40,076</b>	-
Foreign exchange gain	<b>1,723</b>	4,866
Gain on settlement of debt (note 8 (c))	<b>30,090</b>	-
Transaction cost (note 16)	-	(65,180)
Flow-through indemnification reversal (note 15)	<b>138,533</b>	148,541
Gain from the forgiveness of debt (note 13)	-	325,893
<b>Net profit and comprehensive profit for the year</b>	<b>\$ 53,824</b>	\$ (499,058)
<b>Net profit per share-basic and diluted</b> (note 11)	<b>\$ 0.01</b>	\$ (0.06)
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>8,182,994</b>	8,130,816

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

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

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	Year Ended November 30,	
	2019	2018
<b>Operating activities</b>		
Net profit for the year	\$ 53,824	\$ (499,058)
Adjustments for:		
Share-based payments (note 10)	-	65,977
Warrants issued for property	-	40,010
Gain on settlement of debt (note 8)	<b>(30,090)</b>	-
Changes in non-cash working capital items:		
Amounts receivable and other assets	<b>(14,496)</b>	547,134
Amounts payable and other liabilities	<b>(67,765)</b>	(521,245)
<b>Net cash used in by operating activities</b>	<b>(58,527)</b>	<b>(367,182)</b>
<b>Financing activities</b>		
Advances from (payment to) related party	-	(12,413)
Shares issued	-	366,250
Share issue costs	-	(8,310)
<b>Net cash provided by financing activities</b>	<b>-</b>	<b>345,527</b>
<b>Net change in cash</b>	<b>(58,527)</b>	<b>(21,655)</b>
<b>Cash, beginning of year</b>	<b>58,878</b>	<b>80,533</b>
<b>Cash, end of year</b>	<b>\$ 351</b>	<b>\$ 58,878</b>

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	Obligation to issue shares	Reserves				Total
			Equity settled share-based payments reserve	Warrant reserve	Accumulated deficit		
<b>Balance, November 30, 2018</b>	\$ 12,317,720	\$ -	\$ 65,977	\$ 28,055	\$ (12,507,792)	\$ (96,040)	
Common shares to be issued for debt settlement (note 8)	-	20,060	-	-	-	20,060	
Net profit for the year	-	-	-	-	53,824	53,824	
<b>Balance, November 30, 2019</b>	\$ 12,317,720	\$ 20,060	\$ 65,977	\$ 28,055	\$ (12,453,968)	\$ (22,156)	
<b>Balance, November 30, 2017</b>	\$ 11,959,780	\$ -	\$ 3,750	\$ -	\$ (12,024,439)	\$ (60,909)	
Shares issued (note 8)	357,940	-	-	-	-	357,940	
Share-based payments (note 10)	-	-	65,977	-	-	65,977	
Warrants issued on property (note 9)	-	-	-	40,010	-	40,010	
Warrants expired (note 9)	-	-	-	(11,955)	11,955	-	
Stock options expired (note 10)	-	-	(3,750)	-	3,750	-	
Net loss for the year	-	-	-	-	(499,058)	(499,058)	
<b>Balance, November 30, 2018</b>	\$ 12,317,720	\$ -	\$ 65,977	\$ 28,055	\$ (12,507,792)	\$ (96,040)	

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

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# Western Troy Capital Resources Inc.

## Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

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### 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 pursues interests in business opportunities in, primarily in the resource sector, but will consider opportunities outside that sector. 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 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 prior periods, with a profit of \$53,824 for the year ended November 30, 2019 (year ended November 30, 2018 - loss of \$499,058), and as at November 30, 2019 has an accumulated deficit of \$12,453,968 (November 30, 2019 - \$12,507,792) and working capital deficiency of \$22,156 (November 30, 2019 deficiency of \$96,040).

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").

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, except as described below.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

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#### 2. Significant accounting policies (continued)

##### (b) Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Canadian Remote Power Corporation and Western Troy Mining Company. 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 presentation 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 profit or 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

Effective December 1, 2018, the Company has adopted IFRS 9 Financial instruments: Classification and Measurement. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash	Fair value through profit or loss	FVTPL
Accounts receivable and other assets	Amortized cost	Amortized cost
Accounts payable and other liabilities	Amortized cost	Amortized cost

##### Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed.

All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

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## 2. Significant accounting policies (continued)

### (d) *Financial instruments (continued)*

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Cash is measured at FVTPL.

#### Impairment of financial assets

IFRS 9 uses the expected credit loss ("ECL") model. The credit loss model groups receivables based on similar credit risk characteristics and days past due in order to estimate bad debts. The ECL model applies to the Company's receivables.

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

#### Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Accounts payable, due to shareholder, and convertible debentures are classified under other financial liabilities and carried on the statement of financial position at amortized cost.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

### (e) *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.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

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#### 2. Significant accounting policies (continued)

##### (f) *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.

##### (g) *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.

##### (h) *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.

##### (i) *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, 2019 and November 30, 2018.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

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#### 2. Significant accounting policies (continued)

##### (j) *Income taxes*

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in consolidated statements of profit 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.

##### (k) *Earnings per share*

The Company presents basic and diluted profit per share data for its common shares, calculated by dividing the profit attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted profit 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.

##### (l) *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.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

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#### 2. Significant accounting policies (continued)

(l) *Significant accounting judgments and estimates (continued)*

- 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 15.

#### New accounting standards not yet adopted and interpretations

##### IFRS 16 Leases

IFRS 16 was issued in January 2016 and replaces IAS 17 – leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. The application of the new standard has no impact on the consolidated financial statements.

#### 3. Amounts receivable and other assets

	As at November 30, 2019	As at November 30, 2018
Sales tax receivable - (Canada)	\$ 5,686	\$ 10,975
Other amounts receivable (note 16)	19,785	-
	<b>\$ 25,471</b>	<b>\$ 10,975</b>

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

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#### 4. Exploration and evaluation expenditures

	Year Ended November 30,	
	2019	2018
<b>Willow Creek</b>		
Acquisition costs		
Staking claims	\$ -	\$ 61,330
Option agreement	-	72,278
	-	133,608
Exploration expenditures		
Geologists fees and costs	-	86,503
Drilling	-	235,251
Water and environmental	-	3,222
Meals, travel and accommodation	-	843
Equipment rental, supplies and services	-	5,080
Storage cost	-	2,377
Sampling and assay	-	42,042
Insurance	-	-
	-	375,318
Total	-	508,926
<b>Total exploration and evaluation expenditures</b>	<b>\$ -</b>	<b>\$ 508,926</b>

On September 14, 2017, the Company, entered into a Letter Agreement with Mt. Elbert Mining Company LLC ("MEMC") with respect to the unpatented mining claims located in Lake Country, Colorado. On January 29, 2018, the agreement was terminated.

#### 5. 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, 2019 totaled an deficiency of \$22,156 (2018 - \$96,040).

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.

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## **Western Troy Capital Resources Inc.**

### **Notes to Consolidated Financial Statements**

**Years Ended November 30, 2019 and 2018**

**(Expressed in Canadian dollars)**

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#### **5. Capital risk management (continued)**

There were no changes in the Company's approach to capital management during the years ended November 30, 2019 and 2018.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX 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, 2019, the Company does not have sufficient working capital to meet (i) nor (ii), and is not compliant with Policy 2.5.

#### **6. Financial risk management**

Financial risk

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

Risk management is carried out by the Company's management team 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 is held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal.

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

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if 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, 2019, the Company had cash and short-term investments of \$351 to settle current liabilities of \$47,978. See Notes 13 and 15 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 and foreign exchange rates.

###### **(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.

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# Western Troy Capital Resources Inc.

## Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

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### 6. Financial risk management (continued)

(iii) Market risk (continued)

(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 limited foreign currency risk with respect to the expenditures incurred by its US subsidiary.

### 7. Categories of financial instruments

Fair value measurement

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices 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; and

Level 3 – Inputs that are not based on observable market data.

The carrying value of cash, receivables, accounts payable and accrued liabilities and advances are approximate to their fair values due to their short-term nature.

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	As at November 30, 2019	As at November 30, 2018
<b>Financial assets:</b>		
FVTPL:		
Cash	\$ 351	\$ 58,878
At amortized cost		
Other amounts receivable	19,785	-
<b>Financial liabilities:</b>		
At amortized cost		
Amounts payable and other liabilities	\$ 47,978	\$ 165,893

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As of November 30, 2019 and 2018, cash is measured using the level 1 input. The fair value of other amounts receivable and amounts payable and other liabilities approximates the carrying value, due to their short-term nature.

### 8. 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, 2019, 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. The number of shares, warrants and options, as well as share prices and exercise prices of warrants and options including the comparative period are presented on a post-consolidation basis.

## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

#### 8. Share capital (continued)

##### b) Shares issued (continued)

	Number of common shares	Amount
<b>Balance, November 30, 2017</b>	<b>6,717,994</b>	<b>\$ 11,959,780</b>
Shares issued (i)	1,465,000	366,250
Share issue costs	-	(8,310)
<b>Balance, November 30, 2018 and November 30, 2019</b>	<b>8,182,994</b>	<b>\$ 12,317,720</b>

(i) On December 13, 2017, the Company closed a non-brokered private placement pursuant to which it issued 1,465,000 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.

##### c) Obligation to issue shares

In November 30, 2019, the Company entered into debt settlement agreements whereby the vendors, including related party, agreed to settle accounts payable of \$50,150 with 1,003,008 Common shares of the Company with fair value of \$20,060. As of November 30, 2019, these shares have not been issued and recorded as an obligation to issue shares. During the year ended November 30, 2019, the Company recorded a gain on settlement of debt of \$30,090. Subsequent to December 31, 2019 these shares were issued to the vendors.

#### 9. Warrants

The following table reflects the continuity of warrants.

