



WESTERN PACIFIC  
RESOURCES CORP.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**NINE MONTHS ENDED NOVEMBER 30, 2019**

**(Unaudited – Prepared by Management)  
Expressed in Canadian Dollars**

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed consolidated interim financial statements for the nine months ended November 30, 2019. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

**WESTERN PACIFIC RESOURCES CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION AS AT**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

|  | Note | November 30,<br>2019 | February 28,<br>2019 |
|--|------|----------------------|----------------------|
| <b>ASSETS</b>  |      |                      |                      |
| <b>Current assets</b>  |      |                      |                      |
| Cash   |      | \$ 18,254            | \$ 2,086             |
| Other receivables  |      | 10,818               | 11,953               |
|  |      | 29,072               | 14,039               |
| <b>Non-current assets</b>                                      |      |                      |                      |
| Property and equipment   | 5    | 2,501                | 2,942                |
| Exploration and evaluation assets                              | 6    | 102,800              | 102,800              |
|  |      | 105,301              | 105,742              |
| <b>TOTAL ASSETS</b>  |      | <b>\$ 134,373</b>    | <b>\$ 119,781</b>    |
| <b>LIABILITIES and SHAREHOLDERS' EQUITY (DEFICIENCY)</b>       |      |                      |                      |
| <b>Current liabilities</b>                                     |      |                      |                      |
| Accounts payable and accrued liabilities                       |      | \$ 243,158           | \$ 321,357           |
| Due to related parties   | 10   | 420,553              | 439,380              |
| <b>Total liabilities</b>                                       |      | <b>663,711</b>       | <b>760,737</b>       |
| <b>Shareholders' equity (deficiency)</b>                       |      |                      |                      |
| Share capital  | 8    | 11,546,317           | 11,112,697           |
| Shares to be issued for property                               | 6    | -                    | 92,800               |
| Other equity reserves  | 9    | 2,585,185            | 2,585,185            |
| Deficit  |      | (14,660,840)         | (14,431,638)         |
| <b>Total shareholders' equity (deficiency)</b>                 |      | <b>(529,338)</b>     | <b>(640,956)</b>     |
| <b>TOTAL LIABILITIES and SHAREHOLDERS' EQUITY (DEFICIENCY)</b> |      | <b>\$ 134,373</b>    | <b>\$ 119,781</b>    |

**Nature of operations and going concern (Notes 1 & 2)**  
**Subsequent event (Note 14)**

**APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON January 28, 2020:**

"Jeff Dare", Director  
Jeff Dare

"Darryl Cardey", Director  
Darryl Cardey

*See accompanying notes to the condensed consolidated interim financial statements*

**WESTERN PACIFIC RESOURCES CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

|   | Note | Three months ended<br>November 30, |                     | Nine months ended<br>November 30, |                     |
|---|------|------------------------------------|---------------------|-----------------------------------|---------------------|
|   |      | 2019                               | 2018                | 2019                              | 2018                |
| <b>EXPLORATION EXPENDITURES</b>                             | 7    | \$ -                               | \$ (2,277)          | \$ 2,469                          | \$ -                |
| <b>GENERAL AND ADMINISTRATIVE EXPENSES</b>                  |      |                                    |                     |                                   |                     |
| Amortization  |      | 147                                | 184                 | 441                               | 552                 |
| Consulting fees   | 10   | 19,000                             | 57,000              | 140,000                           | 57,000              |
| Directors fees  | 10   | 3,000                              | 9,000               | 21,000                            | 20,550              |
| Investor relations and shareholder information              |      | 180                                | 1,299               | 735                               | 1,804               |
| Management fees   | 10   | 9,000                              | 27,000              | 63,000                            | 71,275              |
| Office and administration                                   |      | 722                                | 4,160               | 907                               | 15,187              |
| Professional fees   | 10   | 12,700                             | 29,415              | 21,795                            | 47,350              |
| Salaries and benefits                                       | 10   | -                                  | 2,250               | -                                 | 11,250              |
| Share-based payments  | 9,10 | -                                  | 434                 | -                                 | 4,656               |
| Transfer agent and regulatory fees                          |      | 6,334                              | 12,857              | 9,989                             | 16,027              |
|   |      | 51,083                             | 143,599             | 257,867                           | 245,651             |
| <b>Loss before other items</b>                              |      | <b>(51,083)</b>                    | <b>(141,322)</b>    | <b>(260,336)</b>                  | <b>(245,651)</b>    |
| <b>OTHER ITEMS</b>  |      |                                    |                     |                                   |                     |
| Interest income   |      | 141                                | 6                   | 181                               | 81                  |
| Foreign exchange gain (loss)                                |      | 5                                  | 732                 | 4,435                             | (8,849)             |
| Income from leasing of exploration and evaluation assets    | 6    | -                                  | -                   | 26,518                            | -                   |
| Gain on sale of net smelter royalty                         |      | -                                  | 33,911              | -                                 | 54,490              |
|   |      | 146                                | 34,649              | 31,134                            | 45,722              |
| <b>Net loss and comprehensive loss for the year</b>         |      | <b>\$ (50,937)</b>                 | <b>\$ (106,673)</b> | <b>\$ (229,202)</b>               | <b>\$ (199,929)</b> |
| <b>Loss per share, basic and diluted</b>                    |      | <b>\$ (0.02)</b>                   | <b>\$ (0.07)</b>    | <b>\$ (0.11)</b>                  | <b>\$ (0.13)</b>    |
| <b>Weighted average number of common shares outstanding</b> |      | <b>2,886,167</b>                   | <b>1,575,584</b>    | <b>2,111,668</b>                  | <b>1,575,584</b>    |

*See accompanying notes to the condensed consolidated interim financial statements*

