

Precipitate Gold Corp.

Consolidated Financial Statements

For the Years Ended November 30, 2020 and 2019

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Precipitate Gold Corp.

Opinion

We have audited the accompanying consolidated financial statements of Precipitate Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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

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

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



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

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

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

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

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

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

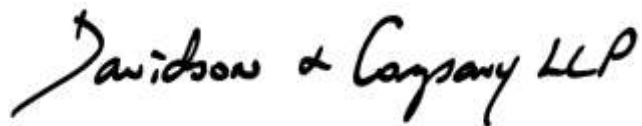
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

A handwritten signature in black ink that reads "Davidson & Coysany LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

March 29, 2021

Precipitate Gold Corp.
Consolidated Statements of Financial Position

In Canadian Dollars

ASSETS	November 30, 2020	November 30, 2019
Current		
Cash	\$ 1,515,722	\$ 1,399,801
Amounts receivable	41,506	16,111
Prepaid expenses	16,450	96,235
Investments (Note 5)	31,000	51,000
	<u>1,604,678</u>	<u>1,563,147</u>
Equipment (Note 6)	74,365	-
Mineral Property Interests (Note 4)	1,803,998	1,803,998
	<u>\$ 3,483,041</u>	<u>\$ 3,367,145</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 10)	\$ 60,169	\$ 40,897
SHAREHOLDERS' EQUITY		
Share Capital (Note 7)	15,244,634	13,761,398
Reserves (Note 7)	3,485,794	3,151,718
Deficit	<u>(15,307,556)</u>	<u>(13,586,868)</u>
	<u>3,422,872</u>	<u>3,326,248</u>
	<u>\$ 3,483,041</u>	<u>\$ 3,367,145</u>

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 13)

Approved by the Board of Directors:

"Jeffrey Wilson"
 Jeffrey Wilson, Director

"Lon Shaver"
 Lon Shaver, Director

- See Accompanying Notes -

Precipitate Gold Corp.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

	2020	2019
Expenses		
Audit and accounting (Note 10)	\$ 68,944	\$ 67,110
Consulting and directors' fees (Note 10)	7,799	5,215
Exploration and evaluation (Note 4 and 10)	612,306	528,843
Foreign exchange loss	8,671	1,924
Investor relations	32,169	18,749
Legal	32,773	26,653
Marketing, conferences and shareholder relations	191,198	71,007
Office and administrative	60,044	53,103
Property investigation costs (Note 10)	7,500	-
Rent	20,779	15,000
Repairs and maintenance	103,151	-
Salaries and wages (Note 10)	166,280	162,176
Share-based compensation (Note 7 and 10)	384,000	-
Transfer agent and filing fees	25,003	20,530
Total Expenses	(1,720,617)	(970,310)
Interest income	19,929	5,188
Gain on sale of mineral property interests (Note 4)	-	310,500
Gain (loss) on sale of investments (Note 5)	-	99,934
Unrealized gain (loss) on investments (Note 5)	(20,000)	9,000
Loss and comprehensive loss for the year	\$ (1,720,688)	\$ (545,688)
Loss per share, basic and diluted	\$ (0.02)	\$ (0.01)
Weighted average shares outstanding	101,087,475	82,479,412

– See Accompanying Notes –

Precipitate Gold Corp.
Consolidated Statements of Cash Flows
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

Cash Provided By (Used In):	2020	2019
Operating activities:		
Loss for the year	\$ (1,720,688)	\$ (545,688)
Items not affecting cash:		
Gain on sale of mineral property interests	-	(310,500)
Loss (gain) on sale of investments	-	(99,934)
Unrealized loss (gain) on investments	20,000	(9,000)
Share-based compensation	384,000	-
Foreign exchange	(4,139)	-
Change in non-cash working capital:		
Amounts receivable	(25,395)	2,423
Prepaid expenses	79,785	(90,364)
Accounts payable and accrued liabilities	19,272	(29,363)
	<u>(1,247,165)</u>	<u>(1,082,426)</u>
Investing activities:		
Purchase of equipment	(134,326)	-
Reimbursement of equipment purchase	64,100	-
Mineral property acquisition costs	-	(25,000)
Proceeds from sale of mineral property interests	-	50,000
Proceeds from sale of investments	-	318,434
	<u>(70,226)</u>	<u>343,434</u>
Financing activities:		
Proceeds from issuance of shares	1,398,500	1,322,727
Shares issue costs paid	(57,588)	(22,834)
Proceeds from exercise of options	54,000	-
Proceeds from exercise of warrants	38,400	-
	<u>1,433,312</u>	<u>1,299,893</u>
Change in cash	115,921	560,901
Cash - beginning of year	1,399,801	838,900
Cash - end of year	\$ 1,515,722	\$ 1,399,801
Supplemental non-cash investing and financing information:		
Investments received from sale of mineral property interests	\$ -	\$ 260,500
Shares issued for mineral property	\$ -	\$ 875,000
Valuation of finders' warrants	\$ -	\$ 7,515
Fair value of options exercised	\$ 44,650	\$ -
Fair value of warrants exercised	\$ 5,274	\$ -

