



## **Financial Statements**

**November 30, 2018 and 2017**

(Expressed in Canadian Dollars)

## Independent Auditors' Report



To the Shareholders of Zimtu Capital Corp.:

We have audited the accompanying financial statements of Zimtu Capital Corp., which comprise the statement of financial position as at November 30, 2018 and 2017, and the statements of operation and comprehensive income (loss), changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Zimtu Capital Corp. as at November 30, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Vancouver, British Columbia

March 21, 2019

*MNP* LLP

Chartered Professional Accountants

**Zimtu Capital Corp.**  
**Statements of Financial Position**  
**As at November 30, 2018 and 2017**  
**Expressed in Canadian Dollars**

	2018	2017
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 287,870	\$ 134,918
Investments (Note 6)	6,474,729	12,556,514
Advances and amounts receivable (Note 7)	961,603	729,161
Prepaid expenses (Note 8)	100,387	180,675
Due from related parties (Note 9)	1,008,826	283,429
	<b>8,833,415</b>	<b>13,884,697</b>
<b>Deposits</b> (Note 8, 17)	-	18,873
<b>Investment in associates</b> (Note 6)	193,992	-
<b>Mineral property interests</b> (Note 10)	142,413	510,705
	<b>9,169,820</b>	<b>14,414,275</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 204,162	\$ 197,875
GST/HST payable	24,099	16,216
Unearned revenue (Note 11)	337,240	239,017
Promissory notes payable (Note 12)	83,100	90,100
	<b>648,601</b>	<b>543,208</b>
<b>Equity</b>		
Share capital (Note 13)	9,346,662	9,346,662
Reserves	4,920,817	4,647,746
Deficit	(5,746,260)	(123,341)
<b>Shareholders' equity</b>	<b>8,521,219</b>	<b>13,871,067</b>
	<b>9,169,820</b>	<b>14,414,275</b>

**On behalf of the Board:**

\_\_\_\_\_  
*"David Hodge"* Director      \_\_\_\_\_  
*"Sean Charland"* Director

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

**Zimtu Capital Corp.**  
**Statements of Operation and Comprehensive Income (Loss)**  
**For the years ended November 30,**  
**Expressed in Canadian Dollars**

	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Administrative fees	\$ 722,500	\$ 770,000
Corporate development and marketing	1,202,112	2,030,150
Income from property sales (Note 10)	543,626	515,351
	<b>2,468,238</b>	3,315,501
<b>Expenses</b>		
General and administrative expenses (Note 14)	2,835,272	2,960,229
<b>Income (loss) before other items</b>	<b>(367,034)</b>	355,272
<b>Other items</b>		
Equity loss from investment in associates (Note 6)	(26,008)	-
Foreign exchange gain	5	53
Gain on purchase of debt	648	-
Gain (loss) on settlement of debt (Note 18)	54,750	(7,000)
Income from sale of software (Note 19)	135,321	-
Impairment of mineral properties (Note 10)	(134,665)	(49,052)
Interest income	1,346	249
Other income	278	104,552
Penalties and interest	-	(8,099)
Unrealized gain (loss) on investments in public companies (Note 6)	(5,235,542)	5,955,591
Loss on sale of investment	(196,306)	(821,931)
Unrealized loss on promissory notes receivable (Notes 7,9)	(148,125)	-
Unrealized gain (loss) on investment in private companies (Note 6)	292,413	(250,000)
	<b>(5,255,885)</b>	4,924,363
<b>Income (loss) before income taxes</b>	<b>(5,622,919)</b>	5,279,635
<b>Income tax recovery (Note 20)</b>		
Deferred tax recovery	-	(425)
	-	(425)
<b>Net income (loss) for the year</b>	<b>\$ (5,622,919)</b>	<b>\$ 5,280,060</b>
<b>Basic and diluted earnings (loss) per share</b>	<b>\$ (0.37)</b>	<b>\$ 0.34</b>
<b>Weighted average number of shares outstanding</b>		
Basic	15,394,483	15,394,483
Diluted	15,394,483	15,394,483

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

**Zimtu Capital Corp.**  
**Statements of Changes in Equity**  
**As at November 30, 2018 and 2017**  
**Expressed in Canadian Dollars**

<b>Share Capital</b>					
	<b>Number of Shares</b>	<b>Amount</b>	<b>Reserves</b>	<b>Deficit</b>	<b>Total Equity</b>
<b>Balance, November 30, 2016</b>	<b>15,394,483</b>	<b>\$ 9,346,662</b>	<b>\$ 4,647,746</b>	<b>\$ (5,403,401)</b>	<b>\$ 8,591,007</b>
Net income for the year	-	-	-	5,280,060	5,280,060
<b>Balance, November 30, 2017</b>	<b>15,394,483</b>	<b>\$ 9,346,662</b>	<b>\$ 4,647,746</b>	<b>\$ (123,341)</b>	<b>\$ 13,871,067</b>
Share-based compensation	-	-	273,071	-	273,071
Net (loss) for the year	-	-	-	(5,622,919)	(5,622,919)
<b>Balance, November 30, 2018</b>	<b>15,394,483</b>	<b>\$ 9,346,662</b>	<b>\$ 4,920,817</b>	<b>\$ (5,746,260)</b>	<b>\$ 8,521,219</b>