	Number of warrants	Weighted average exercise price (\$)	Grant date fair value of warrants (\$)
<b>Balance, November 30, 2017</b>	-	-	-
Issued (i)	600,000	0.25	40,010
Expired	(400,000)	0.25	(11,955)
<b>Balance, November 30, 2018 and November 30, 2019</b>	<b>200,000</b>	<b>0.25</b>	<b>28,055</b>

(i) Pursuant to the lease agreement, the Company issued to MEMC 200,000 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 \$0.25, exercisable for a period of two years. The Company also issued 400,000 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 \$0.25, 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 MEMC expired unexercised.

## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

#### 9. Warrants (continued)

The following table reflects the warrants issued and outstanding as of November 30, 2019:

Number of warrants outstanding	Exercise price (\$)	Expiry date
200,000	0.25	December 9, 2019

#### 10. 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 (\$)
<b>Balance, November 30, 2017</b>	<b>30,000</b>	<b>0.50</b>
Granted (i)	400,000	0.25
Expired	(30,000)	0.50
<b>Balance, November 30, 2018 and November 30, 2019</b>	<b>400,000</b>	<b>0.25</b>

(i) On December 18, 2017, the Company granted a total of 400,000 stock options to officers and directors of the Company. All options are exercisable at a price of \$0.25 per common share. The options vested immediately and expire in five years. The grant date fair value of \$65,977 or \$0.171 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, 2019:

Expiry date	Weighted average exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
December 18, 2022	0.25	3.55	400,000	400,000

#### 11. Profit per common share

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

The calculation of basic and diluted profit per share for the year ended November 30, 2019 was based on the profit attributable to common shareholders of \$53,824 (year ended November 30, 2018 - loss of \$(499,058)) and the weighted average number of common shares outstanding of 8,182,994 (year ended November 30, 2018 - 8,130,816). When determining the diluted earnings per share as of November 30, 2019, the effect of the exercise of stock options and warrants was excluded because the predetermined target market price thresholds were not met.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

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#### 12. General and administrative

	Year Ended November 30,	
	2019	2018
Management and consulting fees (note 13)	\$ 40,179	\$ 45,854
Shareholder relations	29,182	50,742
Accounting and corporate	22,622	29,930
Professional fees	43,995	160,428
Office, travel and general	17,470	35,571
Share-based payments (note 10)	-	65,977
Directors' fees (note 13)	3,150	15,750
	<b>\$ 156,598</b>	<b>\$ 404,252</b>

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#### 13. Related party balances and transactions

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

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 and key management personnel:

(i) During the year ended November 30, 2019, the Company expensed consulting fees of \$40,179, (year ended November 30, 2018 - \$45,854) to a corporation controlled by a director of the Company.

(ii) During the year ended November 30, 2019, the Company expensed directors fees totaling \$3,150, (year ended November 30, 2018 - \$12,600) to directors and a company controlled by a director of the Company.

(iii) During the year ended November 30, 2019, the balance of accrued consulting fee due to the CEO has been forgiven, which resulted a gain of totaling \$nil (year ended November 30, 2018 - \$(325,893)).

b) Obligation to issue shares

In November 30, 2019, the Company entered into debt settlement agreements whereby the related party, agreed to settle accounts payable in the amount of \$20,000 with 300,000 Common shares of the Company with a fair value of \$6,000. As of November 30, 2019, these shares have not been issued and recorded as an obligation to issue shares. During the year ended November 30, 2019, the Company recorded a gain on settlement of debt of \$14,000.

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**Western Troy Capital Resources Inc.****Notes to Consolidated Financial Statements****Years Ended November 30, 2019 and 2018****(Expressed in Canadian dollars)**

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**14. Income Taxes**

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

<b>November 30,</b>	<b>2019</b>	<b>2018</b>
(Profit) income before income taxes	\$ 53,824	\$ (499,058)
Expected income tax (recovery) based at statutory rate	\$ 14,532	\$ (105,000)
Adjustments to benefit resulting from:		
Impact of different foreign statutory tax rates on earnings of subsidiaries	-	(55,000)
Other	1,708	(20,000)
Change in unrecognized tax assets	(16,240)	180,000
	\$ -	\$ -

(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:

	<b>2019</b>	<b>2018</b>
<b>Deferred Tax Assets</b>		
Allowable capital losses	\$ 56,406	\$ 54,000
Non-capital loss carry-forwards	549,615	566,000
Exploration and evaluation assets	2,024,662	2,027,000
Property and equipment	17,621	17,000
	<b>2,648,304</b>	2,664,000
Unrecognized deferred tax assets	(2,648,304)	(2,664,000)
<b>Net deferred tax assets</b>	\$ -	\$ -

(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:

<b>Range</b>	<b>2019</b>	<b>Expiry Date Range</b>	<b>2018</b>	<b>Expiry Date</b>
Temporary Differences				
Exploration and evaluation assets	\$ 7,672,427	No expiry date	\$ 7,672,427	No expiry date
Non-capital losses available for future period - Canada	\$ 2,045,731	2032 to 2038	\$ 2,101,777	2032 to 2037
Non-capital losses available for future period - US	\$ 13,012	2035 to 2038	\$ 13,012	2035 to 2037

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2019 and 2018

(Expressed in Canadian dollars)

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#### 15. Contingencies and commitments

##### Flow-through and other tax matters

During 2015, the Company received the results of an audit by the Canada Revenue Agency ("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, 2019, CRA and the Company settled the balance of \$48,130 in full. As at November 30, 2019, a liability of \$nil (November 30, 2019 - \$48,130) is recorded in amounts payable and other liabilities.

In addition, as a consequence of the denied expenditures, the Company reimbursed 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 CRA. Due to the settlement with CRA, the Company received a refund of \$138,533 (2018 - \$148,541) from the investor during the year ended November 30, 2019.

#### 16. Other events

##### MASGLAS Peru S.A.C

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. During the year ended November 30, 2019, the Company incurred total costs of \$65,180 in relation to this transaction. On December 4, 2018, the Company and MASGLAS agreed to terminate the LOI.

##### Cultivation Technologies, Inc.

On February 20, 2019, the Company and Cultivation Technologies, Inc. ("CTI") entered into a Letter of Intent ("LOI"), to complete an arm's length Reverse Takeover ("RTO") Transaction.

On August 29, 2019, CTI and the Company agreed to terminate the LOI with CTI agreeing to pay a break-up fee of \$40,076 (US\$30,000). As of November 30, 2019, the balance of the termination fee outstanding is \$19,785 (US\$15,000).

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## **Western Troy Capital Resources Inc.**

**Notes to Consolidated Financial Statements**

**Years Ended November 30, 2019 and 2018**

**(Expressed in Canadian dollars)**

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### **17. Subsequent events**

- a) On December 3, 2019, the Company agreed to settle an aggregate payable of \$36,950 with certain arm's length and non-arm's length creditors through the issuance of 450,000 common shares of the Company.
- b) On December 4, 2019, the Company and Churchill Diamond Corporation entered into an arm's length binding Letter of intent dated December 4, 2019, to complete a Reverse Takeover Transaction.
- c) Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the 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 and condition of the Corporation and its operating subsidiaries in future periods.

**WESTERN TROY CAPITAL RESOURCES INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED NOVEMBER 30, 2019**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Western Troy Capital Resources Inc. ("Western Troy", or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended November 30, 2019. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended November 30, 2019 and 2018, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of March 27, 2020, unless otherwise indicated.

See the section "Risks and Uncertainties" and "Caution Regarding Forward-Looking Statements" included within this MD&A. Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com) or on Western Troy's website at [www.westerntroycapital.com](http://www.westerntroycapital.com).

## **Description of Business**

Western Troy was incorporated under the laws of the Province of Ontario, Canada, by Articles of Incorporation dated November 8, 1989. The Company pursues interests in business opportunities, primarily in the resource sector, but will consider opportunities outside that sector. Substantially all of the efforts of the Company are devoted to these business activities and to date the Company has not earned significant revenues. Western Troy investigates mineral property and other business opportunities worldwide.

The shares of Western Troy trade on the TSX Venture Exchange under the symbol WRY, with 8,182,994 common shares outstanding (8,182,994 fully diluted as of November 30, 2018).

The Company has no revenues other than interest income earned on cash deposits, therefore its ability to ensure continuing operations is dependent on obtaining necessary financing.

Western Troy's goal is to create shareholder value through the acquisition and development of properties that have the potential to contain economic precious and base metal deposits, or by seeking beneficial business combinations.

## **Operational Highlights**

### **Corporate**

On December 4, 2018, the Company announced that MASGLAS and the Company have agreed to terminate the Letter of Intent ("LOI") they announce on June 29, 2018.

On February 26, 2019, the Company announced that Western Troy and Cultivation Technologies, Inc. ("CTI") have 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 were halted pending completion of the RTO. Western Troy and CTI intended to complete a business combination that would have resulted

in CTI becoming a wholly-owned subsidiary of Western Troy ("Resulting Issuer"). The Resulting Issuer would have undergone a name change to SCARAB CO. ("SCARAB"). The RTO and other terms of the transaction would have required Western Troy shareholder approval. It was anticipated that the transaction would have been on the agenda at the regular Annual General Meeting ("AGM") of the shareholders of Western Troy.

On August 20, 2019, the Company announced that CTI and the Company agreed to terminate the LOI they announced on February 26, 2019. CTI paid US\$15,000 of the US\$30,000 termination fee to the Company. The balance of the termination fee is outstanding, and CTI has committed to paying the balance at a date to be determined.

On October 23, 2019, the Company announced that the TSX Venture Exchange will lift the trading halt on Western Troy on October 24, 2019. Trading in the stock would move to the NEX Exchange.

On November 1, 2019, the Company announced that it intends to complete a private placement of special warrants (Special Warrant) at a price of \$0.025 per Special Warrant for gross proceeds of up to \$500,000. Each Special Warrant is exchangeable, for no additional consideration, into one-fourth (1/4) of a common share of the Company.