- See Accompanying Notes -

Precipitate Gold Corp.
Consolidated Statements of Changes in Equity
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

	Share Capital		Reserves			Total \$
	Shares	Amount \$	Warrants \$	Options \$	Deficit \$	
Balance, November 30, 2018	75,692,575	11,873,485	1,462,291	1,402,447	(13,041,180)	1,697,043
Loss and comprehensive loss	-	-	-	-	(545,688)	(545,688)
Private placement	10,174,820	1,322,727	-	-	-	1,322,727
Share issue costs	-	(22,834)	-	-	-	(22,834)
Relative fair value of warrants	-	(279,465)	279,465	-	-	-
Fair value of finders' fee warrants	-	(7,515)	7,515	-	-	-
Shares issued for mineral property interests	7,000,000	875,000	-	-	-	875,000
Balance, November 30, 2019	92,867,395	13,761,398	1,749,271	1,402,447	(13,586,868)	3,326,248
Loss and comprehensive loss	-	-	-	-	(1,720,688)	(1,720,688)
Private placement	12,713,636	1,398,500	-	-	-	1,398,500
Share issue costs	-	(57,588)	-	-	-	(57,588)
Exercise of options	600,000	54,000	-	-	-	54,000
Fair value of options exercised	-	44,650	-	(44,650)	-	-
Exercise of warrants	192,000	38,400	-	-	-	38,400
Fair value of warrants exercised	-	5,274	(5,274)	-	-	-
Share-based compensation	-	-	-	384,000	-	384,000
Balance, November 30, 2020	106,373,031	15,244,634	1,743,997	1,741,797	(15,307,556)	3,422,872

– See Accompanying Notes –

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

1. Nature of Operations and Going Concern

Precipitate Gold Corp. (the “Company”) was incorporated on January 31, 2011, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and the Dominican Republic. The head office, principal address, and records office of the Company are located at 625 Howe Street, Suite 1020, Vancouver, British Columbia, V6C 2T6, Canada.

The recoverability of amounts shown as mineral property interests are dependent upon the discovery of economically recoverable reserves, the Company’s ability to obtain financing to develop the properties and the ultimate realization of profits through future production or sale of the properties. Realized values may be substantially different than carrying values as recorded in these financial statements.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operation as a going concern for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. At November 30, 2020, the Company had not achieved profitable operations, had an accumulated deficit and had working capital of \$1,544,509. Management estimates that the Company has sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

Although the Company has been successful in the past in obtaining financing, there can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows from its future operations. If the Company is unable to obtain adequate additional financing, the Company would be required to curtail its planned operations, and exploration and development activities. These consolidated financial statements do not give effect to adjustments, which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the financial statements.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or results of operations at this time.

2. Basis of Presentation

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the International Financial Reporting Interpretations Committee (“IFRIC”).

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

2. Basis of Presentation - Continued

a) Statement of Compliance (Continued)

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as available-for-sale and financial assets at fair value through profit or loss, which are stated at their fair values. In addition, these financial statements have been prepared using the accrual basis of accounting.

The accounting policies set out in Note 3 have been applied consistently by the Company during the years presented.

b) Approval of the Financial Statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 29, 2021.

c) Basis of Consolidation

These consolidated financial statements include the financial statements of the Company and its five wholly-owned subsidiaries: 1) 0945044 BC Ltd., incorporated in British Columbia, Canada, which owns 100% of Corporacion Minera San Juan, S.R.L. located in the Dominican Republic; 2) Precipitate Gold (USA) Corp. incorporated and located in the United States; 3) Minera Pendiente S.A. de C.V., incorporated and located in Mexico, which was dissolved and liquidated subsequent to November 30, 2020; 4) Precipitate Dominicana S.R.L. located in the Dominican Republic., which owns 50% of Toro Negro Drilling S.R.L. located in the Dominican Republic; 5) 1246871 BC Ltd., incorporated in British Columbia, Canada.

d) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These consolidated financial statements are presented in Canadian dollars, which is the Company's presentation and functional currency. The functional currencies of the Company's subsidiaries do not differ from that of the parent company.

Transactions in foreign currencies are translated into the functional currency at exchange rates as at the date of the transaction. Foreign currency differences arising on translation are recognized in profit or loss. Foreign currency monetary assets and liabilities are translated at the functional currency exchange rate at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the date of the initial transaction. All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

3. Significant Accounting Policies

a) Cash

Cash consist of amounts held in banks and demand deposits.

b) Mineral Properties

i) Exploration and Evaluation

Property option payments, common shares issued, and other costs associated with acquiring the legal rights to explore a specific resource property are capitalized as mineral property interests and classified as intangible exploration and evaluation assets, whereas exploration and evaluation expenditures are recognized as expenses as they are incurred during the period. Exploration and evaluation expenditures include costs of assaying, community development, consumables and supplies, drilling, geological consulting, scoping and feasibility study, site administration and other costs to maintain legal rights to explore an area.

ii) Development

Upon completion of a technical feasibility study and when commercial viability is demonstrated, capitalized exploration and evaluation assets are tested for impairment and transferred to and classified as mineral property development costs. Costs associated with the commissioning of new assets incurred in the period before they are operating in the way intended by management, are capitalized. Development costs are net of the proceeds of the sale of metals from ore extracted during the development phase. Interest on borrowings related to the construction and development of assets are capitalized until substantially all the activities required to make the asset ready for its intended use are complete.