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

**Zimtu Capital Corp.**  
**Statements of Cash Flows**  
**For the years ended November 30,**  
**Expressed in Canadian Dollars**

	2018	2017
<b>Operating Activities</b>		
Net income (loss) for the year	\$ (5,622,919)	\$ 5,280,060
Items not involving cash:		
Unrealized loss (gain) of investments in public companies	5,235,542	(5,955,591)
Non-cash Income from property sale	(543,626)	(515,351)
Bad debt expenses	16,787	309,404
Unrealized loss on promissory notes receivable	148,125	-
Loss on sale of investment	196,306	(821,931)
Share based payment	273,071	-
Equity loss from investment in associates	26,008	-
(Gain) loss on settlement of debt	(54,750)	7,000
Impairment of mineral property	134,665	49,052
Unrealized loss (gain) on investment in private companies	(292,413)	250,000
Share received for services	-	(42,875)
Sale of software	(135,321)	-
Share received for other income	-	(152,833)
Shares received for debt	(321,392)	-
Gain on purchase of debt	(648)	-
Deferred tax recovery	-	(425)
Changes in non-cash working capital:		
Advances and amounts receivable	(334,074)	231,910
Prepaid expenses and deposit	(65,518)	201,213
Accounts payable and accrued liabilities	6,287	(256,091)
Unearned revenue	98,223	(396,055)
Due to (from) related parties	(725,397)	334,353
Promissory notes payable	(7,000)	(55,625)
<b>Cash used in operating activities</b>	<b>(1,968,044)</b>	<b>(1,533,785)</b>
<b>Investing Activities</b>		
Acquisition of investments	(2,413,727)	(2,589,785)
Proceeds on disposition of investments	4,264,971	4,266,749
Mineral property acquisitions	(110,248)	(352,631)
Proceeds on disposition of mineral properties	380,000	219,625
<b>Cash generated from investing activities</b>	<b>2,120,996</b>	<b>1,543,958</b>
<b>Change in cash during the year</b>	<b>152,952</b>	<b>10,173</b>
<b>Cash, beginning of year</b>	<b>134,918</b>	<b>124,745</b>
<b>Cash, end of year</b>	<b>\$ 287,870</b>	<b>\$ 134,918</b>

Supplemental disclosure with respect to cash flows (Note 16)  
The accompanying notes are an integral part of these financial statements.

# ZIMTU CAPITAL CORP.

## Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

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### 1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

The Company was incorporated in the Province of British Columbia on July 4, 2006, under the Business Corporations Act of British Columbia. The Company's principal business activities are investments in junior resource companies, mineral resource property acquisitions and dispositions, and the provision of management services. The Company is traded on the TSX Venture Exchange ("TSX-V") under the symbol 'ZC'. The Company also trades on the Frankfurt Stock Exchange under the symbol 'ZCT1'.

The head office and principal address are located at Suite 1450, 789 West Pender Street, Vancouver, BC, Canada V6C 1H2 and the registered and records office of the Company is located at Suite 800, 885 West Georgia Street, Vancouver, BC, Canada V6C 3H1.

These audited financial statements were authorized for issue by the Audit Committee and Board of Directors on March 21, 2019.

### 2. BASIS OF PREPARATION

#### a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

#### b) Basis of Measurement

These financial statements have been prepared on a historical costs basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, this financial statement has been prepared using the accrual basis of accounting.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and related disclosure.

Judgement is used mainly in determining how a balance or transaction should be recognized in the financial statements. Estimates and assumptions are used mainly in determining the measurement of recognized transactions and balances. Actual results may differ from these estimates.

Significant areas where management's judgement has been applied include:

- Classifying categories of financial assets and financial liabilities in accordance with IAS 39, *Financial instruments: recognition and measurement*; and
- The recoverability of the carrying value of the mineral property interests is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.
- Management's assumption that there are currently no decommissioning liabilities is based on the facts and circumstances that have existed during the periods;

Significant areas requiring the use of management estimates and assumptions include:

# ZIMTU CAPITAL CORP.

## Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

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### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial statement carrying values of assets and liabilities and their respective income tax bases (“temporary differences”) and losses carried forward. The determination of the ability of the Company to utilize tax loss carry-forwards to offset deferred tax liabilities requires management to exercise judgement and make certain assumptions about the future performance of the Company. Management is required to assess whether it is “probable” that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilization of the losses.

#### Fair value of investment in warrants

Management uses Black-Scholes option pricing model in measuring the fair value of investment in warrants, where active market quotes are not available. In applying the valuation technique, management is required to determine and make assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Such assumptions are inherently uncertain and changes in these assumptions affect the fair value estimates.

#### Fair value of share-based compensation

Management measures the fair value of equity-settled share-based transactions with employees and directors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The Company uses Black-Scholes option pricing model. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, volatility, dividend yield and forfeiture rate. Such assumptions are inherently uncertain and changes in these assumptions affect the fair value estimates.

#### Valuation of accounts receivable

The Company reviews the accounts receivable balances on a regular basis and estimates the likelihood of collection and records allowance for estimated losses. Management bases its estimates on historical experience and other relevant factors.