On November 1, 2019, the Company announced the resignation of CEO, Rex Loesby as of October 1, 2019 (Mr. Loesby remains as a member of the Board of Directors), the appointment of Steve Dunn as CEO and CFO, and Chairman, and the appointment of Mr. Ed Milewski to the Company's Board of Directors.

### **Subsequent Events**

- a) On December 3, 2019, the company announced that it has agreed to settle an aggregate of \$36,950 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of 450,000 common shares of the company at a price of \$0.05 per Common Share.
- b) On December 4, 2019, the Company entered into a binding Letter of Intent (LOI) with Churchill Diamond Corporation (Churchill), a private company which currently holds two major diamond projects,, outlining the proposed terms and conditions pursuant to which the Company and Churchill have agreed to merge their respective businesses resulting in a reverse takeover of the Company by Churchill. Terms of the LOI include the following:
  - a) The Company will consolidate their shares on a basis of one post-consolidated share for every five pre-consolidated shares.
  - b) Churchill is proposing to complete equity financing in order to raise gross proceeds of up to \$2,000,000 through the issuance of any combination of (A) common shares of Churchill and (B) shares of Churchill which qualify as "flow through shares" at a price of \$0.30.
  - c) A Reverse Take-Over (RTO) once the required exchange and shareholder approvals are gained, and the Company will obtain 100 percent of the shares of Churchill.

### **Exploration update**

During the year ended November 30, 2019, the Company expensed \$nil on exploration and evaluation expenditures, compared to \$508,926 during the year ended November 30, 2018.

## **Mineral Properties**

### Willow Creek

On December 14, 2017, the Company along with its newly formed wholly owned US subsidiary, WTMC, executed a lease agreement with Mt. Elbert Mining Company ("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.

Pursuant to the lease agreement, the Company issued to MEMC 1,000,000 Series A common share purchase warrants of the Company. Each Series A warrant shall entitle the holder to acquire one common share of the Corporation at an exercise price of C\$0.05, exercisable for a period of two years from the date of issuance of the warrants. The Company also issued to MEMC 2,000,000 Series B common share purchase warrants of the Company. Each Series B warrant shall entitle the holder to acquire one common share of the Company at an exercise price of C\$0.05, exercisable for a period of 120 days from the date of issuance of the warrants. The securities issued are subject to a four month and one day statutory hold period.

The Company paid MEMC minimum advance NSR royalties and NPI of US\$25,000 upon signing.

On January 29, 2018, the Company announced that it had received assay results on its leased Willow Creek Mine near Leadville, Colorado. While past work on the property indicated good gold grades and tonnage, assaying of the core samples did not confirm past reports and did not expand the potential resource. Western Troy terminated its lease agreement with MEMC.

## **Trends**

There are significant uncertainties regarding the price of precious and base metals and the availability of equity financing for the purposes of exploration and development. The Company's future performance is largely tied to the development of its current mineral property interests and the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy. However, recently, equity markets in Canada have showed signs of improvement, with equities increasing significantly during this period. Strong equity markets are favourable conditions for completing a financing, public merger or acquisition transaction.

## **Off-Balance-Sheet Arrangements**

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## **Selected Annual Financial Information**

The following is selected financial data derived from the audited consolidated financial statements of the Company as at November 30, 2019, 2018 and 2017 and for the years ended November 30, 2018, 2017 and 2016.

	<b>Year ended November 30, 2019</b>	<b>Year ended November 30, 2018</b>	<b>Year ended November 30, 2017</b>
Net (loss) income	\$53,824	\$(499,058)	\$(799,164)
Net (loss) income per share (basic and diluted) <sup>(1)</sup>	\$0.00	\$(0.06)	\$(0.12)
	<b>As at November 30, 2019</b>	<b>As at November 30, 2018</b>	<b>As at November 30, 2018</b>
Total assets	\$25,822	\$69,853	\$638,642
Current liabilities	\$47,978	\$165,893	\$699,551

<sup>(1)</sup> Effective January 19, 2019, the Company consolidated its shares on the basis of one new, post-consolidated share for every five old, pre-consolidated shares. The weighted average number of common shares outstanding and loss per share figures have been adjusted to reflect this share consolidation.

- The net income for the year ended November 30, 2019, consisted primarily of (i) professional fees of \$43,995; (ii) shareholder relations of \$29,182; (iii) management and consulting fees of \$40,304 (iv) office, travel and general expenses of \$17,345; (v) accounting and corporate fees of \$22,622; and (vi) directors fees of \$3,150. The expenditure was offset by (a) other income of \$40,076 from the termination of the CTI LOI (see "Operational Highlights" above); and (b) flow-through indemnification reversal of \$138,533.
- The net loss for the year ended November 30, 2018, consisted primarily of (i) exploration and evaluation expenses of \$508,926; (ii) professional fees of \$160,428; (iii) share-based payments of \$65,977; (iv) shareholder relations of \$50,742; (v) management and consulting fees of \$45,854 (vi) office, travel and general expenses of \$35,571; (vii) accounting and corporate fees of \$29,930; (viii) directors fees of \$15,750; and (ix) transaction cost of \$65,180. The expenditure was offset by (a) gain on forgiveness of debt - consulting fees of \$325,893; and (b) flow-through indemnification reversal of \$148,541.
- The net loss for the year ended November 30, 2017, consisted primarily of (i) exploration and evaluation expenses of \$272,596, (ii) management and consulting fees of \$313,172; (iii) office, travel and general expenses of \$46,683; (iv) professional fees of \$173,730; (v) accounting and corporate fees of \$38,175; (vi) directors fees of \$11,550 and (vii) other working capital expenditures incurred to maintain the operations of the Company.

## Selected Quarterly Information

A summary of selected information for each of the eight most recent quarters is as follows:

Three Months Ended	Net Revenues (\$)	Net Income (Loss)	
		Total (\$)	Basic and Diluted Income (Loss) Per Share (\$)
November 30, 2019	-	5,524 <sup>(1)</sup>	(0.00)
August 31, 2019	-	10,923 <sup>(2)</sup>	0.00
May 31, 2019	-	81,941 <sup>(3)</sup>	0.01
February 28, 2019	-	(44,564) <sup>(4)</sup>	(0.01)
November 30, 2018	-	(32,708) <sup>(5)</sup>	(0.01)
August 31, 2018	-	(18,870) <sup>(6)</sup>	(0.00)
May 31, 2018	-	(76,412) <sup>(7)</sup>	(0.01)
February 28, 2018	-	(371,068) <sup>(8)</sup>	(0.05)

Notes:

- (1) Net income of \$5,524 principally consists of professional fees of \$37,704; accounting and corporate fees of \$5,808 and management and consulting fees of \$3,981, offset by directors' fee reversal of \$6,300. All other expenses related to general working capital purposes.
- (2) Net income of \$10,923 principally relates to management and consulting fees of \$12,009; accounting and corporate fees of \$5,922; office, travel and general of \$7,464; and is offset by professional fee reversal of \$19,053 and other income from the termination of the CTI LOI of \$20,291. All other expenses related to general working capital purposes.
- (3) Net income of \$81,941 principally relates to professional fees of \$12,104; shareholder relations of \$20,021; office, travel and general of \$3,251; and management and consulting fees of \$12,179 offset by flow-through indemnification reversal of \$138,533. All other expenses related to general working capital purposes.
- (4) Net loss of \$44,564 principally relates to professional fees of \$13,240; management and consulting fees of \$12,135; shareholder relations of \$6,945; and accounting and corporate expenses of \$5,981. All other expenses related to general working capital purposes.
- (5) Net loss of \$32,708 principally consists of professional fees of \$96,454; transaction costs of \$65,180; accounting and corporate fees of \$12,009 and management and consulting fees of \$21,204, offset by flow-through indemnification reversal of \$148,541. All other expenses related to general working capital purposes.
- (6) Net loss of \$18,870 principally relates to shareholder relations of \$27,865; professional fees of \$18,501; office, travel and general of \$10,127; and is offset by management and consulting fees of \$49,715. All other expenses related to general working capital purposes.
- (7) Net loss of \$76,412 principally relates to professional fees of \$36,577; office, travel and general of \$15,575; and management and consulting fees of \$11,679. All other expenses related to general working capital purposes.
- (8) Net loss of \$371,068 principally relates to exploration and evaluation expenditures of \$517,971, share-based payment of \$68,300; shareholder relations of \$13,271; which was offset management and consulting reversal of \$252,669. All other expenses related to general working capital purposes.

## **Results of Operations**

### Three months ended November 30, 2019, compared with three months ended November 30, 2018

Western Troy's net income totaled \$5,524 for the three months ended November 30, 2018, with basic and diluted income per share of \$(0.00). This compares with a net loss of \$32,708 with basic and diluted loss per share of \$(0.01) for the three months ended November 30, 2018. The increase of \$38,232 in net income was principally because:

- Transaction costs decreased by \$65,180 for the three months ended November 30, 2019, compared to the same period in 2018. The decrease is attributable to the agreed termination of the LOI between the Company and MASGLAS as announced subsequent to the three months ended November 30, 2018.
- Professional fees decreased by \$67,055 for the three months ended November 30, 2019, compared to the same period in 2018. The decrease is mainly attributable to the 2018 legal fees payable regarding the CRA settlement.

However, this was offset by:

- During the three months ended November 30, 2018, the Company reversed flow-through indemnification expense of \$148,541 due to settlement reach with the CRA regarding certain exploration expenses that the Company incurred in 2011. There was no such expense for the three months ended November 30, 2019.

All other expenses related to general working capital purposes.