Mineral property interests are derecognized upon disposal or when no future economic benefits are expected. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of the item with any excess proceeds recognized in profit or loss.

iii) Impairment

The carrying value of all categories of mineral property are reviewed at least annually by management for indicators that the recoverable amount may be less than the carrying value. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in profit or loss to the extent the carrying amount exceeds the recoverable amount.

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

3. Significant Accounting Policies – Continued

b) Mineral Properties – Continued

iii) Impairment – Continued

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

Fair value less costs to sell is the amount obtainable from either quotes from an active market or the sale of an asset or CGU in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. Costs of disposal are incremental costs directly attributable to the disposal of an asset or CGU, excluding finance costs and income tax expense.

Impairment losses recognized in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit or group of units on a pro rata basis. Assumptions, such as commodity prices, discount rate, and expenditures, underlying the fair value estimates are subject to risk uncertainties. Impairment charges are recorded in the reporting period in which determination of impairment is made by management.

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

iv) Proceeds from Sale of Property

Proceeds from partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying cost, the excess is recorded in profit or loss in the year the excess is received.

c) Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item consists of the purchase price and costs of parts directly attributable to bringing the asset to the condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Any other costs are expensed as incurred.

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

3. Significant Accounting Policies – Continued

c) Equipment – Continued

The Company depreciates the cost less estimated residual values on a straight-line method over the estimated useful life of the asset. The estimated useful lives of the assets are as follows:

Tools and equipment	6 years
Light transport vehicles	2 years
Heavy transport vehicles	2 years
Drilling equipment	4 years

An asset is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

d) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense.

e) Site Closure and Reclamation Provision

The Company recognizes a provision for statutory, contractual, constructive or legal obligations associated with decommissioning of mining operations and reclamation and rehabilitation costs arising when environmental disturbance is caused by the exploration or development of mineral properties, plant and equipment. Provisions for site closure and reclamation are recognized in the period in which the obligation is incurred or acquired, and are measured based on expected future cash flows to settle the obligation, discounted to their present value. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

3. Significant Accounting Policies – Continued

e) Site Closure and Reclamation Provision – Continued

When an obligation is initially recognized, the corresponding cost is capitalized to the carrying amount of the related asset in mineral properties, plant and equipment. These costs are depreciated on a basis consistent with depreciation, depletion, and amortization of the underlying assets.

f) Income Taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized either in other comprehensive income, or directly in equity, in which case it is recognized in other comprehensive income or in equity, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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 temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. 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 at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

g) Share Capital

- i) The proceeds from the exercise of stock options, common share purchase warrants and purchase of common shares are recorded as share capital in the amount for which the option, warrant or share enabled the holder to purchase a common share in the Company.
- ii) Share capital issued for non-monetary consideration is recorded at an amount based on fair value of these common shares.

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

3. Significant Accounting Policies – Continued

g) Share Capital – Continued

- iii) The proceeds from the exercise of stock options, common share purchase warrants and purchase of common shares are recorded as share capital in the amount for which the option, warrant or share enabled the holder to purchase a common share in the Company.
- iv) Share capital issued for non-monetary consideration is recorded at an amount based on fair value of these common shares.
- v) The proceeds from the issue of units is allocated between common shares and common share purchase warrants on a prorated basis using relative fair values of common shares and warrants. The fair value of common share purchase warrants is determined using the Black-Scholes option pricing model.
- (iv) The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes a deferred tax recovery.

All costs related to issuances of share capital are charged against the proceeds received from the related share capital.

h) Loss per Share

Basic loss per share is calculated using the weighted average number of common shares issued and outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding by an amount that assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are applied to repurchase common shares at the average market price for the period in calculating the net dilution impact. For the years presented, diluted and basic loss per share are the same because the effects of potential issuances of common shares under stock options and warrants would be anti-dilutive.

i) Comprehensive Income

Comprehensive income or loss includes net income or loss and other comprehensive income or loss. Other comprehensive income or loss may include holding gains and losses on fair value through other comprehensive income (“FVOCI”) securities and foreign gains and losses from self-sustaining foreign operations.

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019
In Canadian Dollars

3. Significant Accounting Policies – Continued

j) Share-based Payments

From time to time, the Company grants stock options to directors, officers, employees and non-employees to purchase common shares. The Company accounts for share-based payments, including stock options, at their fair value on the grant date and recognizes the cost as a compensation expense over the period that the employees become entitled to the award. The fair value of the stock options on the grant date is determined using the Black-Scholes pricing model for stock option awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date. A corresponding increase is recognized in shareholders' equity for these costs.

k) Financial Instruments

Financial Assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: amortized cost; FVOCI; or fair value through profit or loss ("FVTPL"). The classification of financial assets depends on the purpose for which the financial assets were acquired and is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets are 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 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. Financial assets are classified as current assets or non-current assets based on their maturity date. The Company's financial assets which consist of cash and amounts receivable are classified as amortized cost. Investments are classified at FVTPL.