#### Fair value of promissory notes receivable

Management uses valuation techniques in measuring the fair value of promissory notes receivable, where active market quotes are not available. Details of the assumptions used are given in the note 7 to these financial statements. In applying the valuation technique, management makes use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.



# **ZIMTU CAPITAL CORP.**

## **Notes to the Financial Statements**

**For the years ended November 30, 2018 and 2017**

**Expressed in Canadian Dollars**

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### **4. SIGNIFICANT ACCOUNTING POLICIES**

#### **Cash**

Cash consist of cash on hand and deposits in banks.

#### **Investments**

Investments consist of investments in shares, warrants and options of public and private companies and fixed term deposit held at the bank with a maturity of more than three months and less than twelve months at the time of issuance, which are recorded at fair value, except for those investments in shares that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which is recorded at cost.

The Company classifies its investments in shares into at fair value through profit or loss and available-for-sale categories. Investments that are bought and held principally for the purpose of selling them in the near term are classified as fair value through profit or loss and are reported at fair value, with unrealized gains and losses recognized in earnings. The fair value of substantially all investments is determined by quoted market prices, except for those investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost. The investments in warrants and options of public and private companies are fair valued using Black-Scholes option model if there is no active market for the warrants and options, as this is a commonly used valuation technique by market participants. If there exists an active market for the warrants and options, they are valued at closing ask prices at reporting year end.

#### **Mineral property interests**

Mineral property interests involve the search for minerals, the determination of technical feasibility, and the assessment of commercial viability of an identified resource.

Mineral property interests incurred prior to obtaining licenses are expensed in the period in which they are incurred. Once the legal right to explore has been acquired, mineral property interests incurred are capitalized. All capitalized mineral property interests are recorded at acquisition cost and are monitored for indications of impairment. Where there are indications of a potential impairment, an assessment is performed for recoverability. Capitalized costs are charged to the statements of income (loss) and comprehensive income (loss) to the extent that they are not expected to be recovered. No amortization is taken during the exploration and evaluation phase.

From time to time, the Company may acquire or dispose of a mineral property interest, either by an option agreement or an acquisition agreement. As the consideration payable may consist of options, which are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are recorded as property costs or recoveries when the payments are made or received. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in statements of income and comprehensive income.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and regulatory requirements.

# ZIMTU CAPITAL CORP.

## Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Foreign currency transaction

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities that are measured at historical costs are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statements of income and comprehensive income.

#### Financial instruments

##### *Financial Assets*

Financial assets are classified into one of the following categories: fair value through profit or loss, loans and receivables, available-for-sale, or held-to-maturity investments. The classification depends on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. Management determines the classification of its financial asset at initial recognition.

The Company's accounting policy for each category is as follows:

##### *(i) Financial assets at fair value through profit or loss ("FVTPL")*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term and are classified as current assets. Financial assets at FVTPL are initially recognized at fair value with changes in fair value recorded through income. Cash, fixed term deposits held at the bank with a maturity more than three months ("GIC"), investment in public company shareholdings and private company shareholdings, promissory note receivable are included in this category of financial assets. Investments in warrants are also classified as FVTPL and are carried at fair market value by using Black-Scholes option model if there is no active market for the warrants, as this is a commonly used valuation technique by market participants. If there exists an active market for the warrants and options, they are valued at closing ask prices at year-end.

##### *(ii) Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as "trading" assets, have not been designated at fair value through profit or loss or as available-for-sale and for which the holder may recover substantially all of its initial investment, other than because of credit deterioration. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivable are derecognized or impaired, as well as through the amortization process. Advances and amounts receivable (excluding promissory note receivable under FVTPL), deposits and due from related parties (excluding promissory note receivable due from related parties under FVTPL) are classified as loans and receivables. They are recorded at cost, which on initial recognition represents their fair value. Subsequent valuations are recorded at amortized cost using the effective interest method.

# ZIMTU CAPITAL CORP.

## Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Financial Assets (continued)*

##### *(iii) Available-For-Sale Investments*

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally of the Company's strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in accumulated other comprehensive loss/income. Purchase and sales of available-for-sale financial assets are recognized on a trade date basis. On sale or impairment, the cumulative amount recognized in other comprehensive loss/income is reclassified from accumulated other comprehensive loss/income to profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost. Investments in equity instruments not classified as at fair value through profit or loss are classified as available-for-sale and are carried at fair market value, with the unrealized gains and losses, net of tax, included in the determination of comprehensive income and reported in equity. The fair value of substantially all investments is determined by quoted market prices, except for those investments that do not have a quoted market price in an active market, which are measured at cost. The Company does not have any assets classified as available-for-sale investments.

##### *(iv) Held-to-maturity investments*

The held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

##### *Impairment on Financial Assets*

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- Significant financial difficulty of the issuer or counterparty;
- Default or delinquency in interest or principal payments; or
- It has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized; the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

# ZIMTU CAPITAL CORP.

## Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### *Financial Liabilities*

Financial liabilities are all classified as other financial liabilities, based on the purpose for which the liability was incurred. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability in the statements of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding. The Company's due to related parties, promissory notes payable, and accounts payable and accrued liabilities are classified as other financial liabilities.