### Year ended November 30, 2019, compared with year ended November 30, 2018

Western Troy's net income totaled \$53,824 for the year ended November 30, 2019, with basic and diluted loss per share of \$0.00. This compares with a net loss of \$499,058, with basic and diluted loss per share of \$(0.06) for the year ended November 30, 2018. The increase of \$552,882 in net loss was principally because:

- Exploration and evaluation expenditures decreased by \$508,926 for the year ended November 30, 2019, compared to the same period in 2018. The decrease is attributable to lower exploration expenses incurred.
- Professional fees decreased by \$124,738 for the year ended November 30, 2019, compared to the same period in 2018. The decrease is attributable to lower legal fees payable regarding the CRA settlement.
- During the year ended November 30, 2018, the Company incurred \$65,977 in share-based compensation as the Company granted 2,000,000 stock options to directors and officers of the Company, compare to \$nil in 2019.
- Transaction cost of \$65,180 was recorded for the year ended November 30, 2018 due to the agreed termination of the LOI between the Company and MASGLAS, compared to \$nil in 2019.

However, this was offset by:

- During the year ended November 30, 2018, the Company record a gain on forgiveness of debt relating to consulting fees of \$325,893, compared to \$nil for the same period in 2019.
- Other income of \$40,076 was recorded for the year ended November 30, 2019 due to the agreed termination of the LOI between the Company and CTI.

All other expenses related to general working capital purposes.

## **Liquidity and Capital Resources**

The activities of the Company, principally the acquisition and exploration of properties that have the potential to contain precious and base metals, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options.

Amounts payable and other liabilities decreased to \$47,978 at November 30, 2019, compared to \$165,893 at November 30, 2018, primarily due to the forgiveness of debt relating to consulting fees to the CEO of the Company of \$325,893 and \$148,541 decrease in the accrual for the potential income tax liability of Part XII.6 tax for which the Company has indemnified the investors as a settlement was reach with the CRA regarding certain exploration expenses that the Company incurred in 2011.

The Company has no operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary exploration and operating activities. The Company relies on external financings to generate capital. On January 18, 2019, the Company executed a consolidation of its 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 reduced the number of outstanding common shares to 8,182,994 common shares issued and outstanding (40,914,970 pre-consolidation), 400,000 (2,000,000 pre-consolidation) options outstanding that would raise \$100,000 if exercised in full, and 200,000 (1,000,000 pre-consolidation) warrants outstanding that would raise \$50,000 if exercised in full This is not anticipated until the market price of Western Troy's common shares rises significantly above the strike price of the options. See "Trends" above. The Company has no debt and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing. In addition, amounts receivable consist of sales tax owing from government authorities in Canada and other amounts receivable from an investor due to settlement reached with the CRA.

Currently and in future, the Company's use of cash has and will principally occur in two areas: funding of its general and administrative expenditures and funding of its investment activities. Funding investing activities includes the cash components of the cost of acquiring and exploring mineral claims. The Company's cash expenses are averaging less than \$10,000 per month for management and consulting fees, office, travel and general expenses, professional fees, accounting and corporate expenses, shareholder relations, directors' fees, listing fees and other operating expenses.

The Company has budgeted no spending for its exploration activities in 2020. The Company will be evaluating opportunities to create shareholder value through acquisitions or business combinations. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and expenditures may be adjusted accordingly. Based on the working capital deficiency of \$22,156 and depending on whether acquisitions or business combinations are proposed, the Company may be required to raise additional funds in 2020 through equity financing. There is, however, no assurance that any such initiatives will be successful. To meet long-term

business plans, acquiring and exploring mineral properties and seeking out other prospective business opportunities are important components of the Company's financial success.

## **Proposed Transactions**

On December 3, 2019, the Company announced that Western Troy and Churchill Diamond Corporation. ("CDC") have entered into a Letter of Intent ("LOI") dated December 4, 2019, to complete an arm's length Reverse Takeover ("RTO") Transaction. Western Troy and CDC intend to complete a business combination that will result in CDC becoming a wholly-owned subsidiary of Western Troy ("Resulting Issuer"). 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.

## **Capital 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 of the consolidated financial statements for the years ended November 30, 2019 and 2018, 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, 2019 totaled deficiency, of \$22,156 (2018 - \$96,040).

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, 2019 and 2018.

The Company is not subject to any capital requirements imposed by a lending institution or regulatory body, other than Policy 2.5 of the TSX 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, 2019, the Company is compliant with Policy 2.5.

## **Related Party 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, 2019, the Company paid consulting fees and travel expenses of \$40,179, (year ended November 30, 2018 - \$45,853) to a corporation controlled by the President and Chief Executive Officer of the Company. As of November 30, 2019, there is an amount owing of \$nil (2018 - \$nil) by the Company to the corporation and it has been included in amounts payable and other liabilities. The amount was unsecured, non-interest bearing with no fixed terms of repayment.
- (ii) During the year ended November 30, 2019, the Company paid consulting fees totaling \$3,150 (2018 - \$12,600) to a company controlled by a director of the Company.
- (iii) 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, compared to \$nil for the same period in 2019.
- (iv) To the knowledge of the directors and executive officers of the Company, the common shares of the Company are widely held, except for 1,582,000 common shares or approximately 19.3% of the total common shares outstanding held or controlled by Stephen Hardy. As of November 30, 2019, directors and officers collectively control 3,831,288 common shares of the Company or approximately 26.81% of the total common shares outstanding. These holdings can change at any time at the discretion of the owner.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

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

**Western Troy Capital Resources Inc.**  
**Management's Discussion and Analysis**  
**Year Ended November 30, 2019**  
**Dated – March 27, 2020**

	Salaries and benefits (1)		Share based payments		Total	
	Year Ended November 30,		Year Ended November 30,		Year Ended November 30,	
	2019 (\$)	2018 (\$)	2019 (\$)	2018 (\$)	2019 (\$)	2018 (\$)
Melvyn Williams, Director	1,550	7,750	nil	13,660	1,550	21,410
Rex E. Loesby, Director and Officer <sup>(2)</sup>	40,812	(280,102)	nil	27,320	40,812	(252,782)
John Archibald, Director	800	4,000	nil	13,660	800	17,660
Stephen Dunn, Director	800	4,000	nil	13,660	800	17,660
<b>Total</b>	<b>43,962</b>	<b>(264,352)</b>	<b>nil</b>	<b>68,300</b>	<b>43,962</b>	<b>-196,052</b>

- (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.
- (2) 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.

As of November 30, 2019, there is an amount owing of \$3,150 (November 30, 2018 - \$325,893) by the Company to its directors and key management personnel (including the balance owing to the Chief Executive Officer's corporation in note (i) above) and it has been included in amounts payable and other liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

### **New Standards and Interpretations Not Yet Adopted**

#### 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 is currently evaluating the impact of the adoption of IFRS 16 on its condensed interim consolidated financial statements.

### **Financial Risk Management**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk). There were no changes to the Company's risk factors during the year ended November 30, 2019.

The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### **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 legal judgment receivable. Cash and short-term investments are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. The legal judgement receivable was received subsequent to November 30, 2019.

#### **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, 2019, the Company had cash and short-term investments of \$351 (2018 - \$58,878) to settle current liabilities of \$47,978 (2018 - \$165,893). 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 above, 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.

#### **Market risk**

Market risk is the risk of loss that may arise from changes in interest rates, foreign exchange rates and commodity and equity prices.

*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. As of November 30, 2019, interest rate risk is minimal since the Company has fixed rate interest-bearing instruments.

*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.

*Commodity and equity price risk*

The Company is exposed to price risk with respect to commodity 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 what course of action it should take.

**Sensitivity analysis**

At November 30, 2019 and 2018 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, 2019, and 2018, 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.

## **Risks and Uncertainties**

*An investment in the securities of the Company is highly speculative, involving numerous and significant risks, and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.*

- *Exploration, Development and Operating Risks*

Mining operations generally involve a high degree of risk. Western Troy's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by Western Troy will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Western Troy not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by Western Troy towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

- *No History of Profitability*

The Company is a development stage company with no history of profitability. There can be no assurance that its operations will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

- *Government Regulations*

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its mining activities, its exploitation licences must be kept current. There is no guarantee that the Company's exploitation licences will be extended or that new exploitation licences will be granted. In addition, such exploitation licences could be changed and there can be no assurances that any application to renew any existing licences will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and licences that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

- *Market Fluctuations and Commercial Quantities*

The market for minerals is influenced by many factors beyond the Company's control, such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metal deposits may be affected by other factors that are beyond the Company's control, including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company's not receiving an adequate return on invested capital.

- *Mining Risks and Insurance*

The Company is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator of its exploration programs cannot insure against, or which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

- *Environmental Protection*

The mining and mineral processing industries are subject to extensive government regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

- *Capital Investment*

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favourable. Should the Company not be able to obtain such financing, its properties may be lost entirely.

- *Conflicts of Interest*

Certain directors and officers of the Company may also serve as directors and officers of other companies involved in base and precious metal exploration and development, and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matters in which they may have a conflict of interest.

- *Current Global Financial Conditions*

Global financial market conditions may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. The Company may not be able to secure appropriate debt or equity financing, either of which could affect the trading price of the Company's securities in an adverse manner.

Companies like Western Troy are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for Western Troy to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

## **Outlook**

The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on expectations of being able to raise financing as and when required.

## **Share Capital**

As at the date of this MD&A, the Company had 8,182,994 issued and outstanding common shares.

Stock options outstanding for the Company as at the date of this MD&A were as follows:

<b>Options</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
400,000	December 18, 2022	\$0.25
<b>400,000</b>		

Warrants outstanding for the Company as at the date of this MD&A were as follows:

<b>Warrants</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
200,000	December 9, 2019	\$0.25
<b>200,000</b>		

## **Disclosure of Internal Controls**

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Commitments and Contingencies**

### **Management agreements**

The Company is party to management severance agreements which require that additional payments of up to USD144,000 (\$191,362) 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, 2019, CRA and the Company settled, and as at November 30, 2019 a liability of \$nil (November 30, 2018 - \$48,130) is recorded in amounts payable and other accrued liabilities.