Financial Liabilities

Financial liabilities are designated as either: FVTPL or amortized cost. 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.

The Company's financial liabilities which consist of accounts payables and accrued liabilities are classified as amortized cost.

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019
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3. Significant Accounting Policies – Continued

k) Financial Instruments – Continued

Impairment of Financial Assets

An expected credit loss (“ECL”) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The ECL model 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. The Company’s financial assets measured at amortized cost are subject to the ECL model.

l) Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

m) Critical Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods. The most significant accounts that require estimates as the basis for determining the stated amounts include: recoverability and impairment of mineral properties and valuation of share-based payments.

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
For the Years Ended November 30, 2020 and 2019
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3. Significant Accounting Policies – Continued

m) Critical Accounting Judgments and Estimates – Continued

Significant estimates that have the most significant effect on the amounts recognized in the financial statements are as follows:

Recoverability of capitalized mineral property costs

The Company uses the cost model and the value of the mineral property interests is based on expenditures incurred, less any recoveries or impairment. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts and circumstances exist that suggests the carrying amount exceeds the recoverable amount.

Share-based payments

The Company uses the Black-Scholes Option Pricing Model to calculate the fair value of stock options and of common share purchase warrants issued. The model requires the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and common share purchase warrants. The Company discloses assumptions and models used for estimating fair value of stock options and common share purchase warrants.

Information about critical judgments in applying accounting policies that have the most significant effect of amounts recognized in the consolidated financial statements is included in the following notes:

- Note 1 – going concern assessment
- Note 3 – functional currency
- Note 4 – impairment of exploration and evaluation assets
- Note 8 – income taxes

n) Recent Accounting Pronouncements

IFRS 16 *Leases* – This standard sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. It eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The Company has determined there was no impact from this new standard on the Company's consolidated financial statements.

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
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4. Mineral Properties

Acquisition Costs Summary

	Juan de Herrera and Escalibur Properties	Pueblo Grande and Ponton Properties	Total
Balance – November 30, 2018	\$ 898,068	\$ 5,930	\$ 903,998
Acquisition costs - cash	-	25,000	25,000
Acquisition costs - shares	-	875,000	875,000
Balance – November 30, 2019 and 2020	\$ 898,068	\$ 905,930	\$ 1,803,998

Exploration and Evaluation Expenditures Summary

For the Year Ended November 30, 2020	Juan de Hererra and Escalibur Properties	Pueblo Grande and Artur Properties	Ponton Property	Total
Assay	\$ 28,356	\$ -	\$ 30,891	\$ 59,247
Camp and general	-	13,741	1,179	14,920
Consulting	13,800	29,035	22,928	65,763
Drilling	-	2,090	16,051	18,141
Field equipment and supplies	-	14,100	99	14,199
Foreign sales tax	1,672	3,383	-	5,055
Fuel	-	4,544	-	4,544
Geological consulting	3,750	130,511	140,434	274,695
Geophysics	11,117	-	17,052	28,169
Legal	-	520	-	520
Maps, orthophotos, and reports	494	2,489	14,062	17,045
Office	8,820	70,655	3,337	82,812
Salaries and benefit	-	3,669	-	3,669
Transportation	6,256	6,005	-	12,261
Travel, meals, and accommodation	-	8,738	2,528	11,266
Total exploration and evaluation	\$ 74,265	\$ 289,480	\$ 248,561	\$ 612,306

Precipitate Gold Corp.

Notes to the Consolidated Financial Statements

For the Years Ended November 30, 2020 and 2019

In Canadian Dollars

4. Mineral Properties – Continued

Exploration and Evaluation Expenditures Summary – Continued

For the Year Ended November 30, 2019	Juan de Hererra and Escalibur Properties	Island Zinc Property	Pueblo Grande and Artur Properties	Total
Assay	\$ -	\$ -	\$ 38,956	\$ 38,956
Camp and general	349	-	16,500	16,849
Consulting	9,225	-	40,604	49,829
Field equipment and supplies	43	-	12,499	12,542
Foreign sales tax	3,823	-	6,489	10,312
Fuel	165	-	2,947	3,112
Geological consulting	18,322	-	230,447	248,769
Geophysics	-	-	7,432	7,432
Maps, orthophotos, and reports	147	-	45,832	45,979
Salaries and benefit	3,115	-	2,154	5,269
Site Office	23,611	-	54,337	77,948
Transportation	9,286	-	4,362	13,648
Travel, meals, and accommodation	990	-	8,001	8,991
Total exploration and evaluation costs	69,076	-	470,560	539,636
BC METC	-	(10,793)	-	(10,793)
Net exploration and evaluation costs	\$ 69,076	\$ (10,793)	\$ 470,560	\$ 528,843

a) Juan de Hererra and Escalibur Properties, Dominican Republic

The Company, through 0945044 BC Ltd., owns a 100% interest in the Juan de Hererra concession and the Los Pinalitos concession application (previously Hato Nuevo) (“Dominican Republic properties”) in the Dominican Republic through Corporacion Minera San Juan, S.R.L. (“CMSJ”), its wholly-owned subsidiary. The purchase was completed as follows:

- Paid cash totaling \$300,000
- Issued 3,517,242 common shares valued at \$550,000
- Incurred exploration expenditures of \$1,000,000

The properties are subject to a 3% net smelter returns (“NSR”) royalty from any base and precious metal commercial production. The Company may acquire 50% of the NSR royalty by paying \$2,000,000.

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Notes to the Consolidated Financial Statements
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4. Mineral Properties – Continued

b) Pueblo Grande and Artur Properties, Dominican Republic

On October 24, 2018, the Company entered into a Purchase and Sale Agreement with Everton Resources Inc. and Everton Minera Dominicana A SRL (“Everton”) to acquire a 100% interest in the Pueblo Grande property. To acquire 100% interest, the Company paid \$25,000 in cash in fiscal 2019 and issued 7,000,000 common shares valued at \$875,000 (Note 7) of the Company subject certain resale restrictions for up to 3 years.

On January 9, 2020, The Company facilitated the sale and transfer of 4,500,000 common shares of the Company previously registered to Everton and transferred and re-registered the shares to a new shareholder group (the “Purchasers”). During the year ended November 30, 2020, the Company has removed the re-sale restrictions.

Pre-existing advanced stage or mining-related commitments to a third party include (i) a sliding scale NSR royalty ranging from 1%, where gold is under US\$1,000/oz, to 2%, where gold is over US \$1,400/oz and (ii) sum of cash or shares valued at the greater of \$5,000,000 or the value of 5,000,000 common shares based on a 20 day VWAP, in the event a resource of 1,000,000 gold equivalent ounces or greater are delineated at certain grades and in various indicated and inferred categories.

On April 13, 2020 the Company signed a definitive earn-in agreement with Barrick Gold Corporation (“Barrick”) whereby Barrick has the right to earn a 70% interest in the Company’s Pueblo Grande Project by incurring a minimum US\$10.0 million in exploration expenditures and delivering a qualifying Pre-feasibility Study prior April 13, 2026. In addition, Barrick subscribed for 12,713,636 common shares of the Company in a private placement for gross proceeds of \$1,398,500 (Note 7).

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
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4. Mineral Properties – Continued

b) Pueblo Grande and Artur Properties, Dominican Republic – Continued

In accordance with the terms of the earn-in agreement, to acquire a 70% interest in the Project, Barrick must (the “Earn-in Conditions”):

- Incur a minimum of US\$10.0 million in qualifying exploration expenditures before April 13, 2026 as follows:
 - US\$2.0 million in aggregate before April 13, 2022, with a US\$1.0 million guaranteed minimum expenditure if Barrick elects to terminate the agreement before April 13, 2022
 - US\$3.5 million in aggregate before April 13, 2023;
 - US\$5.0 million in aggregate before April 13, 2024;
 - US\$7.0 million in aggregate before April 13, 2025; and
 - US\$10.0 million in aggregate before April 13, 2026;
- Complete a minimum of 7,500 metres of drilling before April 13, 2026; and
- Deliver a qualifying pre-feasibility study before April 13, 2026.

Shortfalls in required exploration expenditures may be paid by Barrick to Precipitate as cash in lieu. Barrick may at any time accelerate the earn-in requirements.

Upon satisfaction of the Earn-in Conditions and delivery of an exercise notice, Barrick and the Company will form a joint venture to be owned 70% by Barrick and 30% by the Company. At the Company’s election, which must be made within 120 days of the approval by the joint venture of a feasibility study, Barrick will be obligated to provide the Company’s portion of any debt financing or arrange for third party financing of the Company’s portion of any debt financing required to construct a mine on the Project described in the Feasibility Study in consideration for the transfer by the Company to Barrick of an additional 5% interest in the joint venture. Dilution of the Company’s interest in the joint venture below 10% will result in the conversion of the Company’s interest to a 1.5% NSR royalty on any concessions without pre-existing NSRs as of the date hereof, and a 1.0% NSR royalty on any concessions with pre-existing NSRs as of the date hereof, applicable to all recovered products.

c) Ponton Property, Dominican Republic

The Ponton Property was acquired 100% as part of the agreement with Everton Resources Inc., which closed on January 15, 2019 (see Note 4b)).

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4. Mineral Properties – Continued

d) Reef Property, Yukon

The Reef property is composed of mineral claims in the Yukon.