**WESTERN PACIFIC RESOURCES CORP.**

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**

For the nine months ended November 30, 2019 and 2018

(Expressed in Canadian Dollars)

|  | Number of<br>common<br>shares | Share<br>capital     | Other equity reserves       |                               | Shares<br>to be<br>issued | Deficit                | Total               |
|--|-------------------------------|----------------------|-----------------------------|-------------------------------|---------------------------|------------------------|---------------------|
|  |                               |                      | Share-<br>based<br>payments | Share<br>purchase<br>warrants |                           |                        |                     |
| Balance, February 28, 2018             | 1,575,584                     | \$ 11,112,697        | \$ 1,265,599                | \$ 1,314,930                  | \$ -                      | \$ (14,099,761)        | \$ (406,535)        |
| Net loss for the period                | -                             | -                    | -                           | -                             | -                         | (199,929)              | (199,929)           |
| Share-based payments                   | -                             | -                    | 4,656                       | -                             | -                         | -                      | 4,656               |
| <b>Balance, November 30, 2018</b>      | <b>1,575,584</b>              | <b>\$ 11,112,697</b> | <b>\$ 1,270,255</b>         | <b>\$ 1,314,930</b>           | <b>\$ -</b>               | <b>\$ (14,299,690)</b> | <b>\$ (601,808)</b> |
| Balance, February 28, 2019             | 1,575,584                     | \$ 11,112,697        | \$ 1,270,255                | \$ 1,314,930                  | \$ 92,800                 | \$ (14,431,638)        | \$ (640,956)        |
| Net loss for the period                | -                             | -                    | -                           | -                             | -                         | (229,202)              | (229,202)           |
| Shares issued for private placements   | 2,326,734                     | 349,010              | -                           | -                             | -                         | -                      | 349,010             |
| Shares issued for property acquisition | 160,000                       | 92,800               | -                           | -                             | (92,800)                  | -                      | -                   |
| Share issuance costs                   | -                             | (8,190)              | -                           | -                             | -                         | -                      | (8,190)             |
| <b>Balance, November 30, 2019</b>      | <b>4,062,318</b>              | <b>\$ 11,546,317</b> | <b>\$ 1,270,255</b>         | <b>\$ 1,314,930</b>           | <b>\$ -</b>               | <b>\$ (14,660,840)</b> | <b>\$ (529,338)</b> |

See accompanying notes to the condensed consolidated interim financial statements

**WESTERN PACIFIC RESOURCES CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited – Prepared by Management)  
(Expressed in Canadian Dollars)

|   | Note | Nine months ended November 30, |                 |
|---|------|--------------------------------|-----------------|
|   |      | 2019                           | 2018            |
| <b>CASH PROVIDED BY (USED IN):</b>                          |      |                                |                 |
| <b>OPERATING ACTIVITIES</b>                                 |      |                                |                 |
| Net loss for the period                                     |      | \$ (229,202)                   | \$ (199,929)    |
| Items not affecting cash:                                   |      |                                |                 |
| Amortization  | 5    | 441                            | 552             |
| Share-based payments  | 9,10 | -                              | 4,656           |
| Gain on sale of net smelter royalty                         |      | -                              | (54,490)        |
|   |      | (228,761)                      | (249,211)       |
| Changes in non-cash working capital items:                  |      |                                |                 |
| Other receivables   |      | 1,135                          | 998             |
| Prepaid expenses and deposits                               |      |                                | 4,750           |
| Accounts payable and accrued liabilities                    |      | (78,199)                       | 177,282         |
| Due to related parties                                      | 10   | (18,827)                       | (25,811)        |
| <b>Net cash used in operating activities</b>                |      | <b>(324,652)</b>               | <b>(91,992)</b> |
| <b>INVESTING ACTIVITIES</b>                                 |      |                                |                 |
| Proceeds from sale of Net Smelter Royalty                   |      | -                              | 54,490          |
| Exploration and evaluation asset cost recoveries            |      | -                              | 16,229          |
| <b>Net cash provided by investing activities</b>            |      | <b>-</b>                       | <b>70,719</b>   |
| <b>FINANCING ACTIVITIES</b>                                 |      |                                |                 |
| Proceeds from share issuance                                |      | 349,010                        | -               |
| Share issue costs   |      | (8,190)                        | -               |
| <b>Net cash provided by financing activities</b>            |      | <b>340,820</b>                 | <b>-</b>        |
| <b>Net inflow (outflow) of cash</b>                         |      | <b>16,168</b>                  | <b>(21,273)</b> |
| Cash, beginning of period                                   |      | 2,086                          | 22,171          |
| <b>Cash, end of period</b>                                  |      | <b>\$ 18,254</b>               | <b>\$ 898</b>   |
| <b>Supplemental disclosures with respect to cash flows:</b> |      |                                |                 |
| Non-Cash investing & financing activities:                  |      |                                |                 |
| Shares issued for property                                  |      | \$ 92,800                      | \$ -            |

See accompanying notes to the condensed consolidated interim financial statements

**WESTERN PACIFIC RESOURCES CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the nine months ended November 30, 2019**  
(Expressed in Canadian Dollars)

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**1. CORPORATE INFORMATION**

Western Pacific Resources Corp. (the "Company") was incorporated under the *Business Corporations Act* of British Columbia on June 4, 2009. The Company's principal business activities are directed towards the exploration and development of mineral properties in the Americas.

The address of the Company's corporate office and principal place of business is Suite 550 – 800 West Pender Street, Vancouver, BC, V6C 2V6.

**2. BASIS OF PREPARATION**

**Statement of Compliance with International Financial Reporting Standards ("IFRS")**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with the significant accounting policies disclosed in Note 3 of audited consolidated financial statements of the Company for the year ended February 28, 2019. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements.

**Basis of Measurement**

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

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

During the year ended February 28, 2019, the Company completed a consolidation of the issued shares and stock options outstanding on a one (1) new for ten (10) old basis at September 20, 2018 and on a one (1) new for four (4) old basis at November 6, 2018. As a result, the Company's issued shares were reduced to 1,575,584. All references to common shares and stock options in these consolidated financial statements reflect the share consolidation (Note 8).