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

## **Subsequent Events**

1. On December 3, 2019, the Company announced that it has agreed to settle an aggregate of \$36,950 of indebtedness owed to certain arm's length and non-arm's length creditors through the issuance of 450,000 common shares of the Company at a price of \$0.05 per Common Share (Debt Settlement). All common shares issued in connection with the Debt Settlement are subject to a stationary hold period of four months and a day from the date of issuance in accordance with applicable securities laws.
2. On December 4, 2019, the Company entered into a binding Letter of Intent (LOI) with Churchill Diamond Corporation (Churchill), a private company which currently holds two major diamond projects,, outlining the proposed terms and conditions pursuant to which the Company and Churchill have agreed to merge their respective businesses resulting in a reverse takeover of the Company by Churchill. Terms of the LOI include the following:
  - a) The Company will consolidate their shares on a basis of one post-consolidated share for every five pre-consolidated share.
  - b) Churchill is proposing to complete equity financing in order to raise gross proceeds of up to \$2,000,000 through the issuance of any combination of (A) common shares of Churchill and (B) shares of Churchill which qualify as "flow through shares" at a price of \$0.30.
  - c) A Reverse Take-Over (RTO) once the required exchange and shareholder approvals are gained, and the Company will obtain 100 percent of the shares of Churchill.

Trading in the shares of the Company have been halted pending completion of the RTO.

## **Caution Regarding Forward-Looking Statements**

The MD&A contains forward-looking information within Canadian securities laws (collectively "forward looking statements") concerning the anticipated developments in the Company's operations in future periods, its planned exploration activities, the adequacy of its financial resources and other events or conditions that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof, or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

**Western Troy Capital Resources Inc.**  
**Management's Discussion and Analysis**  
**Year Ended November 30, 2019**  
**Dated – March 27, 2020**

Forward-looking statements	Assumptions	Risk factors
<p>Potential of Western Troy's properties to contain economic deposits of precious and base metals (as described under the headings "Description of Business" and "Operational Highlights" and "Financial Highlights")</p>	<p>Financing will be available for future exploration and development of Western Troy's properties; the actual results of Western Troy's exploration and development activities will be favourable; operating, exploration and development costs will not exceed Western Troy's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Western Troy, and applicable political and economic conditions are favourable to Western Troy; the price of precious and base metals and applicable interest and exchange rates will be favourable to Western Troy; no title disputes exist with respect to the Company's properties</p>	<p>Precious and base metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Western Troy's expectations; availability of financing for and actual results of Western Troy's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff</p>
<p>The Company's ability to meet its working capital needs at the current level for the twelve-month period ending November 30, 2020 (as described under the heading "Financial Highlights")</p>	<p>The operating and exploration activities of the Company for the twelve months ending November 30, 2020, and the costs associated therewith, will be consistent with Western Troy's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Western Troy</p>	<p>Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions</p>
<p>Plans, costs, timing and capital for future exploration and development of Western Troy's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations (as described under the headings "Trends", "Operational Highlights", "Financial Highlights" in this MD&amp;A and "Outlook" in the Annual MD&amp;A)</p>	<p>Financing will be available for Western Troy's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Western Troy; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to Western Troy; the price of precious and base</p>	<p>Precious and base metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Western Troy's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff</p>

**Western Troy Capital Resources Inc.**  
**Management's Discussion and Analysis**  
**Year Ended November 30, 2019**  
**Dated – March 27, 2020**

	metals will be favourable to Western Troy; no title disputes exist with respect to Western Troy's properties	
Management's outlook regarding future trends (as described under the heading "Trends")	Financing will be available for Western Troy's exploration and operating activities; the price of precious and base metals will be favourable to Western Troy	Precious and base metals price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Sensitivity analysis of financial instruments (as described under the heading "Financial Risk Management" under the subheading "Sensitivity Analysis" in the Annual MD&A)	The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk; the fair value of the Company's marketable securities will not be subject to change in excess of plus or minus 25%	Changes in stock markets; changes in debt and equity markets; interest rate and exchange rate fluctuations
Prices and price volatility for precious and base metals (as described under the heading "Trends")	The price of precious and base metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of precious and base metals will be favourable	Changes in debt and equity markets and the spot price of precious and base metals; interest rate and exchange rate fluctuations; changes in economic and political conditions
Plans, costs, timing and capital for future exploration and development of Western Troy's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations (as described under the headings "Trends", "Operational Highlights", "Financial Highlights" in this MD&A and "Outlook" in the Annual MD&A)	Financing will be available for Western Troy's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Western Troy; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to Western Troy; the price of precious and base metals will be favourable to Western Troy; no title disputes exist with respect to Western Troy's properties	Precious and base metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Western Troy's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff

## Additional Disclosure for Venture Issuers Without Significant Revenue

### Exploration and Evaluation Expenditures

	Year Ended November 30, 2019 \$	Year Ended November 30, 2018 \$
<b>Willow Creek</b>		
<b>Acquisition costs</b>		
Staking claims	nil	61,330
Option agreement	nil	72,278
<b>Exploration Expenditures</b>		
Drilling	nil	235,251
Geologists fees and costs	nil	86,503
Fuel and transportation	nil	nil
Water and environmental	nil	3,222
Meals, travel and accommodation	nil	843
Equipment rental, supplies and services	nil	5,080
Storage cost	nil	2,377
Permits and licences	nil	nil
Sampling and assay	nil	42,042
Insurance	nil	nil
<b>Total</b>	<b>nil</b>	<b>508,926</b>

### General and Administrative

	Year Ended November 30, 2019 \$	Year Ended November 30, 2018 \$
Management and consulting fees	40,304	45,854
Shareholder relations	29,182	50,742
Accounting and corporate	22,622	29,930
Professional fees	43,995	160,428
Office, travel and general	17,345	35,571
Directors' fees	3,150	15,750
Share-based payments	Nil	65,977
<b>Total</b>	<b>156,598</b>	<b>404,252</b>

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

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of 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
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 58,878	\$ 80,533
Legal judgment receivable (note 16)	-	517,125
Amounts receivable and other assets (note 3)	10,975	40,984
<b>Total assets</b>	<b>\$ 69,853</b>	<b>\$ 638,642</b>
<b>DEFICIENCY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amounts payable and other liabilities (notes 14 and 16)	\$ 165,893	\$ 687,138
Advances from related party (note 4)	-	12,413
<b>Total liabilities</b>	<b>165,893</b>	<b>699,551</b>
<b>Deficiency</b>		
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)
<b>Total deficiency</b>	<b>(96,040)</b>	<b>(60,909)</b>
<b>Total deficiency and liabilities</b>	<b>\$ 69,853</b>	<b>\$ 638,642</b>

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
<b>Operating expenses</b>		
Exploration and evaluation expenditures (note 5)	\$ 508,926	\$ 272,596
General and administrative (note 13)	404,252	584,478
<b>Total operating expenses</b>	<b>(913,178)</b>	<b>(857,074)</b>
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	-
<b>Net loss and comprehensive loss for the year</b>	<b>\$ (499,058)</b>	<b>\$ (799,164)</b>
<b>Net loss per share - Basic and diluted</b> (note 12)	<b>\$ (0.06)</b>	<b>\$ (0.12)</b>
<b>Weighted average number of common shares outstanding - Basic and diluted</b>	<b>8,130,816</b>	<b>6,717,994</b>

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

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

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	Year Ended November 30,	
	2018	2017
<b>Operating activities</b>		
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)
<b>Net cash (used in) provided by operating activities</b>	<b>(367,182)</b>	<b>25,805</b>
<b>Financing activities</b>		
Advances from (repayment to) related party	(12,413)	12,413
Shares issued	366,250	-
Share issue cost	(8,310)	-
<b>Net cash provided by financing activities</b>	<b>345,527</b>	<b>12,413</b>
<b>Net change in cash</b>	<b>(21,655)</b>	<b>38,218</b>
<b>Cash, beginning of year</b>	<b>80,533</b>	<b>42,315</b>
<b>Cash, end of year</b>	<b>\$ 58,878</b>	<b>\$ 80,533</b>

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			Accumulated deficit	Total
		Equity settled share-based payments reserve	Warrant reserve			
<b>Balance, November 30, 2017</b>	<b>\$ 11,959,780</b>	<b>\$ 3,750</b>	<b>\$ -</b>	<b>\$ (12,024,439)</b>	<b>\$ (60,909)</b>	
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)	
<b>Balance, November 30, 2018</b>	<b>\$ 12,317,720</b>	<b>\$ 65,977</b>	<b>\$ 28,055</b>	<b>\$ (12,507,792)</b>	<b>\$ (96,040)</b>	
<b>Balance, November 30, 2016</b>	<b>\$ 11,959,780</b>	<b>\$ 36,175</b>	<b>\$ -</b>	<b>\$ (11,257,700)</b>	<b>\$ 738,255</b>	
Stock options expired (note 11)	-	(32,425)	-	32,425	-	
Net loss for the year	-	-	-	(799,164)	(799,164)	
<b>Balance, November 30, 2017</b>	<b>\$ 11,959,780</b>	<b>\$ 3,750</b>	<b>\$ -</b>	<b>\$ (12,024,439)</b>	<b>\$ (60,909)</b>	

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.

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# Western Troy Capital Resources Inc.

## Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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### 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").

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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## 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.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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## 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
	<b>\$ 10,975</b>	<b>\$ 40,984</b>

## 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)).

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 5. Exploration and evaluation expenditures

	Year Ended November 30,	
	2018	2017
<b>Willow Creek</b>		
Acquisition costs		
Staking claims	\$ 61,330	\$ 7,690
Option agreement	72,278	-
	<b>133,608</b>	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
	<b>375,318</b>	264,906
Total	<b>508,926</b>	272,596
<b>Total exploration and evaluation expenditures</b>	<b>\$ 508,926</b>	<b>\$ 272,596</b>

#### 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 County, 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).

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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.