#### Revenue recognition

Revenues are recognized on the following bases:

- (i) Interest income is recorded on an accrual basis at the stated interest rate over the term of the related instrument;
- (ii) Revenue from management and administrative services and corporate development and marketing services is recognized upon completion of the service, and when collectability is reasonably assured.
- (iii) Revenue from mineral sales is recognized at the time that title and risk of ownership have passed, collection is reasonably assured and the price is determinable. Proceeds received on the sale of interests in mineral properties are credited to the carrying value of the mineral properties, with any excess included in statements of income and comprehensive income; and
- (iv) Revenue from property advisory services is recognized when the service is performed, collection is reasonably assured, and the price is determinable.

#### Share-based payment transactions

The Company grants stock options to buy common shares of the Company to directors, officers and employees. The board of directors grants such options for periods of up to five years, which vest immediately and are priced at the previous day's closing price.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Where the terms of a stock option is modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the stock-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

#### Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects. Common shares issued for consideration other than cash, are valued based on their market value at the date the common shares are issued.

# ZIMTU CAPITAL CORP.

## Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Warrants

Proceeds from issuances by the Company of units consisting of shares and warrants are allocated based on the residual method, whereby the carrying amount of the warrants is determined based on any difference between gross proceeds and the estimated fair market value of the shares. If the proceeds from the offering are less than or equal to the estimated fair market value of shares issued, a nil carrying amount is assigned to the warrants.

#### Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. 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.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities on an undiscounted basis, using tax rates enacted or substantively enacted at the statement of financial position date.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### Earnings/Loss per share

Basic earnings/loss per share is computed by dividing the net income or loss attributable to the owners of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per share is determined by adjusting the earnings or loss attributable to the owners of the Company and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period. In periods that the Company reports a net loss, per share amounts are not presented on a diluted basis as the result would be anti-dilutive.

#### Investment in associate

If the Company has significant influence over an investee as defined under IAS 28 – Investments in Associates and Joint Ventures, the investment is initially recognized at cost and is adjusted periodically to reflect the Company's portion of the investees' comprehensive profit or loss through the Company's statement of operations and comprehensive loss. The Company's share of profit or loss of an associate is shown on the face of the statement of operations and comprehensive loss.

# ZIMTU CAPITAL CORP.

## Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Investment in associate (continued)

After application of the equity method, the Company determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in the statement of operations and comprehensive loss.

Upon loss of significant influence over the associate, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and process from disposal is recognised in profit or loss.

#### Related party transactions

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.

#### Future Accounting Pronouncements

Pronouncements that are not applicable to the Company have not been included in these financial statements.

#### ***IFRS 15 - Revenues from Contracts with Customers (“IFRS 15”)***

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers (“IFRS 15”). IFRS 15 introduces a single contract-based five-step model that applies to contracts with customers and two approaches for the recognition of revenue: at a point in time or over time. The five steps are: identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price, and recognize revenue when the performance obligation is satisfied. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. IFRS 15 also requires enhanced disclosures about revenue to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers, and improve the comparability of revenue from contracts with customers. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. The effective date is for reporting periods beginning on or after January 1, 2018 with early application permitted. Based on the Company’s assessment, the impact of IFRS 15 adoption is not expected to be significant.

#### ***IFRS 9 - Financial instruments (“IFRS 9”)***

In July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 (2014), incorporated into Part I of the CPA Canada Handbook – Accounting by the Accounting Standards Board (AcSB) in February 2015, as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This standard will replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 (2014) is effective for reporting periods beginning on or after January 1, 2018 with early adoption permitted (subject to local endorsement requirements). Based on the Company’s assessment, the impact of IFRS 9 adoption is not expected to be significant.

#### ***IFRS 16 - Leases***

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual

# ZIMTU CAPITAL CORP.

## Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

periods beginning on or after January 1, 2019, with earlier adoption permitted. The extent of the impact of adoption of the standard has not yet been determined.

### 5. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES

The investment operations of the Company's business involve the purchase and sale of securities and, accordingly, the majority of the Company's assets are currently comprised of financial instruments. The use of financial instruments can expose the Company to several risks, including interest rate, credit, currency, liquidity and market risk. A discussion of the Company's use of financial instruments and their associated risk is provided below:

a) Fair value - The Company classifies its financial instruments using a fair value hierarchy as a framework for disclosing fair value of financial instruments based on inputs used to value the Company's investments. The hierarchy of inputs and description of inputs is described as follows:

Level 1 – fair values are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;  
Level 2 – fair values are based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); or  
Level 3 – fair values are based on inputs for the asset or liability that are not based on observable market data, which are unobservable inputs.