**Going Concern and Continuance of Operations**

These consolidated financial statements have been presented on the basis that the Company will continue as a going concern, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At November 30, 2019, the Company has an accumulated deficit of \$14,660,840 (February 28, 2019: \$14,431,638) since inception, and the Company's current liabilities exceed its current assets by \$634,639 (February 28, 2019: \$746,698). The Company is expected to incur further losses in the development of its business, and will need to raise additional capital in order to fund its operations through the next twelve months, all of which may cast significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary capital to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

**2. BASIS OF PREPARATION** *(cont'd...)*

**Basis of Consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned Nevada, U.S.A. subsidiary, Western Pacific Resources (U.S.) Corp. A subsidiary is an entity in which the Company has control, directly or indirectly, where control is defined as the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. All material intercompany transactions and balances have been eliminated on consolidation.

**3. ADOPTION OF NEW ACCOUNTING STANDARDS AND AMENDMENTS**

The accounting policies in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended February 28, 2019, except for the adoption, on March 1, 2019, of IFRS 16, Leases and IFRIC 23, Uncertainty over Income Tax Treatments, which has an initial application as at this date.

The newly adopted IFRS 16, Leases standard establishes principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company has not entered into any lease agreements as lessee; therefore, the adoption of the above standard has had no impact on the results and financial position of the Company.

The newly adopted IFRIC 23, Uncertainty over Income Tax Treatments clarifies the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The adoption of the above standard, amendments and interpretations has not had an impact on the financial statements of the Company.

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in the consolidated financial statements in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Significant assumptions about the future and other sources of estimation uncertainty that management has

made at the consolidated statement of financial position date that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The completeness of accounts payable and accrued liabilities.
- The inputs in accounting for share-based payments.
- The recoverability and measurement of deferred income tax assets.



**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS** *(cont'd...)*

Management must make judgments given the various options available as per accounting standards for items included in the consolidated financial statements. Judgments involve a degree of uncertainty and could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual events differ from a judgment made. A summary of items involving management judgment include, but are not limited to:

- The determination of the Company's and its subsidiary's functional currency requires management's judgment of the underlying transactions, events and conditions relevant to the entity.
- The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company.

Assets or cash-generating units are evaluated at each reporting date to determine whether there are any indications of impairment. The Company considers both internal and external sources of information when making the assessment of whether there are indications of impairment for the Company's exploration and evaluation assets.

In respect of costs incurred for its investment in exploration and evaluation assets, management has determined the acquisition costs that have been capitalized are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefit including geologic and metallurgic information, economics assessment/studies, accessible facilities and existing permits.

Although the Company has taken steps to identify any decommissioning liabilities related to exploration and evaluation assets in which it has an interest, there may be unidentified decommissioning liabilities present.

- The determination of the categories in which financial assets and liabilities are classified.
- The assessment of the Company's ability to continue as a going concern involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

**WESTERN PACIFIC RESOURCES CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the nine months ended November 30, 2019**  
(Expressed in Canadian Dollars)

**5. PROPERTY AND EQUIPMENT**

|   | <b>Furniture and office equipment</b> |
|---|---------------------------------------|
| <b>Cost</b>   |                                       |
| Balance, February 28, 2018                              | \$ 10,745                             |
| <b>Balance, February 28, 2019 and November 30, 2019</b> | <b>\$ 10,745</b>                      |
| <b>Accumulated amortization</b>                         |                                       |
| Balance, February 28, 2018                              | \$ 7,067                              |
| Change for year   | 736                                   |
| Balance, February 28, 2019                              | 7,803                                 |
| Change for period                                       | 441                                   |
| <b>Balance, November 30, 2019</b>                       | <b>\$ 8,244</b>                       |
| <b>Carrying amounts</b>                                 |                                       |
| At February 28, 2019                                    | \$ 2,942                              |
| <b>At November 30, 2019</b>                             | <b>\$ 2,501</b>                       |

**6. EXPLORATION AND EVALUATION ASSETS**

The Company has capitalized the following acquisition costs of its mineral property interests during the period from March 1, 2019 to November 30, 2019:

|   | <b>British Columbia,<br/>Canada</b> | <b>Nevada, USA</b>  |                   |
|---|-------------------------------------|---------------------|-------------------|
|   | <b>Nizi Property</b>                | <b>Rock Springs</b> | <b>Total</b>      |
| Balance, February 28, 2018                            | \$ -                                | \$ 16,229           | \$ 16,229         |
| Recoveries  | -                                   | (16,229)            | (16,229)          |
| Acquisition   | 102,800                             | -                   | 102,800           |
| <b>Balance, February 28 and<br/>November 30, 2019</b> | <b>\$ 102,800</b>                   | <b>\$ -</b>         | <b>\$ 102,800</b> |

**Nizi Property**

In January 2019, the Company negotiated an option agreement with an arm's-length third party to earn a 100% interest in the Nizi Property ("Nizi") located northeast of the community of Dease Lake in British Columbia.

The following are the terms of the signed Nizi option agreement:

| <b>Due Date</b>                | <b>Cash Payment</b> | <b>Shares</b>           |
|--------------------------------|---------------------|-------------------------|
| On or before February 28, 2019 | \$10,000 (paid)     | 160,000 (issued)        |
| On or before June 15, 2020     | \$100,000           |                         |
| On or before June 15, 2021     | \$100,000           |                         |
| On or before June 15, 2022     | \$100,000           |                         |
| <b>Total</b>                   | <b>\$310,000</b>    | <b>160,000 (issued)</b> |

**WESTERN PACIFIC RESOURCES CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the nine months ended November 30, 2019**  
(Expressed in Canadian Dollars)

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**6. EXPLORATION AND EVALUATION ASSETS** *(cont'd...)*

**Nizi Property** *(cont'd...)*

As part of the agreement, the Company has committed to incur a total of \$2,000,000 by October 15, 2023, broken down by date as follows:

| <b>Due Date</b>               | <b>Expenditure Commitment</b> |
|-------------------------------|-------------------------------|
| On or before October 15, 2020 | \$250,000                     |
| On or before October 15, 2021 | \$250,000                     |
| On or before October 15, 2022 | \$500,000                     |
| On or before October 15, 2023 | \$1,000,000                   |
| <b>Total Commitment</b>       | <b>\$2,000,000</b>            |

The Nizi property is subject to a 2.5% Net Smelter Royalty (“NSR”), of which 1% may be re-purchased for a cash payment of \$2,000,000. This property is also subject to an Annual Royalty Payment commencing June 15<sup>th</sup>, 2022.