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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

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

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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

Years Ended November 30, 2018 and 2017

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

(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 (\$)
<b>Balance, November 30, 2016 and November 30, 2017</b>	-	-	-
Issued (i)	3,000,000	0.05	40,010
Expired	(2,000,000)	0.05	(11,955)
<b>Balance, November 30, 2018</b>	<b>1,000,000</b>	<b>0.05</b>	<b>28,055</b>

(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

Years Ended November 30, 2018 and 2017

(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 (\$)
<b>Balance, November 30, 2016</b>	<b>690,000</b>	<b>0.11</b>
Cancelled	(250,000)	0.10
Expired	(290,000)	0.13
<b>Balance, November 30, 2017</b>	<b>150,000</b>	<b>0.10</b>
Granted (i)	2,000,000	0.05
Expired	(150,000)	0.10
<b>Balance, November 30, 2018</b>	<b>2,000,000</b>	<b>0.05</b>

(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

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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
	<b>\$ 404,252</b>	<b>\$ 584,478</b>

#### 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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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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 <sup>(1)</sup>	\$ 45,853	\$ 323,381
Share-based payments	\$ 68,300	\$ -
Gain from the forgiveness of debt - consulting fees	\$ (325,893)	\$ -

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<sup>(1)</sup> 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
	\$ -	\$ -

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(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
<b>Deferred Tax Assets</b>		
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)
<b>Net deferred tax assets</b>	\$ -	\$ -

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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#### 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

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#### 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

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

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

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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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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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## Western Troy Capital Resources Inc.

### Notes to Consolidated Financial Statements

Years Ended November 30, 2018 and 2017

(Expressed in Canadian dollars)

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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.

**WESTERN TROY CAPITAL RESOURCES INC.  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED NOVEMBER 30, 2018**

## **Introduction**

The following management's discussion and analysis ("MD&A") of the financial condition and results of the operations of Western Troy Capital Resources Inc. ("Western Troy", or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the year ended November 30, 2018. This MD&A was written to comply with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the years ended November 30, 2018 and 2017, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The financial statements and the financial information contained in this MD&A were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC"). Information contained herein is presented as of April 1, 2019, unless otherwise indicated.

See the section "Risks and Uncertainties" and "Caution Regarding Forward-Looking Statements" included within this MD&A. Additional information relating to the Company is available free of charge on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com) or on Western Troy's website at [www.westerntroycapital.com](http://www.westerntroycapital.com).

## **Description of Business**

Western Troy was incorporated under the laws of the Province of Ontario, Canada, by Articles of Incorporation dated November 8, 1989. The Company has interests in resource properties in the United States of America ("US"), and is engaged in the acquisition, exploration and evaluation of properties for the mining of precious and base metals. Substantially all of the efforts of the Company are devoted to these business activities and to date the Company has not earned significant revenues. Western Troy investigates mineral property opportunities worldwide.

The shares of Western Troy trade on the TSX Venture Exchange under the symbol WRY, with 8,182,994 common shares outstanding (6,717,994 fully diluted as of November 30, 2017). Subsequent to the year end, the Company announced the consolidation of its 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 pre-Consolidation number of outstanding common shares was 40,914,970.

The Company has no revenues other than interest income earned on cash deposits, therefore its ability to ensure continuing operations is dependent on obtaining necessary financing.

Western Troy's goal is to create shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic precious and base metal deposits.

## **Operational Highlights**

### **Corporate**

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

**Western Troy Capital Resources Inc.  
Management's Discussion and Analysis  
Year Ended November 30, 2018  
Dated – April 1, 2019**

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road kilometers 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 include the following:

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

On July 23, 2018, the Company announced the results of its investigation into the historically reported resources at the San Nicolas Project near Cajamarca, Peru.

On November 29, 2018, the Company announced that it has reached a settlement with Canada Revenue Agency (the "CRA") regarding certain exploration expenses that the Company incurred in 2011. (See Commitments below)

On December 4, 2018, the Company announced that MASGLAS and the Company have agreed to terminate the LOI they announce on June 29, 2018.

On February 26, 2019, the Company announced that Western Troy and Cultivation Technologies, Inc. ("CTI") have 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.

### **Exploration update**

During the year ended November 30, 2018, the Company expensed \$508,926 on exploration and evaluation expenditures, compared to \$272,596 during the year ended November 30, 2017.

### **Mineral Properties**

#### *MacLeod Lake Project*

The Company owned 100% of the MacLeod Lake property and Eastmain River properties until October of 2016 when they were sold to a private company for cash proceeds of \$1 and the assumption of all environmental liabilities associated with the project.

### Willow Creek

On December 14, 2017, the Company along with its newly formed wholly owned US subsidiary, WTMC, executed a lease agreement with MEMC with respect to the Willow Creek Mine located in Lake County, Colorado. The property consists of 120 acres of private land, and approximately 3,120 acres of contiguous unpatented mining claims.

Pursuant to the lease agreement, the Company issued to MEMC 1,000,000 Series A common share purchase warrants of the Company. Each Series A warrant shall entitle the holder to acquire one common share of the Corporation at an exercise price of C\$0.05, exercisable for a period of two years from the date of issuance of the warrants. The Company also issued to MEMC 2,000,000 Series B common share purchase warrants of the Company. Each Series B warrant shall entitle the holder to acquire one common share of the Company at an exercise price of C\$0.05, exercisable for a period of 120 days from the date of issuance of the warrants. The securities issued are subject to a four month and one day statutory hold period.

The Company paid MEMC minimum advance NSR royalties and NPI of US\$25,000 upon signing.

On January 29, 2018, the Company announced that it had received assay results on its leased Willow Creek Mine near Leadville, Colorado. While past work on the property indicated good gold grades and tonnage, assaying of the core samples did not confirm past reports and did not expand the potential resource. Western Troy terminated its lease agreement with Mt. Elbert Mining Company.

### **Trends**

There are significant uncertainties regarding the price of precious and base metals and the availability of equity financing for the purposes of exploration and development. The Company's future performance is largely tied to the development of its current mineral property interests and the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy. However, recently, equity markets in Canada have showed signs of improvement, with equities increasing significantly during this period. Strong equity markets are favourable conditions for completing a financing, public merger or acquisition transaction.

### **Off-Balance-Sheet Arrangements**

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## Selected Annual Financial Information

The following is selected financial data derived from the audited consolidated financial statements of the Company as at November 30, 2018, 2017 and 2016 and for the years ended November 30, 2017, 2016 and 2015.

	Year ended November 30, 2018	Year ended November 30, 2017	Year ended November 30, 2016
Net (loss) income	\$(499,058)	\$(799,164)	\$1,130,021
Net (loss) income per share (basic and diluted) <sup>(1)</sup>	\$(0.06)	\$(0.12)	\$0.17
	As at November 30, 2018	As at November 30, 2017	As at November 30, 2016
Total assets	\$69,853	\$638,642	\$1,715,743
Current liabilities	\$165,893	\$699,551	\$977,488

<sup>(1)</sup> Effective January 19, 2019, the Company consolidated its shares on the basis of one new, post-consolidated share for every five old, pre-consolidated shares (See "Operational Highlights" above and "Subsequent events" below). The weighted average number of common shares outstanding and loss per share figures have been adjusted to reflect this share consolidation.

- The net loss for the year ended November 30, 2018, consisted primarily of (i) exploration and evaluation expenses of \$508,926; (ii) professional fees of \$160,428; (iii) share-based payments of \$65,977; (iv) shareholder relations of \$50,742; (v) management and consulting fees of \$45,854 (vi) office, travel and general expenses of \$35,571; (vii) accounting and corporate fees of \$29,930; (viii) directors fees of \$15,750; and (ix) transaction cost of \$65,180. The expenditure was offset by (a) gain on forgiveness of debt - consulting fees of \$325,893; and (b) flow-through indemnification reversal of \$148,541.
- The net loss for the year ended November 30, 2017, consisted primarily of (i) exploration and evaluation expenses of \$272,596, (ii) management and consulting fees of \$313,172; (iii) office, travel and general expenses of \$46,683; (iv) professional fees of \$173,730; (v) accounting and corporate fees of \$38,175; (vi) directors fees of \$11,550 and (vii) other working capital expenditures incurred to maintain the operations of the Company.
- The net income for the year ended November 30, 2016 consisted primarily of (i) legal judgement of \$1,664,981 and (ii) gain on sale of marketable securities of \$11,628. The income was offset by (i) management and consulting fees of \$153,470; (ii) professional fees of \$249,183; (iii) accounting and corporate expenses of \$70,729 and (v) other working capital expenditures incurred to maintain the operations of the Company.