Effective March 25, 2019, the Company and Golden Predator Mining Corp. (“Golden Predator”) agreed to amend the terms of the Option Agreement by way of an amending agreement (the “Amending Agreement”). Under the terms of the Amending Agreement, to earn a 100% interest in the Reef Property Golden Predator must, among other things, complete staged cash payments, issuances of common shares and warrants as follows:

- d) Cash payments totalling \$600,000:
 - \$400,000 on February 9, 2017 (received)
 - \$150,000 on February 9, 2018 (received)
 - \$50,000 on or before June 30, 2019 (received)

- e) Common shares of Golden Predator:
 - 100,000 common shares on February 9, 2017 (received at a value of \$143,000)
 - 100,000 common shares on February 9, 2018 (received at a value of \$66,000)
 - 950,000 common shares on or before April 1, 2019 (received at a value of \$218,500)

- f) Warrants of Golden Predator:
 - 100,000 warrants on February 9, 2017 at exercise price of \$1.59 per share with a 3 year term (received)
 - 100,000 warrants on February 9, 2018 at an exercise price of \$2.00 per share with a 3 year term (received)
 - 450,000 warrants on or before April 1, 2019 at an exercise price of \$0.40 per share with a 4 year term (received)

Golden Predator granted the Company a 2% NSR royalty on the claims that are not subject to a pre-existing royalty, and a 1% NSR royalty on claims that are subject to a pre-existing royalty. Golden Predator may purchase 25% of the Company’s NSR royalty at any time for \$1,000,000 and an additional 25% of the Company’s NSR royalty at anytime for \$1,500,000.

In addition, if Golden Predator at any time after the exercising the right to a 100% interest in Reef, elects to abandon any one or more of the claims, Golden Predator must provide the Company 30 days advanced written notice of its intention to abandon the claims. Upon receipt of such notice the Company may, within 30 days of receipt of notice, request assignment of such claims and Golden Predator will re-transfer such title to the Company at Golden Predator’s expense. For greater certainty, any NSR royalty payable by Golden Predator to the Company with respect to such abandoned claims will be void and no longer payable.

Precipitate Gold Corp.
Notes to the Consolidated Financial Statements
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4. Mineral Properties – Continued

d) Reef Property, Yukon – Continued

During the year ended November 30, 2019, the Company recorded \$310,500 of gain on sale of the Reef property, which consist, on the date of sale, of \$50,000 cash, 950,000 common shares of Golden Predator valued at \$218,500 (Note 5) and 450,000 warrants of Golden Predator valued at \$42,000 (Note 5).

5. Investments

Management has determined it appropriate to record the common shares and warrants of Golden Predator (see Note 4) as FVTPL. The initial investment of common shares was recorded at cost and the initial investment of warrants was recorded using the Black-Scholes option pricing model. The Company revalues the common shares and warrants at each reporting period. Any changes in the fair value of the common shares and warrants is recorded as unrealized gain or loss on investments until the common shares or warrants are sold or impaired for an extended period, at which point any gains and losses recorded to date will be recognized as gain or loss on investments.

	Common shares	Warrants	Total
Balance as at November 30, 2018	\$ -	\$ -	-
Acquisition	218,500	42,000	260,500
Sale of common shares	(318,434)	-	(318,434)
Gain on sale of investments	99,934	-	99,934
Change in fair value	-	9,000	9,000
Balance as at November 30, 2019	-	51,000	51,000
Change in fair value	-	(20,000)	(20,000)
Balance as at November 30, 2020	\$ -	\$ 31,000	\$ 31,000

The fair value of the warrants was based on the Black-Scholes valuation model using the following inputs:

	2020	2019
Risk-free interest rate	1.51-1.74%	1.51% – 1.74%
Expected life of options	0.18 – 2.33 years	0.31 – 3.34 years
Expected annualized volatility	74.88 – 79.88%	74.88 – 83.71%
Expected dividend rate	0%	0%

Precipitate Gold Corp.

Notes to the Consolidated Financial Statements

For the Years Ended November 30, 2020 and 2019

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6. Equipment

During the year ended November 30, 2020, the Company acquired several drills and related equipment through a partnership with GoldQuest Mining Corp. ("GoldQuest"). The equipment was initially purchased for \$105,928, of which GoldQuest and the Company each paid \$52,964. An additional \$21,401 of equipment was purchased during the year ended November 30, 2020. No depreciation has been taken on the equipment during the year ended November 30, 2020 as the equipment was not in use until subsequent to November 30, 2020.

	Tools and Equipment	Light Transport Vehicles	Heavy Transport Vehicles	Drilling Equipment	Total
Cost					
Balance, November 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisitions	16,808	22,703	2,700	32,154	74,365
Balance, November 30, 2020	\$ 16,808	\$ 22,703	\$ 2,700	\$ 32,154	\$ 74,365
Accumulated depreciation					
Balance, November 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	-	-	-	-	-
Balance, November 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Carrying Value					
At November 30, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
At November 30, 2020	\$ 16,808	\$ 22,703	\$ 2,700	\$ 32,154	\$ 74,365

7. Shareholders' Equity

a) Authorized

Unlimited number of common shares without par value

b) Issued Share Capital

Share transactions for the year ended November 30, 2020:

- (i) On April 17, 2020, the Company issued 12,713,636 common shares to Barrick as part of an Earn-In agreement (Note 4) for gross proceeds of \$1,398,500.
- (ii) During the year ended November 30, 2020, 600,000 common shares were issued from the exercise of stock options for gross proceeds of \$54,000.
- (iii) During the year ended November 30, 2020, 192,000 common shares were issued from the exercise of warrants for gross proceeds of \$38,400.