	November 30, 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Fair value through profit or loss</b>				
Cash	287,870	-	-	287,870
Promissory note receivables (Note 7)	516,208	-	-	516,208
Promissory note receivables – related parties (Note 9)	319,417	-	-	319,417
GIC (Note 6c)	34,500	-	-	34,500
Investment in public company shareholdings (Note 6a)	5,126,697	-	-	5,126,697
Investment in private company shareholdings (Note 6)	-	-	277,349	277,349
Investment in warrants (Note 6b)	-	1,036,183	-	1,036,183
	<u>6,284,692</u>	<u>1,036,183</u>	<u>277,349</u>	<u>7,598,224</u>
	November 30, 2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>Fair value through profit or loss</b>				
Cash	134,918	-	-	134,918
Promissory note receivables	271,500	-	-	271,500
Promissory note receivables – related parties	96,000	-	-	96,000
GIC (Note 6c)	34,500	-	-	34,500
Investment in public company shareholdings (Note 6a)	9,999,972	-	-	9,999,972
Investment in private company shareholdings (Note 6)	-	-	7,500	7,500
Investment in warrants (Note 6b)	-	2,514,542	-	2,514,542
	<u>10,536,890</u>	<u>2,514,542</u>	<u>7,500</u>	<u>13,058,932</u>

## ZIMTU CAPITAL CORP.

### Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

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#### 5. FINANCIAL INSTRUMENTS AND CAPITAL DISCLOSURES (continued)

b) Interest rate risk - The Company is not exposed to significant interest rate risk even though the Company has cash balances, and its current policy is to invest excess cash in certificates of deposit or money market funds of major Canadian chartered banks. The GIC included in investment bear interest at a fixed rate, and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The sensitivity of the Company to a variation of 1% in the interest rate would not have a significant impact. The Company's other financial assets and financial liabilities do not comprise any interest rate risk since they do not bear interest.

c) Credit risk - The Company is not exposed to significant credit risk on its cash and GIC due to its cash is placed with major financial institutions and investments are placed with a Canadian chartered bank or with independent investment dealer member of the Canadian Investor Protection Fund. All transactions executed by the Company in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Management believes that the credit risk with respect to advances and amounts receivables is remote. One customer accounted for 50% (2017: 47%) of the Company's administrative revenue.

d) Currency risk - The Company is not exposed to significant currency risk on fluctuations considering that its assets and liabilities are stated in Canadian dollars.

e) Liquidity risk - Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected as a result of downturn in stock market conditions generally or related to matters specific to the Company, or if the value of the Company's investments declines, resulting in losses upon disposition. The Company generates cash flow primarily from its administrative activities and proceeds from the disposition of its investments. The Company has sufficient investments that are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.

f) 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 because of changes in market prices. The Company is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

The Company manages market risk by having a portfolio that is not singularly exposed to any one issuer or class of issuers. The Company's investment activities are currently concentrated primarily across several sectors in the natural resource industry, potash, precious metals, base metals, coal, graphite, rare earth elements, and rare metals. The Company also has set thresholds on purchases of investments. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollar. The Company is not exposed to commodity price at this time.

g) Capital management - The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to meet its daily operating expenses. The Company may raise additional capital for additional cash required. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to identify and acquire new investment or business opportunities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the years ended November 30, 2018 and 2017. The Company is not subject to externally imposed capital requirements.



**ZIMTU CAPITAL CORP.****Notes to the Financial Statements****For the years ended November 30, 2018 and 2017****Expressed in Canadian Dollars****6. INVESTMENTS****Investment continuity schedule**

	<b>Investment in public companies</b>	<b>Investment in private companies</b>	<b>Warrants</b>	<b>GIC</b>	<b>Total</b>
	<b>(a)</b>		<b>(b)</b>	<b>(c)</b>	
<b>Balance, November 30, 2016</b>	<b>\$ 5,646,959</b>	<b>\$ 250,000</b>	<b>\$ 1,452,796</b>	<b>\$ 34,500</b>	<b>\$ 7,384,255</b>
Cost of Shares/warrants acquired	4,831,436	7,500	2,191,362	-	7,030,298
Shares disposed/warrants exercised	(5,372,268)	-	(638,458)	-	(6,010,726)
Fair value change	4,893,845	-	(491,158)	-	4,402,687
Write off	-	(250,000)	-	-	(250,000)
<b>Balance, November 30, 2017</b>	<b>\$ 9,999,972</b>	<b>\$ 7,500</b>	<b>\$ 2,514,542</b>	<b>\$ 34,500</b>	<b>\$ 12,556,514</b>
Cost of Shares/warrants acquired	3,200,503	29,936	395,596	-	3,626,034
Shares disposed/ warrants exercised	(4,408,778)	(52,500)	(303,413)	-	(4,575,374)
Fair value change	(3,665,000)	292,413	(1,570,542)	-	(5,132,445)
<b>Balance, November 30, 2018</b>	<b>\$ 5,126,697</b>	<b>\$ 277,349</b>	<b>\$ 1,036,183</b>	<b>\$ 34,500</b>	<b>\$ 6,474,729</b>

**ZIMTU CAPITAL CORP.****Notes to the Financial Statements****For the years ended November 30, 2018 and 2017****Expressed in Canadian Dollars****6. INVESTMENTS (continued)****(a) Investment in public company shareholdings**