## Selected Quarterly Information

A summary of selected information for each of the eight most recent quarters is as follows:

Three Months Ended	Net Revenues (\$)	Net Income (Loss)	
		Total (\$)	Basic and Diluted Income (Loss) Per Share (\$)
November 30, 2018	-	(32,708) <sup>(1)</sup>	0.01
August 31, 2018	-	(18,870) <sup>(2)</sup>	(0.00)
May 31, 2018	-	(76,412) <sup>(3)</sup>	(0.01)
February 28, 2018	-	(371,068) <sup>(4)</sup>	(0.05)
November 30, 2017	-	(352,840) <sup>(5)</sup>	(0.05)
August 31, 2017	-	(273,711) <sup>(6)</sup>	(0.04)
May 31, 2017	-	(155,936) <sup>(7)</sup>	(0.02)
February 28, 2017	-	(16,677) <sup>(8)</sup>	(0.00)

Notes:

- (1) Net loss of \$32,708 principally consists of professional fees of \$96,454; transaction costs of \$65,180; accounting and corporate fees of \$12,009 and management and consulting fees of \$21,204, offset by flow-through indemnification reversal of \$148,541. All other expenses related to general working capital purposes.
- (2) Net loss of \$18,870 principally relates to shareholder relations of \$27,865; professional fees of \$18,501; office, travel and general of \$10,127; and is offset by management and consulting fees of \$49,715. All other expenses related to general working capital purposes.
- (3) Net loss of \$76,412 principally relates to professional fees of \$36,577; office, travel and general of \$15,575; and management and consulting fees of \$11,679. All other expenses related to general working capital purposes.
- (4) Net loss of \$371,068 principally relates to exploration and evaluation expenditures of \$517,971, share-based payment of \$68,300; shareholder relations of \$13,271; which was offset management and consulting reversal of \$252,669. All other expenses related to general working capital purposes.
- (5) Net loss of \$352,840 principally consists of exploration and evaluation expenditures of \$241,909; professional fees of \$47,904; and management and consulting fees of \$52,794. All other expenses related to general working capital purposes.
- (6) Net loss of \$273,711 principally relates to exploration and evaluation expenditures of \$30,687; management and consulting fees of \$234,557; professional fees of \$24,994; and office, travel and general of \$20,169. All other expenses related to general working capital purposes.
- (7) Net loss of \$155,936 principally relates to professional fees of \$99,336; shareholder relations of \$17,063; and accounting and corporate fees of \$15,400. All other expenses related to general working capital purposes.
- (8) Net loss of \$89,280 principally relates to management and consulting fees of \$25,054; professional fees of \$29,359; and office, travel and general of \$10,016. All other expenses related to general working capital purposes.

## **Results of Operations**

### Three months ended November 30, 2018, compared with three months ended November 30, 2017

Western Troy's net loss totaled \$32,708 for the three months ended November 30, 2018, with basic and diluted income per share of \$0.01. This compares with a net loss of \$352,840 with basic and diluted loss per share of \$0.05 for the three months ended November 30, 2017. The decrease of \$320,132 in net income was principally because:

- Transaction cost of \$65,180 recorded for the three months ended November 30, 2018 due to the agreed termination of the LOI between the Company and MASGLAS as announced subsequent to the three months ended November 30, 2018.
- Professional fees increased by \$48,550 for the three months ended November 30, 2018, compared to the same period in 2017. The increase is mainly attributable to the legal fees payable regarding the CRA settlement.

However, this was offset by:

- During the three months ended November 30, 2018, the Company reversed flow-through indemnification expense of \$148,541 due to settlement reach with the CRA regarding certain exploration expenses that the Company incurred in 2011.

All other expenses related to general working capital purposes.

### Year ended November 30, 2018, compared with year ended November 30, 2017

Western Troy's net loss totaled \$499,058 for the year ended November 30, 2018, with basic and diluted loss per share of \$0.05. This compares with a net loss of \$799,164, with basic and diluted loss per share of \$0.12 for the year ended November 30, 2017. The decrease of \$300,106 in net loss was principally because:

- Management and consulting fees decreased by \$267,318 for the year ended November 30, 2018, compared to the same period in 2017. The decrease is attributable to lower consulting fees to the CEO of the Company.
- During the year ended November 30, 2018, the Company reversed flow-through indemnification expense of \$148,541 due to settlement reach with the CRA regarding certain exploration expenses that the Company incurred in 2011.
- During the year ended November 30, 2018, the Company record a gain on forgiveness of debt relating to consulting fees of \$325,893.

However, this was offset by:

- During the year ended November 30, 2018, exploration and evaluation expenditures on the Willow Creek property increased by \$236,330.
- During the year ended November 30, 2018, the Company incurred \$65,180 in share-based compensation as the Company granted 2,000,000 stock options to directors and officers of the Company, compare to nil in 2017.

- Transaction cost of \$65,180 was recorded for the year ended November 30, 2018 due to the agreed termination of the LOI between the Company and MASGLAS as announced subsequent to November 30, 2018.

All other expenses related to general working capital purposes.

## **Liquidity and Capital Resources**

The activities of the Company, principally the acquisition and exploration of properties that have the potential to contain precious and base metals, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options.

Amounts payable and other liabilities decreased to \$165,893 at November 30, 2018, compared to \$687,138 at November 30, 2017, primarily due to the forgiveness of debt relating to consulting fees to the CEO of the Company of \$325,893 and \$148,541 decrease in the accrual for the potential income tax liability of Part XII.6 tax for which the Company has indemnified the investors as a settlement was reached with the CRA regarding certain exploration expenses that the Company incurred in 2011.

The Company has no operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary exploration and operating activities. The Company relies on external financings to generate capital. On January 18, 2019, the Company executed a consolidation of its 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 reduced the number of outstanding common shares to 8,182,994 common shares issued and outstanding (40,914,970 pre-consolidation), 400,000 (2,000,000 pre-consolidation) options outstanding that would raise \$100,000 if exercised in full, and 200,000 (1,000,000 pre-consolidation) warrants outstanding that would raise \$50,000 if exercised in full. This is not anticipated until the market price of Western Troy's common shares rises significantly above the strike price of the options. See "Trends" above. The Company has no debt and its credit and interest rate risk is minimal. Amounts payable and other liabilities are short term and non-interest bearing. In addition, amounts receivable consist of sales tax owing from government authorities in Canada and other amounts receivable from an investor due to settlement reached with the CRA.

As at November 30, 2018, the Company had sold all of its marketable securities due to the improvement in the market.

Currently and in future, the Company's use of cash has and will principally occur in two areas: funding of its general and administrative expenditures and funding of its investment activities. Funding investing activities includes the cash components of the cost of acquiring and exploring mineral claims. The Company's cash expenses are averaging less than \$10,000 per month for management and consulting fees, office, travel and general expenses, professional fees, accounting and corporate expenses, shareholder relations, directors' fees, listing fees and other operating expenses.

The Company has budgeted no spending for its exploration activities in 2019. The Company will be evaluating opportunities to create shareholder value through acquisitions or business combinations. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and expenditures may be adjusted accordingly. Based on the working capital deficiency of \$96,040 and depending on whether acquisitions or business combinations are proposed, the Company may be required to raise additional funds in 2019 through

equity financing. There is, however, no assurance that any such initiatives will be successful. To meet long-term business plans, acquiring and exploring mineral properties and seeking out other prospective business opportunities are important components of the Company's financial success.

## **Proposed Transactions**

On February 26, 2019, the Company announced that Western Troy and Cultivation Technologies, Inc. ("CTI") have 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.

## **Capital 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 of the consolidated financial statements for the years ended November 30, 2018 and 2017, 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 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.

### **Related Party 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 paid consulting fees and travel expenses of 45,856, (year ended November 30, 2017 - \$311,831) to a corporation controlled by the President and Chief Executive Officer of the Company. As of November 30, 2018, there is an amount owing of \$nil (2017 - \$324,901) by the Company to the corporation and it has been included in amounts payable and other liabilities. The amount was 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 (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)
- (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.
- (vi) To the knowledge of the directors and executive officers of the Company, the common shares of the Company are widely held, except for 1,582,000 common shares or approximately 19.3% of the total common shares outstanding held or controlled by Stephen Hardy and 1,102,385 common shares or approximately 13.5% of the total common shares outstanding held or controlled by Barbara Mourin. As of November 30, 2018, directors and officers collectively control 722,200 common shares of the Company or approximately 8.8% of the total common shares outstanding. These holdings can change at any time at the discretion of the owner.

The Company is not aware of any arrangements that may at a subsequent date result in a change in control of the Company. To the knowledge of the Company, it is not directly or indirectly owned or controlled by another corporation, by any government or by any natural or legal person severally or jointly.

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

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	Salaries and benefits (1)		Share based payments		Total	
	Year Ended November 30,		Year Ended November 30,		Year Ended November 30,	
	2018 (\$)	2017 (\$)	2018 (\$)	2017 (\$)	2018 (\$)	2017 (\$)
Charles Scott, Former Director	nil	2,850	nil	nil	nil	2,850
Melvyn Williams, Director	7,750	5,200	13,660	nil	21,410	5,200
Rex E. Loesby, Director and Officer (2)	(280,102)	311,831	27,320	nil	(252,782)	311,831
John Archibald, Director	4,000	3,200	13,660	nil	17,660	3,200
Stephen Dunn, Director	4,000	300	13,660	nil	17,660	300
<b>Total</b>	<b>(264,352)</b>	<b>323,381</b>	<b>68,300</b>	<b>nil</b>	<b>(196,052)</b>	<b>323,381</b>

(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.

(2) 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.

As of November 30, 2018, there is an amount owing of \$3,150 (November 30, 2017 - \$324,900) by the Company to its directors and key management personnel (including the balance owing to the Chief Executive Officer's corporation in note (i) above) and it has been included in amounts payable and other liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.

### **New Standards and Interpretations Not Yet Adopted**

#### 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 is currently evaluating the impact of the adoption of IFRS 16 on its condensed interim consolidated financial statements.

## **Financial Risk Management**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign exchange rate and commodity and equity price risk). There were no changes to the Company's risk factors during the year ended November 30, 2018.

The Company's management team carries out risk management with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### **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 legal judgment receivable. Cash and short-term investments are held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. The legal judgement receivable was received subsequent to November 30, 2018.

### **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 (2017 - \$80,533) to settle current liabilities of \$165,893 (2017 - \$699,551). 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 above, 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.

### **Market risk**

Market risk is the risk of loss that may arise from changes in interest rates, foreign exchange rates and commodity and equity prices.

#### *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. As of November 30, 2018, interest rate risk is minimal since the Company has fixed rate interest-bearing instruments.

#### *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.

#### *Commodity and equity price risk*

The Company is exposed to price risk with respect to commodity 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 what course of action it should take.

#### **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.

#### **Risks and Uncertainties**

*An investment in the securities of the Company is highly speculative, involving numerous and significant risks, and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors described below.*

- *Exploration, Development and Operating Risks*

Mining operations generally involve a high degree of risk. Western Troy's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas which may result in environmental pollution and consequent liability.