**Rock Springs, Nevada**

The Rock Springs Property (“Rock Springs”) consisted of 120 claims, which the Company staked in Elko County, Nevada. During the year ended February 28, 2018, the Company reduced the number of claims held to 10.

During the year ended February 28, 2019, the Company granted lease rights to Rock Springs to Newmont USA Limited (“Newmont”) for a term of ten years. As per the agreement, Newmont shall make the following payments:

| <b>Due Date</b>   | <b>Payment Amount (US\$)</b> |
|---|------------------------------|
| October 18, 2018 (Effective date of the agreement)                          | \$40,000 (received)          |
| October 18, 2019 (First anniversary of the agreement)                       | \$20,000 (received)          |
| October 18, 2020 (Second anniversary of the agreement)                      | \$20,000                     |
| October 18, 2021 (Third anniversary of the agreement)                       | \$20,000                     |
| October 18, 2022 (Fourth anniversary of the agreement)                      | \$20,000                     |
| October 18, 2023 and each anniversary thereafter until the lease terminates | \$25,000                     |

As per the agreement, the Company also retains a 1.5% Net Smelter Royalty (“NSR”) on the production and sale of minerals from the Rock Springs Property. At any time prior to October 18, 2025, Newmont has the option to purchase one-third of the NSR for US\$1,000,000 reducing the royalty payable to the Company to 1%.

**7. EXPLORATION EXPENDITURES**

There was \$2,469 in exploration expenditure during the nine month period ended November 30, 2019 (2018 - \$Nil), relating to annual claim fees for the Rock Springs Property.

**WESTERN PACIFIC RESOURCES CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the nine months ended November 30, 2019**  
(Expressed in Canadian Dollars)

**8. SHARE CAPITAL AND RESERVES**

**Common and Preferred Shares**

The Company is authorized to issue an unlimited number of common and preferred shares without par value. The Company has not issued any preferred shares.

During the year ended February 28, 2019, the Company completed a consolidation of the issued shares and stock options outstanding on a one (1) new for ten (10) old basis at September 20, 2018 and on a one (1) new for four (4) old basis at November 6, 2018. As a result, the Company's issued shares were reduced to 1,575,584. All references to common shares and stock options in these consolidated financial statements reflect the share consolidation.

During the period ended November 30, 2019, 160,000 shares were issued in relation to the Nizi Property option agreement (Note 6).

During the period ended November 30, 2019, the Company completed a non-brokered private placement, consisting of 2,326,734 units at a price of \$0.15 per unit, raising aggregate gross proceeds of \$349,010. Each unit consists of one common share and one common share purchase warrant; permitting the holder to purchase one additional common share at a price of \$0.20 for five years. The Company paid cash finders' fees in the aggregate amount of \$8,190.

**9. SHARE-BASED PAYMENTS**

**Option Plan Details**

In November 2009, the Company adopted a share purchase option plan, which allows the Company to issue options to directors, officers, employees and consultants of the Company. A revised share option plan (the "Plan") was adopted in December 2013 and was ratified by the shareholders on January 14, 2014. The maximum aggregate number of securities reserved for issuance is 10% of the number of common shares issued and outstanding from time to time. The Plan provides that the number of options held by any one individual may not exceed 5% of the number of issued and outstanding common shares. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan will not be less than the discounted market price of the Company's shares on the last day shares are traded prior to the grant date. Vesting restrictions may be imposed at the discretion of the directors.

**Share Purchase Options**

The Company has granted share purchase options to its directors, officers, employees and consultants.

The following is a summary of outstanding share purchase options as at November 30, 2019:

| <b>Expiry date</b> | <b>Exercise price</b>                  | <b>Opening balance</b> | <b>Expired</b>  | <b>Closing balance</b> | <b>Vested and exercisable</b> |
|--------------------|--|------------------------|-----------------|------------------------|-------------------------------|
| June 16, 2019      | \$5.40                                 | 25,750                 | (25,750)        | -                      | -                             |
| Jan 27, 2020       | \$14.00                                | 7,500                  | -               | 7,500                  | 7,500                         |
| Jul 25, 2020       | \$15.20                                | 5,000                  | -               | 5,000                  | 5,000                         |
| Jul 12, 2021       | \$22.80                                | 7,125                  | -               | 7,125                  | 7,125                         |
| Mar 21, 2022       | \$2.00                                 | 27,500                 | -               | 27,500                 | 27,500                        |
|                    |  | <b>72,875</b>          | <b>(25,750)</b> | <b>47,125</b>          | <b>47,125</b>                 |
|                    | <b>Weighted average exercise price</b> | <b>\$7.38</b>          | <b>\$5.40</b>   | <b>\$8.46</b>          | <b>\$8.46</b>                 |

All outstanding options were exercisable as at November 30, 2019. 7,500 options expired, unexercised on January 27, 2020.

**WESTERN PACIFIC RESOURCES CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the nine months ended November 30, 2019**  
(Expressed in Canadian Dollars)

**9. SHARE-BASED PAYMENTS** (cont'd...)

**Fair Value of Options Issued During the Period**

There were no options granted during the period ended November 30, 2019.

The weighted average remaining contractual life of those options outstanding at November 30, 2019 is 1.69 (February 28, 2019: 1.93) years.

**Expenses Arising from Share-Based Payment Transactions**

Total expenses arising from the share-based payment transactions recognized during the period ended November 30, 2019 was \$Nil (2018: \$4,656).