<b>Investments at fair value through profit or loss as at November 30, 2018</b>					
	<b>Number of Shares</b>	<b>Cost Base</b>		<b>Market Base</b>	
		<b>\$</b>	<b>\$/Share</b>	<b>\$</b>	<b>\$/Share</b>
92 Resources	3,126,720	251,941	0.08	109,435	0.035
Altamira Gold	100,000	60,627	0.61	7,500	0.075
ALX Uranium	2,431,998	404,949	0.17	194,560	0.080
Arctic Star Exploration	4,241,358	468,161	0.11	275,688	0.065
Belmont Resources	5,540,667	256,766	0.05	277,033	0.050
Bluenose Gold	33,333	7,105	0.21	5,333	0.160
Canadian Energy Materials	350,000	56,000	0.16	52,500	0.150
Canada Cobalt Works	100,000	19,469	0.19	56,000	0.560
Cobalt Power Group	26,250	15,682	0.60	394	0.015
Commerce Resources	17,784,178	2,691,494	0.15	1,067,051	0.060
Cresval Capital	500,000	100,000	0.20	25,000	0.050
Crown Mining	723,166	50,098	0.07	75,932	0.105
Emerita Gold	3,200,000	283,218	0.09	48,000	0.015
Equitorial Resources	400,000	16,230	0.04	18,000	0.045
Fanlogic Interactive	100,000	50,000	0.50	3,000	0.030
First Cobalt	48,034	89,478	1.86	11,048	0.230
Greatbanks Resources	1,000,000	30,000	0.03	15,000	0.015
Group Ten Metals	900,000	54,000	0.06	130,500	0.145
Indigo Exploration	715,000	200,653	0.28	10,725	0.015
Indiva Exploration	6,218	86,250	13.87	3,233	0.520
Kapuskasing Gold	6,050,000	413,363	0.07	90,750	0.015
Khiron Life Sciences	208	525	2.52	308	1.480
King's Bay Resources	6,026,135	400,553	0.07	241,045	0.040
Maple Gold Mines	1,299,000	163,810	0.13	123,405	0.095
Margaret Lake Diamonds	833,333	100,000	0.12	29,167	0.035
Maxtech Ventures	661,000	160,100	0.24	125,590	0.190
Megastar Development	150,000	9,770	0.07	6,000	0.040
MGX Minerals	859,179	621,992	0.72	386,630	0.450
Montan Mining	5,333	1,932	0.36	187	0.035
Mountain Boy Minerals	331,400	99,420	0.30	71,251	0.215
Nickel One	2,051,000	102,550	0.05	51,275	0.025
Nouveau Life	230,000	50,051	0.22	138	0.001
NRG Metals	300,000	26,230	0.09	27,000	0.090
Pacific Silk Road	145,000	119,011	0.82	2,900	0.020
Parcelpal	1,055,000	54,432	0.05	258,475	0.245
Pistol Bay	4,007,500	268,475	0.07	120,225	0.030
Prospera Energy	1,500,000	105,000	0.07	135,000	0.090
Redfund Capital	533,333	100,000	0.19	160,000	0.300
Red Oak Mining	100,000	12,000	0.12	32,000	0.320
Sanatana Resources	300,000	12,150	0.04	16,500	0.055
Saville Resources	6,671,000	345,110	0.05	233,485	0.035
Sunvest Metals	2,150	5,072	2.36	86	0.040
True Leaf Medicine	1,003,063	152,500	0.15	436,332	0.435
Ultracharge	1,200,000	53,758	0.04	11,653	0.010
Vatic Resources	467,522	70,128	0.15	28,051	0.060
VOIP	226,000	26,217	0.12	22,504	0.100
Voltaic Minerals	647,250	96,037	0.15	110,033	0.170
White Metal Resources	180,000	4,500	0.03	9,900	0.055
WPC Resources	435,000	21,750	0.05	10,875	0.025
		<b>8,788,557</b>		<b>5,126,697</b>	

**ZIMTU CAPITAL CORP.****Notes to the Financial Statements****For the years ended November 30, 2018 and 2017****Expressed in Canadian Dollars****6. INVESTMENTS (continued)****(a) Investment in public company shareholdings (continued)**