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by Western Troy will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in Western Troy not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by Western Troy towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

- *No History of Profitability*

The Company is a development stage company with no history of profitability. There can be no assurance that its operations will be profitable in the future. The Company has limited financial resources and will require additional financing to further explore, develop, acquire, retain and engage in commercial production on its property interests and, if financing is unavailable for any reason, the Company may become unable to acquire and retain its mineral concessions and carry out its business plan.

- *Government Regulations*

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its mining activities, its exploitation licences must be kept current. There is no guarantee that the Company's exploitation licences will be extended or that new exploitation licences will be granted. In addition, such exploitation licences could be changed and there can be no assurances that any application to renew any existing licences will be approved. The Company may be required to contribute to the cost of providing the required infrastructure to facilitate the development of its properties. The Company will also have to obtain and comply with permits and licences that may contain specific conditions concerning operating procedures, water use, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to comply with any such conditions.

- *Market Fluctuations and Commercial Quantities*

The market for minerals is influenced by many factors beyond the Company's control, such as changing production costs, the supply and demand for minerals, the rate of inflation, the inventory of mineral producing companies, the international economic and political environment, changes in international investment patterns, global or regional consumption patterns, costs of substitutes, currency availability and exchange rates, interest rates, speculative activities in connection with minerals, and increased production due to improved mining and production methods. The metals industry in general is intensely competitive and there is no assurance that, even if commercial quantities and qualities of metals are discovered, a market will exist for the profitable sale of such metals. Commercial viability of precious and base metal deposits may be affected by other factors that are beyond the Company's control, including particular attributes of the deposit such as its size, quantity and quality, the cost of mining and processing, proximity to infrastructure and the availability of transportation and sources of energy, financing, government legislation and regulations including those relating to prices, taxes, royalties, land tenure, land use, import and export restrictions, exchange controls, restrictions on production, as well as environmental protection. It is impossible to assess with certainty the impact of various factors that may affect commercial viability so that any adverse combination of such factors may result in the Company's not receiving an adequate return on invested capital.

- *Mining Risks and Insurance*

The Company is subject to risks normally encountered in the mining industry, such as unusual or unexpected geological formations, cave-ins or flooding. The Company may become subject to liability for pollution, damage to life or property and other hazards of mineral exploration against which it or the operator of its exploration programs cannot insure against, or which it or such operator may elect not to insure because of high premium costs or other reasons. Payment of such liabilities would reduce funds available for acquisition of mineral prospects or exploration and development and would have a material adverse effect on the financial position of the Company.

- *Environmental Protection*

The mining and mineral processing industries are subject to extensive government regulations for the protection of the environment, including regulations relating to air and water quality, mine reclamation, solid and hazardous waste handling and disposal and the promotion of occupational health and safety, which may adversely affect the Company or require it to expend significant funds.

- *Capital Investment*

The ability of the Company to continue exploration and development of its property interests will be dependent upon its ability to raise significant additional financing. There is no assurance that adequate financing will be available to the Company or that the terms of such financing will be favourable. Should the Company not be able to obtain such financing, its properties may be lost entirely.

- *Conflicts of Interest*

Certain directors and officers of the Company may also serve as directors and officers of other companies involved in base and precious metal exploration and development, and consequently, the possibility of conflict exists. Any decisions made by such directors involving the Company will be made in accordance with the duties and obligations of directors to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matters in which they may have a conflict of interest.

- *Current Global Financial Conditions*

Global financial market conditions may impact the ability of the Company to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. The Company may not be able to secure appropriate debt or equity financing, either of which could affect the trading price of the Company's securities in an adverse manner.

Companies like Western Troy are considered risk assets and as mentioned above are highly speculative. The volatility in the markets and investor sentiment may make it difficult for Western Troy to access the capital markets in order to raise the capital it will need to fund its current level of expenditures.

## **Outlook**

The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on expectations of being able to raise financing as and when required.

## **Share Capital**

As at the date of this MD&A, the Company had 8,182,994 issued and outstanding common shares.

Stock options outstanding for the Company as at the date of this MD&A were as follows:

<b>Options</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
400,000	December 18, 2022	\$0.25
<b>400,000</b>		

Warrants outstanding for the Company as at the date of this MD&A were as follows:

<b>Warrants</b>	<b>Expiry Date</b>	<b>Exercise Price</b>
200,000	December 9, 2019	\$0.25
<b>200,000</b>		

## **Disclosure of Internal Controls**

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required

to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the consolidated financial statements, and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate filed by the Company does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing such certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's generally accepted accounting principles (IFRS).

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in such certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost-effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Commitments and Contingencies**

### **Management agreements**

The Company is party to management severance agreements which require that additional payments of up to USD144,000 (\$185,587) 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 recovery 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 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 cash position could be affected positively or negatively in the period in which the matters are resolved.

### **Subsequent Events**

1. 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 Tantauatay Gold Mine. Terms of the LOI include the following:
  - A Reverse Take-Over ("RTO") once the required exchange and shareholder approvals were gained, and the Company will 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.
  - Upon execution of the LOI, Western Troy will pay \$25,000 to MASGLAS (paid) and the Company would commission and fund an NI43-101 Technical Report on the San Nicolas properties (commissioned).
  - The Company would initiate a private placement to raise a minimum of \$500,000.
  - The Company share trading was halted during the exchange review process (halted on June 28, 2018).

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.

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2. 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.
3. On January 15, 2019, the Company 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.
4. 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.

### **Caution Regarding Forward-Looking Statements**

The MD&A contains forward-looking information within Canadian securities laws (collectively "forward looking statements") concerning the anticipated developments in the Company's operations in future periods, its planned exploration activities, the adequacy of its financial resources and other events or conditions that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed. Any statements that express or involve predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof, or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward-looking statements.

<b>Forward-looking statements</b>	<b>Assumptions</b>	<b>Risk factors</b>
Potential of Western Troy's	Financing will be available for future	Precious and base metals price

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<p>properties to contain economic deposits of precious and base metals (as described under the headings “Description of Business” and “Operational Highlights” and “Financial Highlights”)</p>	<p>exploration and development of Western Troy’s properties; the actual results of Western Troy’s exploration and development activities will be favourable; operating, exploration and development costs will not exceed Western Troy’s expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Western Troy, and applicable political and economic conditions are favourable to Western Troy; the price of precious and base metals and applicable interest and exchange rates will be favourable to Western Troy; no title disputes exist with respect to the Company’s properties</p>	<p>volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Western Troy’s expectations; availability of financing for and actual results of Western Troy’s exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company’s ability to retain and attract skilled staff</p>
<p>The Company’s ability to meet its working capital needs at the current level for the twelve-month period ending November 30, 2019 (as described under the heading “Financial Highlights”)</p>	<p>The operating and exploration activities of the Company for the twelve months ending November 30, 2019, and the costs associated therewith, will be consistent with Western Troy’s current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Western Troy</p>	<p>Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions</p>
<p>Plans, costs, timing and capital for future exploration and development of Western Troy’s property interests, including the costs and potential impact of complying with existing and proposed laws and regulations (as described under the headings “Trends”, “Operational Highlights”, “Financial Highlights” in this MD&amp;A and “Outlook” in the Annual MD&amp;A)</p>	<p>Financing will be available for Western Troy’s exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company’s current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Western Troy; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are</p>	<p>Precious and base metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Western Troy’s expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company’s ability to retain and attract skilled staff</p>

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**Management's Discussion and Analysis**  
**Year Ended November 30, 2018**  
**Dated – April 1, 2019**

	favourable to Western Troy; the price of precious and base metals will be favourable to Western Troy; no title disputes exist with respect to Western Troy's properties	
Management's outlook regarding future trends (as described under the heading "Trends")	Financing will be available for Western Troy's exploration and operating activities; the price of precious and base metals will be favourable to Western Troy	Precious and base metals price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Sensitivity analysis of financial instruments (as described under the heading "Financial Risk Management" under the subheading "Sensitivity Analysis" in the Annual MD&A)	The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk; the fair value of the Company's marketable securities will not be subject to change in excess of plus or minus 25%	Changes in stock markets; changes in debt and equity markets; interest rate and exchange rate fluctuations
Prices and price volatility for precious and base metals (as described under the heading "Trends")	The price of precious and base metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of precious and base metals will be favourable	Changes in debt and equity markets and the spot price of precious and base metals; interest rate and exchange rate fluctuations; changes in economic and political conditions
Plans, costs, timing and capital for future exploration and development of Western Troy's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations (as described under the headings "Trends", "Operational Highlights", "Financial Highlights" in this MD&A and "Outlook" in the Annual MD&A)	Financing will be available for Western Troy's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Western Troy; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to Western Troy; the price of precious and base metals will be favourable to Western Troy; no title disputes exist with respect to Western Troy's properties	Precious and base metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Western Troy's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff



## Additional Disclosure for Venture Issuers Without Significant Revenue

### Exploration and Evaluation Expenditures

	Year Ended November 30, 2018 \$	Year Ended November 30, 2017 \$
<b>Willow Creek</b>		
<b>Acquisition costs</b>		
Staking claims	61,330	7,690
Option agreement	72,278	nil
<b>Exploration Expenditures</b>		
Drilling	235,251	nil
Geologists fees and costs	86,503	153,404
Fuel and transportation	nil	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	nil	6,154
Sampling and assay	42,042	14,980
Insurance	nil	1,656
<b>Total</b>	<b>508,926</b>	<b>272,596</b>

### General and Administrative

	Year Ended November 30, 2018 \$	Year Ended November 30, 2017 \$
Management and consulting fees	45,854	313,172
Shareholder relations	50,742	1,168
Accounting and corporate	29,930	38,175
Professional fees	160,428	173,740
Office, travel and general	35,571	46,683
Directors' fees	15,750	11,550
Share-based payments	65,977	nil
<b>Total</b>	<b>404,252</b>	<b>584,478</b>