Precipitate Gold Corp.

Notes to the Consolidated Financial Statements For the Years Ended November 30, 2020 and 2019 In Canadian Dollars

7. Shareholders' Equity – Continued

Share transactions for the year ended November 30, 2019:

- (i) On November 6, 2019, the Company completed a private placement of 10,174,820 units at \$0.13 per unit for gross proceeds of \$1,322,727. Each unit consisted of one common share and one half share warrant. Each whole warrant entitles the holder to purchase an additional common share at \$0.20 per share until November 6, 2021. Of the proceeds, \$1,043,262 was allocated to share capital and \$279,465 was allocated to warrants based on their relative fair value.

The Company paid finders' fee of \$13,026, issued 100,200 finders' fee warrants valued at \$7,515 and paid \$9,808 of share issuance costs relating to the private placement.

- (ii) On January 15, 2019, the Company issued 7,000,000 common shares valued at \$875,000 for the Pueblo Grande property (Note 4).

c) Warrants

Details of warrant activity for the years ended November 30, 2020 and 2019 are as follows:

November 30, 2018	Issued	November 30, 2019	Exercised	November 30, 2020	Exercise Price	Expiry Date
-	5,187,610	5,187,610	(192,000)	4,995,610	\$0.20	November 6, 2021

The following weighted average assumptions were used in calculating the fair value of warrants issued in the years ended November 30, 2020 and 2019:

	2020	2019
Stock price volatility	-	119.35%
Risk-free interest rate	-	1.77%
Expected life of warrants	-	2 years
Expected dividend yield	-	0.00%

d) Share Options

The Company has a rolling share option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's shares calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's share option plan contains no vesting requirements, but permits the Board of Directors to specify a vesting schedule at its discretion.

Precipitate Gold Corp.

Notes to the Consolidated Financial Statements For the Years Ended November 30, 2020 and 2019 In Canadian Dollars

7. Shareholders' Equity – Continued

d) Share Options – Continued

Details of activity in share purchase options for years ended November 30, 2020 and 2019 are as follows:

November 30, 2019	Issued	Exercised	Cancelled	August 31, 2020	Exercise Price	Expiry Date
1,200,000	-	(150,000)	-	1,050,000*	\$0.12	March 4, 2021
1,170,000	-	-	(75,000)	1,095,000	\$0.25	October 13, 2021
3,075,000	-	(450,000)	-	2,625,000	\$0.08	November 20, 2023
-	2,670,000	-	-	2,670,000	\$0.15	May 25, 2025
-	125,000	-	(125,000)	-	\$0.20	July 15, 2025
-	75,000	-	-	75,000	\$0.28	October 21, 2025
5,445,000	2,870,000	(600,000)	(200,000)	7,515,000	\$0.14	

*100,000 share purchase options were exercised subsequent to November 30, 2020 and the remaining 950,000 share purchase options were expired unexercised subsequent to November 30, 2020

November 30, 2018	Issued	Exercised	Expired Unexercised	November 30, 2019	Exercise Price	Expiry Date
510,000	-	-	(510,000)	-	\$0.20	April 14, 2019
1,200,000	-	-	-	1,200,000	\$0.12	March 4, 2021
1,170,000	-	-	-	1,170,000	\$0.25	October 13, 2021
3,075,000	-	-	-	3,075,000	\$0.08	November 20, 2023
5,995,000	-	-	(510,000)	5,445,000	\$0.13	

During the year ended November 30, 2020, the Company granted 2,870,000 stock options to its directors, officers and consultants, with a fair value of \$384,000. All options vested immediately. The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of options issued in the year ended November 30, 2020:

Risk-free interest rate	0.36%
Expected life of options	5.00 years
Expected annualized volatility	128.76%
Expected dividend rate	0%

No stock options were granted during the year ended November 30, 2019.

8. Segmented Information

a) Operating Segment

The Company's operations are primarily directed towards the acquisition of mineral properties and exploration for metals in Canada and the Dominican Republic.

Precipitate Gold Corp.