	Investments at fair value through profit or loss as at November 30, 2017				
	Number of Shares	Cost Base		Market Base	
		\$	\$/Share	\$	\$/Share
92 Resources	2,326,720	216,541	0.09	232,673	0.100
Altamira Gold	297,916	180,564	0.61	58,094	0.195
ALX Uranium	2,431,998	404,949	0.17	182,400	0.075
Arctic Star Exploration	4,019,858	377,556	0.09	562,780	0.140
Belmont Resources	4,378,000	231,115	0.05	218,900	0.050
Berkwood Resources	303,500	86,775	0.29	115,330	0.380
Canadian Mining	66,666	3,000	0.04	21,333	0.320
Canadian Zeolite	333,334	115,000	0.35	130,000	0.390
Castle Silver	866,666	106,310	0.12	216,667	0.250
Cobalt Power Group	26,250	15,682	0.60	5,250	0.200
Cobaltech Mining	182,500	89,478	0.49	62,050	0.340
Commerce Resources	17,584,178	2,674,294	0.15	1,406,734	0.080
Copper North	150,000	66,135	0.44	11,250	0.075
Cresval Capital	500,000	100,000	0.20	25,000	0.050
Crown Mining	866,666	60,000	0.07	147,333	0.170
Electra Stone	1,873,581	116,858	0.09	9,368	0.005
Emerita Gold	1,835,000	148,250	0.08	165,150	0.090
Equitorial Resources	900,000	74,008	0.08	117,000	0.130
Fanlogic Interactive	100,000	50,000	0.50	55,000	0.550
Far Resources	463,000	39,618	0.09	407,440	0.880
Genius Properties	167,047	33,409	0.20	26,728	0.160
Georox Resources	1,500,000	105,000	0.07	75,000	0.050
Golden Dawn	600,000	130,823	0.22	153,000	0.255
Greatbanks Resources	1,000,000	30,000	0.03	35,000	0.035
Group Ten Metals	1,000,000	60,000	0.06	215,000	0.215
Indigo Exploration	715,000	200,653	0.28	21,450	0.030
Intact Gold	600,000	45,000	0.08	9,000	0.015
Kapuskasing Gold	5,800,000	408,363	0.07	232,000	0.040
King's Bay Gold	8,101,135	538,633	0.07	1,053,148	0.130
Maple Gold Mines	1,039,000	109,273	0.11	254,555	0.245
MGX Minerals	555,700	146,176	0.26	527,915	0.950
Montan Mining	232,000	27,924	0.12	3,480	0.015
Montego Resources	80,000	60,000	0.75	28,000	0.350
Mountain Boy Minerals	1,667,000	100,020	0.06	141,695	0.085
Nickel One	1,408,820	92,537	0.07	56,353	0.040
Nouveau Life	230,000	50,051	0.22	-	0.000
NRG Metals	1,265,000	110,645	0.09	721,050	0.570
Pacific Potash	170,000	139,536	0.82	8,500	0.050
Parcelpal	2,250,000	116,572	0.05	416,250	0.185
Pistol Bay	3,525,000	159,925	0.04	141,000	0.040
Rainmaker Resources	6,218	86,250	13.87	311	0.050
Red Oak Mining	52,100	32,423	0.62	10,681	0.205
Rewardstream Solutions	28,600	75,880	2.65	1,144	0.040
Rockcliff Metals	1,807,000	111,240	0.06	135,525	0.075
Saville Resources	9,000	930	0.10	675	0.075
Sharc International System	76,428	68,758	0.90	41,271	0.540
Sunvest Metals	2,150	5,072	2.36	204	0.095
True Leaf Medicine	1,303,063	198,103	0.15	1,159,725	0.890
Ultracharge	240,000	53,758	0.22	6,071	0.025
Umbral Energy	285,000	19,400	0.07	39,900	0.140
Vatic Resources	1,402,566	70,128	0.05	84,154	0.060
Voltaic Minerals	5,580,181	1,427,792	0.26	223,207	0.040
White Metal Resources	180,000	4,500	0.03	10,800	0.060
WPC Resources	435,000	21,750	0.05	17,400	0.040
Western Resources	66	175	2.65	28	0.420
		<b>9,996,832</b>		<b>9,999,972</b>	

**ZIMTU CAPITAL CORP.****Notes to the Financial Statements****For the years ended November 30, 2018 and 2017****Expressed in Canadian Dollars****6. INVESTMENTS (continued)****(b) Investments in warrants**

	<b>Number of Warrants</b>	<b>Expiry Date</b>	<b>Weighted Average Exercise Price</b>	<b>Fair Value</b>	<b>Fair Value \$/Warrant</b>
92 Resources	2,750,000	Various	0.14	2,378	0.001
Altamira Gold Corp.	58,333	April 5, 2019	0.33	-	0.000
ALX Uranium Corp.	500,000	May 16, 2019	0.20	6,127	0.012
Arctic Star Exploration	3,747,361	Various	0.17	25,641	0.007
Belmont Resources	7,575,667	Various	0.08	130,027	0.017
Berkwood Resources	838,650	Various	0.39	2,786	0.003
Canada Cobalt Works	416,666	March 16, 2019	0.20	151,656	0.364
Canadian Energy Materials	175,000	January 5, 2020	0.25	2,387	0.014
Commerce Resources	14,000,000	May 26, 2019	0.10	65,782	0.005
Copper North	120,000	November 4, 2020	0.50	428	0.004
Crown Mining	666,666	May 13, 2019	0.15	21,356	0.032
Emerita Resources	500,000	December 20, 2019	0.20	-	0.000
Golden Dawn	300,000	September 7, 2019	0.60	-	0.000
Group Ten	1,000,000	February 27, 2020	0.12	55,614	0.056
Kapuskasung	3,000,000	Various	0.12	4,537	0.002
King's Bay	7,011,703	Various	0.16	43,065	0.006
Maple Gold Mines	465,000	July 25, 2019	0.13	7,034	0.015
Margaret Lake Diamonds	833,333	April 16, 2021	0.20	13,777	0.017
Maxtech Ventures	286,000	March 9, 2020	0.45	23,849	0.083
MGX	100,000	December 27, 2020	1.15	15,347	0.153
Mountain Boy	333,400	March 15, 2019	0.50	4,579	0.014
Nickel One	2,770,660	Various	0.10	12,867	0.005
Parcelpal	750,000	October 24, 2019	0.075	132,479	0.177
Pistol Bay	2,250,000	April 25, 2020	0.08	20,366	0.009
Prospera Energy	750,000	May 22, 2019	0.14	28,634	0.038
Redfund Capital	533,333	August 1, 2020	0.55	133,384	0.250
Rockcliff Metals	555,667	August 29, 2019	0.36	28,855	0.052
Saville Resources	6,000,000	September 28, 2020	0.10	99,660	0.017
Vatic Resources	467,522	February 1, 2019	0.30	-	0.000
Voltaic Minerals	645,000	April 23, 2020	0.20	3,568	0.006
<b>Balance, November 30, 2018</b>				<b>1,036,183</b>	