As of November 30, 2019, there were no unrecognized compensation costs (February 28, 2019: \$Nil) related to share-based payment awards not yet exercisable, as all the stock options had previously vested.

**10. RELATED PARTY TRANSACTIONS**

The Company's related parties with transactions during the periods ended November 30, 2019 and 2018 consist of directors, officers and the following companies with common directors:

| <b>Related party</b>      | <b>Nature of transactions</b>            |
|---------------------------|--|
| FT Management Ltd.        | Short-term loan                          |
| J Dare Consulting Ltd.    | Director and consulting fees             |
| Sundar Consulting         | Management and director fees             |
| CDM Capital Partners Inc. | Management, director and consulting fees |

Balances and transactions with related parties not disclosed elsewhere in these consolidated financial statements are described below:

- i) A total of \$420,553 was owed to the related parties as at November 30, 2019 (February 28, 2019 \$439,380). Those amounts consisted of the following:

|                                |  | <b>Period ended<br/>November 30, 2019</b> | <b>Period ended<br/>February 28, 2019</b> |
|--------------------------------|--|---|---|
| Current officers*              | Management fees and expense reimbursements | \$ -                                      | \$ 57,039                                 |
| Former officers and directors  | Professional fees                          | -   | 7,938                                     |
| Current officers and directors | Directors', consulting fees and loans      | \$ 420,553                                | \$ 374,403                                |

\*During the nine months ended November 30, 2019, a change in the Company's directors and officers took place.

The amount of \$420,553 representing directors', management and consulting fees, and loans includes the debt owed to former officers and directors. The debt was re-acquired from current and former officers and an advisor by a current director.

**WESTERN PACIFIC RESOURCES CORP.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**For the nine months ended November 30, 2019**  
(Expressed in Canadian Dollars)

**10. RELATED PARTY TRANSACTIONS** (cont'd...)

ii) Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of the Company, and include certain directors and officers. Key management compensation, including amounts discussed above, comprises:

|                                  | <b>Nine months ended November 30,</b> |                   |
|----------------------------------|---------------------------------------|-------------------|
|                                  | <b>2019</b>                           | <b>2018</b>       |
| Management and professional fees | \$ 63,000                             | \$ 87,775         |
| Salaries and benefits            | -                                     | 11,250            |
| Consulting fees                  | 70,000                                | 27,000            |
| Directors' fees                  | 21,000                                | 20,550            |
| Share-based payments             | -                                     | 4,656             |
|                                  | <b>\$ 154,000</b>                     | <b>\$ 151,231</b> |

**11. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment, being the exploration and development of mineral properties. The mineral property interests are located in the United States and Canada, and substantially all of the exploration expenditures are incurred in North America. Substantially all of the Company's other assets and expenditures are located and incurred in Canada.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company is exposed to the following financial risks:

- Credit risk
- Liquidity risk
- Market risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

**General Objectives, Policies and Processes**

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management. The Board of Directors receives periodic reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(cont'd...)*

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

**(a) Credit Risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash and other receivables. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash invested in asset-based commercial paper.

**(b) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulties in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows required by operations and anticipated investing and financing activities. At November 30, 2019, the Company had cash of \$18,254 (February 28, 2019: \$2,086) and a working capital deficiency of \$634,639 (February 28, 2019: \$746,698). At November 30, 2019, current liabilities totalled \$663,711 (February 28, 2019: \$760,737) of which \$420,553 (February 28, 2019: \$439,380) was due to related parties. All of the Company's other short-term financial liabilities have contractual maturities of less than 45 days and are subject to normal trade terms. The company is exposed to liquidity risk.

**(c) Market Risk**

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other market prices. Management closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

i) **Currency Risk**

The Company is exposed to financial risk related to the fluctuation of foreign currency rates. The Company operates in Canada and the United States. A substantial portion of the Company's expenses are incurred in US dollars. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations. As at November 30, 2019, the Company had the Canadian dollar equivalent of \$276 in cash held in US dollars (February 28, 2019: \$367) and the Canadian dollar equivalent of \$25,000 in liabilities owed in US dollars (February 28, 2019 \$25,000).

Based on the above net exposure as at November 30, 2019, and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar would result in a \$2,500 increase/decrease in the Company's net income (loss) and comprehensive income (loss) for the period ended November 30, 2019.

**12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT** *(cont'd...)*

**c) Market Risk** *(cont'd...)*

ii) Interest Rate Risk

Interest rate risk consists of two components:

- A. To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk.
- B. To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

As at November 30, 2019, the Company does not have any interest-bearing borrowings. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with Canadian financial institutions. The Company considers this risk to be immaterial.

iii) Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk, currency risk, or equity price risk. The Company is not exposed to any other price risk.

**Determination of Fair Value**

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The carrying amounts for accounts payable and accrued liabilities and due to related parties approximate fair values due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

**Fair Value Hierarchy**

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

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



### **13. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to advance its mineral property and pursue growth opportunities. The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it to effectively support the acquisition and exploration of mineral properties.

The property in which the Company currently has an interest is in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to pay for limited property care and maintenance and general administrative costs, the Company will spend its existing capital resources. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company monitors its cash, investments, common shares, and stock options as capital. There have been no changes to the Company's approach to capital management during the period ended November 30, 2019. The Company's investment policy is to hold cash in interest-bearing bank accounts or highly liquid short-term interest-bearing investments with maturities of one year or less and which can be liquidated at any time without penalties. The Company is not subject to externally imposed capital requirements and does not have exposure to asset-backed commercial paper or similar products.

The Company does not expect its current capital resources to be sufficient to cover its operating costs through the next twelve months and as such, will need to obtain additional capital resources. Actual funding requirements may vary from those previously planned due to a number of factors, including the progress of the Company's business activities and economic conditions.