Notes to the Consolidated Financial Statements For the Years Ended November 30, 2020 and 2019 In Canadian Dollars

8. Segmented Information – Continued

b) Geographic Segments

The Company's geographic information as at November 30, 2020 and November 30, 2019 are as follows:

As at November 30, 2020	Canada	Dominican Republic	Mexico	Total
<u>Assets</u>				
Mineral properties	\$ -	\$ 1,803,998	\$ -	\$ 1,803,998
Equipment	-	74,365	-	74,365
Other assets	1,579,296	18,857	6,525	1,604,678
Total	\$ 1,579,296	\$ 1,897,220	\$ 6,525	\$ 3,483,041

As at November 30, 2019	Canada	Dominican Republic	Mexico	Total
<u>Assets</u>				
Mineral properties	\$ -	\$ 1,803,998	\$ -	\$ 1,803,998
Other assets	1,516,292	40,186	6,669	1,563,147
Total	\$ 1,516,292	\$ 1,844,184	\$ 6,669	\$ 3,367,145

9. Income Taxes

(a) Current Income Taxes

A reconciliation of income taxes at statutory rates is as follows:

	2020	2019
Loss for the year	\$ (1,720,688)	\$ (545,688)
Income tax recovery at statutory rates	(465,000)	(147,000)
Tax Effect of:		
Change in statutory tax rates, foreign tax rates, foreign exchange rate and other	30,000	-
Permanent differences	107,000	(85,000)
Share issue costs	(16,000)	(6,000)
Adjustment to prior year's provision versus statutory tax returns and expiry of non-capital losses	66,000	73,000
Change in unrecognized deductible temporary differences	278,000	165,000
Income tax expense	\$ -	\$ -

Precipitate Gold Corp.

Notes to the Consolidated Financial Statements For the Years Ended November 30, 2020 and 2019 In Canadian Dollars

9. Income Taxes – Continued

(b) Deferred Taxes

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:

	November 30, 2020	November 30, 2019
Deferred Tax Assets (Liabilities)		
Exploration and evaluation assets	\$ 1,712,000	\$ 1,598,000
Equipment	20,000	-
Share issue costs	16,000	12,000
Investments	(4,000)	(7,000)
Allowable capital losses	7,000	-
Non-capital losses available for future period	1,816,000	1,686,000
	3,567,000	3,289,000
Unrecognized deferred tax assets	(3,567,000)	(3,289,000)
Net deferred tax assets	\$ -	\$ -

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:

	2020	Expiry Date Range	2019
Exploration and evaluation assets	\$ 6,152,000	No expiry date	\$ 5,671,000
Investment tax credit	92,000	2030 to 2033	92,000
Equipment	74,000	No expiry date	-
Share issue costs	60,000	2021 to 2024	44,000
Allowable capital losses	27,000	No expiry date	(51,000)
Non-capital loss carry forwards	6,850,000	2030 to 2040	5,671,000

Precipitate Gold Corp.

Notes to the Consolidated Financial Statements For the Years Ended November 30, 2020 and 2019 In Canadian Dollars

10. Related Party Transactions

Key management personnel consist of directors and senior management including the President, Chief Executive Officer, Vice President of Exploration and Chief Financial Officer. Key management personnel compensation includes:

	2020	2019
Salaries and wages	\$ 155,000	\$ 155,000
Exploration and evaluation expenditures	147,500	134,200
Property investigation costs	7,500	-
Accounting and office and administration expense	18,000	42,000
Consulting and directors' fees	6,250	5,215
Share-based compensation	286,082	-
	\$ 620,332	\$ 336,415

The accounts payable and accrued liabilities of the Company include the following amounts due to related parties:

	2020	2019
Key management personnel	\$ 14,864	\$ -

11. Capital Management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of equity comprised of issued share capital, reserves and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as considered appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements.

12. Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

Level 2: Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

Precipitate Gold Corp.

Notes to the Consolidated Financial Statements For the Years Ended November 30, 2020 and 2019 *In Canadian Dollars*

12. Financial Instruments – *Continued*

Level 3: Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The fair value of cash, amounts receivable, and accounts payables and accrued liabilities approximates their carrying value due to their short term maturity. Cash is measured using level I of the fair value hierarchy. Investment in Golden Predator warrants is measured using level 3 of fair value hierarchy (Note 5).

a) Management of Risks Arising From Financial Instruments

The Company is exposed to various types of market risks including credit risk, liquidity risk, interest rate risk and commodity price risk. This is not an exhaustive list of all risks, nor will the mitigation strategies eliminate all risks listed.

(i) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs. The Company's financial obligations are limited to accounts payable and accrued liabilities, all of which have contractual maturities of less than a year.

(ii) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash and amounts receivable. Cash is held with a major Canadian financial institution and the receivables are due from Government entities. Management is of the view that all amounts are fully collectible.

(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing debt. The Company's sensitivity to interest rates is minimal.

(iv) Political Risk

The Company has subsidiaries in the Dominican Republic, the United States and Mexico. These operations are potentially subject to a number of political, economic and other risks that may affect the Company's future operations and financial position.

(v) Foreign Currency Fluctuation Risk

The Company has vendors in Canada, the United States, the Dominican Republic and Mexico; therefore, the Company's operations are affected by the currency fluctuations in these jurisdictions. The Company's exposure to foreign currency fluctuations is minimal.

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13. Subsequent Events

Subsequent to November 30, 2020:

- a) the Company issued 2,690,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.21 per share until January 29, 2026.
- b) 100,000 stock options were exercised for gross proceeds of \$12,000.