### **14. SUBSEQUENT EVENT**

On January 27, 2020, the Company entered into an asset purchase agreement (the "Asset Purchase Agreement") with Green Oil S.A. ("Green Oil") with respect to the acquisition by Western Pacific from Green Oil of certain mineral claims located in Ecuador (the "Transaction"). The Transaction, if completed, is anticipated to be a Fundamental Acquisition, as defined under the policies of the TSX Venture Exchange (the "Exchange"). The Transaction is an arm's length transaction and shareholder approval from Western Pacific's shareholders will not be required. Pursuant to Exchange policy, Western Pacific's common shares have been halted. Western Pacific's common shares will remain halted until such time as all required documentation has been filed with and accepted by the Exchange and permission to resume trading has been obtained from the Exchange.

Pursuant to the terms of the Asset Purchase Agreement, Western Pacific will acquire Green Oil's legal and beneficial right, title and interest to a 2,312 hectare concession known as the Julian Property ("Property") located in Ecuador. As consideration for the acquisition of the Property, Western Pacific will issue to Green Oil and its nominees 6,000,000 common shares in the capital of Western Pacific (the "Shares") at a deemed price of \$0.20 per Share.

Pursuant to the terms of the Asset Purchase Agreement, concurrent with the closing of the Transaction Western Pacific is required to complete a private placement of no less than 7,500,000 units ("Units") of Western Pacific at a price of \$0.20 per Unit for gross proceeds of \$1,500,000. Each Unit will consist of one share and one-half of one share purchase warrant (a "**Warrant**") with each whole Warrant being exercisable by the holder to purchase one additional share at a price of \$0.35 per share at any time within one year of the issuance of the Warrant.



**WESTERN PACIFIC**  
RESOURCES CORP.

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS –  
QUARTERLY HIGHLIGHTS**  
**For the nine months ended November 30, 2019**

**1. General**

This Interim Management's Discussion and Analysis ("Interim MD&A") supplements, but does not form part of, the unaudited condensed consolidated interim financial statements of Western Pacific Resources Corp. ("the Company") for the nine months ended November 30, 2019. The following information, prepared as of January 28, 2020, should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the nine months ended November 30, 2019 and the related notes contained therein. The Company reports its financial position, results of operations and cash flows in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In addition, the following should be read in conjunction with the Consolidated Financial Statements of the Company for the year ended February 28, 2019 and the related MD&A. All amounts are expressed in Canadian dollars unless otherwise indicated. The November 30, 2019 financial statements have not been reviewed by the Company's auditors.

Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**2. Forward Looking Information**

This MD&A may contain "forward-looking statements" that reflect the Company's current expectations and projections about its future results. When used in this MD&A, words such as "will", "may", "should", "estimate", "intend", "expect", "anticipate" and similar expressions are intended to identify forward-looking statements, which, by their very nature, are not guarantees of the Company's future operational or financial performance.

Forward-looking statements are not historical facts, and include but are not limited to:

- a) Estimates and their underlying assumptions;
- b) Statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model, future operations, the impact of regulatory initiatives on the Company's operations, and market opportunities;
- c) General industry and macroeconomic growth rates;
- d) Expectations related to possible joint or strategic ventures; and
- e) Statements regarding future performance.

Forward-looking statements used in this MD&A are subject to various risks, uncertainties and other factors, most of which are difficult to predict and generally beyond the control of the Company. These risks, uncertainties and other factors may include, but are not limited to unavailability of financing, failure to identify commercially viable mineral reserves, fluctuations in the market valuation for commodities, difficulties in obtaining required approvals for the development of a mineral project, and other factors.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this MD&A or as of the date otherwise specifically indicated herein. Due to risks, uncertainties and other factors, including the risks, uncertainties and other factors identified above and elsewhere in this MD&A, actual events may differ materially from current expectations. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise except as required by securities law.

### 3. Business of the Company

The Company is a Vancouver-based resource company seeking to acquire mineral properties in the Americas. The Company's principal focus is the acquisition of precious or base metal properties that are either producing assets or can be advanced to production relatively quickly. The company continues to pursue opportunities consistent with its strategy, but due to its financial position also continues to review its business strategy.

In the year ended February 28, 2019, the Company completed a consolidation of the Company's share capital on the basis of one (1) new share for every ten (10) existing shares and further a one (1) to four (4) consolidation. All references to common shares and stock options in this MD&A reflect the share consolidations.

The Company's shares trade on the TSX Venture Exchange (the "TSXV") under the symbol "WRP".

### 4. Property Review

#### Nizi Property, British Columbia, Canada

In January 2019, the Company negotiated an option agreement with an arm's-length third party to earn a 100% interest in the Nizi Property ("Nizi") located northeast of the community of Dease Lake in British Columbia, with six main zones of high-grade gold-silver vein-hosted mineralization.

The following are the terms of the signed Nizi option agreement:

| Due Date                       | Cash Payment     | Shares                  |
|--------------------------------|------------------|-------------------------|
| On or before February 28, 2019 | \$10,000 (paid)  | 160,000 (issued)        |
| On or before June 15, 2020     | \$100,000        |                         |
| On or before June 15, 2021     | \$100,000        |                         |
| On or before June 15, 2022     | \$100,000        |                         |
| <b>Total</b>                   | <b>\$310,000</b> | <b>160,000 (issued)</b> |

As part of the agreement, the Company has committed to incur a total of \$2,000,000 by October 15, 2023.

The Nizi property is subject to a 2.5% Net Smelter Royalty ("NSR"), of which 1% may be re-purchased for a cash payment of \$2,000,000. This property is also subject to an Annual Royalty Payment commencing June 15th, 2022

#### Rock Springs Property, Nevada, USA

The Rock Springs Property ("Rock Springs") consists of 10 claims located in Elko County, Nevada. The property lies 45 miles north of Newmont's Long Canyon property, along the northwest edge of the Bald Mountain/Pequop Trend which includes the Long Canyon project and the Mineral Gulch property.

During the year ended February 28, 2019, the Company granted lease rights to Rock Springs to Newmont USA Limited ("Newmont") for a term of ten years. As per the agreement, Newmont shall make the following payments:

| Due Date  | Payment Amount (US\$) |
|---|-----------------------|
| October 18, 2018 (Effective date of the agreement)                          | \$40,000 (received)   |
| October 18, 2019 (First anniversary of the agreement)                       | \$20,000 (received)   |
| October 18, 2020 (Second anniversary of the agreement)                      | \$20,000              |
| October 18, 2021 (Third anniversary of the agreement)                       | \$20,000              |
| October 18, 2022 (Fourth anniversary of the agreement)                      | \$20,000              |
| October 18, 2023 and each anniversary thereafter until the lease terminates | \$25,000              |

As per the agreement, the Company also retains a 1.5% Net Smelter Royalty ("NSR") on the production and sale of minerals from the Rock Springs Property. At any time prior to October 18, 2025, Newmont has the option to purchase one-third of the NSR for US\$1,000,000 reducing the royalty payable to the Company to 1%.

## Julian Property, Ecuador

On January 27, 2020, the Company entered into an asset purchase agreement (the "Asset Purchase Agreement") with Green Oil S.A. ("Green Oil") with respect to the acquisition of certain mineral claims located in Ecuador.

Pursuant to the terms of the Asset Purchase Agreement, Western Pacific will acquire Green Oil's legal and beneficial right, title and interest to a 2,312 hectare concession known as the Julian Property located in Ecuador. As consideration for the acquisition of the Property, Western Pacific will issue to Green Oil and its nominees 6,000,000 common shares in the capital of Western Pacific at a deemed price of \$0.20 per share.

### 5. Selected Quarterly Information

The following table provides information for the eight fiscal quarters ended November 30, 2019:

|   | Nov 30,<br>2019<br>(\$) | Aug 31,<br>2019<br>(\$) | May 31,<br>2019<br>(\$) | Feb 28,<br>2019<br>(\$) | Nov 30,<br>2018<br>(\$) | Aug 31,<br>2018<br>(\$) | May 31,<br>2018<br>(\$) | Feb. 28,<br>2018<br>(\$) |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|
| Exploration expenditures                  | -                       | 2,469                   | -                       | -                       | -                       | 2,277                   | -                       | -                        |
| General and administrative expenses       | 51,083                  | 111,421                 | 95,363                  | 131,881                 | 143,599                 | 25,377                  | 76,675                  | 161,996                  |
| Net income (loss)                         | (50,937)                | (82,937)                | (95,328)                | (131,948)               | (106,673)               | (32,540)                | (60,716)                | (176,793)                |
| Basic and diluted income (loss) per share | (0.02)                  | (0.05)                  | (0.06)                  | (0.08)                  | (0.07)                  | (0.01)                  | (0.00)                  | (0.01)                   |
| Total assets                              | 134,373                 | 149,551                 | 120,626                 | 119,781                 | 8,209                   | 22,305                  | 63,052                  | 52,011                   |
| Total liabilities                         | 663,711                 | 968,772                 | 856,910                 | 760,737                 | 610,017                 | 517,874                 | 528,192                 | 458,546                  |
| Shareholders' equity (deficiency)         | (529,338)               | (819,221)               | (736,284)               | (640,956)               | (601,808)               | (495,569)               | (465,140)               | (406,535)                |

The Exploration costs for the quarters ended August 31, 2018 and 2019 relate to care and maintenance activities on properties currently and previously held.

### 6. Results of Operations

#### Three Months Ended November 30, 2019, and 2018

For the three months ended November 30, 2019, the Company recorded a net loss of \$50,937 compared to \$106,673 for the quarter ended November 30, 2018, a decrease of \$55,736. This was mainly due to lower general and administrative expenses in the quarter ended November 30, 2019.

General and administrative expenses for the three months ended November 30, 2019 totaled \$51,083, as opposed to \$143,599 for the comparative quarter of 2018, a decrease of \$92,516. The difference is due to a reduction in consulting fees (2019 - \$19,000; 2018 - \$57,000), management fees (2019 - \$9,000; 2018 - \$27,000), directors fees (2019 - \$3,000; 2018 - \$9,000), professional fees (2019 - \$12,700; 2018 - \$29,415), and transfer agent and regulatory fees (2019 - \$6,334; 2018 - \$12,857) as a result of changes in management and director fees rates.

The results from the three months ended November 30, 2018 include a gain of \$33,911 relating to lease payment for the Rock Springs Property, and recovery of exploration costs of \$2,277, compared to \$Nil during the three months ended November 30, 2019.

#### Nine Months Ended November 30, 2019, and 2018

For the nine months ended November 30, 2019, the Company recorded a net loss of \$229,202 compared to \$199,929 for the nine months ended November 30, 2018, an increase of \$29,273. This was partly due to an increase in general and administrative expenses in the period ended November 30, 2019.

General and administrative expenses for the nine months ended November 30, 2019 totaled \$257,867, as opposed to \$245,651 for the comparative nine months of 2018, an increase of \$12,216. The difference is due to an increase in consulting fees (2019 - \$140,000; 2018 - \$57,000) as a result of an increased volume of corporate

activities. This increase was partly offset by a reduction in management fees (2019 – \$63,000; 2018 - \$71,275), professional fees (2019 – \$21,795; 2018 - \$47,350), office and administration (2019 - \$907; 2018 - \$15,187), share-based payments (2019 - \$Nil; 2018 - \$4,656), salaries and benefits (2019 - \$Nil; 2018 - \$11,250), and transfer agent and regulatory fees (2019 - \$9,989; 2018 - \$16,027).

Exploration costs for the current nine-month period were \$2,469 (2018: \$Nil), relating to annual claim fees for the Rock Springs Property.

The current nine months period results include a gain of \$26,518 relating to lease payment for the Rock Springs Property, compared to a gain of \$54,490 relating to the sale of the Mineral Gulch NSR royalty, for the comparative period.

## 7. Liquidity and Capital Resources

The Company is in the exploration stage and therefore has no cash flow from operations. During the prior fiscal year, the Company sold its remaining NSR interest in the Mineral Gulch property for proceeds of \$20,579 and leased out its Rock Springs Property recording a gain of \$33,911 from the initial payment of \$52,944 (US\$40,000).

As at November 30, 2019, current assets were \$29,072 of which \$18,254 was cash and \$10,818 represented taxes receivable from the Government of Canada, while current liabilities totalled \$663,711, resulting in a working capital deficiency of \$634,639. Current liabilities include \$420,553 of loans, consulting and directors' fees owed to directors.

The Company does not expect its current capital resources to be sufficient to cover its operating costs through the next twelve months and as such, will need to obtain additional capital resources. Actual funding requirements may vary from those previously planned due to a number of factors, including the progress of the Company's business activities and economic conditions. The Company's ability to continue as a going concern is dependent upon its ability to obtain the necessary capital to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future.

## 8. Related Party Transactions

See Note 10 of the condensed consolidated interim financial statements for the nine months ended November 30, 2019 for details of related party transactions which occurred in the normal course of business.

## 9. Other Data

Additional information related to the Company is available for viewing at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.westernpacifresources.com](http://www.westernpacifresources.com).

## 10. Share Position and Outstanding Options and Warrants

The Company's outstanding share position as at January 28, 2020 is 4,062,318 common shares and the following incentive stock options and purchase warrants are currently outstanding:

|               | Number of<br>Shares/Options | Exercise Price | Expiry Date      |
|---------------|-----------------------------|----------------|------------------|
| Common shares | 4,062,318                   |                |                  |
| Stock options | 5,000                       | \$15.20        | July 25, 2020    |
|               | 7,125                       | \$22.80        | July 12, 2021    |
|               | 27,500                      | \$2.00         | March 21, 2022   |
| Warrants      | 2,326,734                   | \$0.20         | October 16, 2024 |
| Fully diluted | <b>6,428,677</b>            |                |                  |

On June 16, 2019 25,750 options expired unexercised.

On October 16, 2019, the Company completed a non-brokered private placement, consisting of 2,326,734 units at a price of \$0.15 per unit, raising aggregate gross proceeds of \$349,010. Each unit consists of one common share and one common share purchase warrant; permitting the holder to purchase one additional common share at a price of \$0.20 for five years. The Company paid cash finders' fees in the aggregate amount of \$8,190.

On January 27, 2020 7,500 options expired unexercised.

## **11. Risks and Uncertainties**

### *Mineral Property Exploration and Mining Risks*

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, the Company's property does not have a known commercial ore deposit. The main operating risks include: securing adequate funding to maintain and advance exploration properties; ensuring ownership of and access to mineral properties by confirmation that option agreements, claims and leases are in good standing; and obtaining permits for drilling and other exploration activities.

#### *Title to Mineral Property Risks*

The Company does not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. The Company has diligently investigated and continues to diligently investigate and validate title to its mineral claims; however, this should not be construed as a guarantee of title. The Company cannot give any assurance that title to properties it acquired will not be challenged or impugned and cannot guarantee that the Company will have or acquire valid title to these mineral properties.

#### *Commodity Price Risk*

The Company is exposed to commodity price risk. Declines in the market price of gold, base metals and other minerals may adversely affect the Company's ability to raise capital in order to fund its ongoing operations or value it may obtain on disposition of an asset. Commodity price declines could also reduce the amount the Company would receive on the disposition of its mineral property to a third party.

#### *Financing and Share Price Fluctuation Risks*

The Company has limited financial resources, has no source of operating cash flow and has no assurance that additional funding will be available to it for further exploration and development of its projects. Further exploration and development of the Company's project may be dependent upon the Company's ability to obtain financing through equity or debt financing or other means. Failure to obtain this financing could result in delay or indefinite postponement of further exploration and development of its project which could result in the loss of its property.

Securities markets have at times in the past experienced a high degree of price and volume volatility, and the market price of securities of many companies, particularly those considered to be exploration stage companies such as the Company, have experienced wide fluctuations in share prices which have not necessarily been related to their operating performance, underlying asset values or prospects. There can be no assurance that these kinds of share price fluctuations will not occur in the future, and if they do occur, how severe the impact may be on the Company's ability to raise additional funds through equity issues or the value of the Company's investments and corresponding effect on the Company's financial position.

### *Political, Regulatory and Currency Risks*

The Company is currently operating in a country that has a stable political and regulatory environment. However, changing political aspects may affect the regulatory environment in which the Company operates. While the Company's convertible debt financings were sourced in US dollars, equity financings have been sourced in Canadian dollars. A portion of the Company's expenditures are incurred in US dollars. At this time there are no currency hedges in place. Therefore, a weakening of the Canadian dollar against the US dollar could have an adverse impact on the amount of exploration conducted.

### *Insured and Uninsured Risks*

In the course of exploration, development and production of mineral properties, the Company is subject to a number of hazards and risks in general, including adverse environmental conditions, operational accidents, labor disputes, unusual or unexpected geological conditions, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods, and earthquakes. Such occurrences could result in damage to the Company's properties or facilities and equipment, personal injury or death, environmental damage to properties of the Company or others, delays, monetary losses and possible legal liability.

Although the Company may maintain insurance to protect against certain risks in such amounts as it considers reasonable, its insurance may not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums or for other reasons. Should such liabilities arise, they could reduce or eliminate future profitability and result in increased costs, have a material adverse effect on the Company's results and a decline in the value of the securities of the Company.

### *Environmental and Social Risks*

The activities of the Company are subject to environmental regulations issued and enforced by government agencies. Environmental legislation is evolving in a manner that will require stricter standards and enforcement and involve increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on properties in which the Company holds interests which are unknown to the Company at present. Social risks are generally low in the principal country of operation of the Company but changing social expectations could add new layers of risk to the viability of exploration and development properties.

### *Competition*

The Company competes with many companies and individuals that have substantially greater financial and technical resources than the Company for the acquisition and development of its projects as well as for the recruitment and retention of qualified employees.