**ZIMTU CAPITAL CORP.****Notes to the Financial Statements****For the years ended November 30, 2018 and 2017****Expressed in Canadian Dollars****6. INVESTMENTS (continued)****(b) Investments in warrants (continued)**

<b>Investments in warrants</b>	<b>Number of Warrants</b>	<b>Expiry Date</b>	<b>Weighted Average Exercise Price</b>	<b>Fair Value</b>	<b>Fair Value \$/Warrant</b>
92 Resources	2,398,360	Various	0.13	70,620	0.029
ALX Resources	1,200,000	January 29, 2018	0.10	6,171	0.005
Altamira Gold Corp.	628,333	Various	0.94	4,593	0.007
Arctic Star Exploration	4,122,361	Various	0.14	349,913	0.085
Belmont Resources	3,978,000	Various	0.12	69,328	0.017
Berkwood Resources	838,650	Various	0.39	270,015	0.322
Bonterra Resources	171,429	August 19, 2018	0.50	25,013	0.146
Castle Silver Resources	666,666	March 16, 2019	0.10	122,523	0.184
Cheetah Canyon	57,142	March 15, 2018	0.53	16	0.000
Commerce Resources	14,000,000	May 26, 2019	0.10	357,828	0.026
Copper North	120,000	November 4, 2020	0.50	7,095	0.059
Crown Mining	866,666	Various	0.16	96,732	0.112
Electra Stone	2,015,000	Various	0.09	765	0.000
Emerita	1,200,000	May 27, 2018	0.10	36,860	0.031
First Mining	189,832	June 16, 2018	0.83	3,566	0.019
Georox Resources	750,000	May 22, 2019	0.14	14,175	0.019
Golden Dawn	600,000	September 7, 2019	0.30	62,756	0.105
Group Ten	1,000,000	February 27, 2020	0.12	198,907	0.199
Intact gold	600,000	August 12, 2018	0.10	446	0.001
King's Bay	4,386,703	Various	0.13	281,225	0.064
Kapuskasing	3,500,000	Various	0.11	58,015	0.017
Maple Gold Mines	465,000	July 25, 2019	0.13	78,934	0.170
MGX	95,479	September 21, 2018	0.20	71,931	0.753
Montego Resources	40,000	August 22, 2018	1.00	4,476	0.112
Mountain Boy	1,667,000	March 15, 2019	0.10	70,129	0.042
Nickel One	2,145,160	Various	0.11	22,225	0.010
Parcelpal	1,000,000	October 24, 2019	0.08	157,126	0.157
Pistol Bay	1,060,000	August 29, 2018	0.08	8,614	0.008
RewardStream Solutions	120,000	July 27, 2018	0.50	45	0.000
Rockcliff copper	1,667,000	August 29, 2019	0.12	60,625	0.036
Vatic Resources	666,666	October 21, 2018	0.15	3,875	0.006
<b>Balance, November 30, 2017</b>				<b>2,514,542</b>	

**(c) Investment in GIC**

As at November 30, 2018, the Company had two guaranteed investment certificates totaling \$34,500 (November 30, 2017: \$34,500). Of the total, \$23,000 matures on March 7, 2019 with an interest rate of prime minus 2.6%. The remaining \$11,500 matures on July 4, 2019 with an interest rate of prime minus 2.45%.

**(d) Investment in Dimension Five Technologies**

	<b>Total</b>
At November 30, 2017	\$ -
Shares received for sale of software (Note 19)	300,000
Sale of shares (Note 19)	(180,000)
Purchase of shares in private placement	100,000
Loss from equity investee	(26,008)
At November 30, 2018	\$ 193,992

## ZIMTU CAPITAL CORP.

### Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

#### 6. INVESTMENTS (continued)

##### (d) Investment in Dimension Five Technologies (continued)

On July 1, 2018, the Company received 10,000,000 shares of Dimension Five Technologies Inc. (“D5”) valued at \$300,000 for the sale of the Zimtu App (see Note 19) and immediately sold 6,000,000 of the received shares to management and employees of the Company, for \$0.03 per share for gross proceeds of \$180,000, all covered by promissory notes. On July 27, 2018, the Company acquired 2,000,000 shares valued at \$0.05 in a private placement. During the year ended November 30, 2018, the investment was adjusted for \$26,008 (2017: \$nil) of equity loss due to the decrease of net assets of D5. As at November 30, 2018, the Company holds 6,000,000 shares of D5, equal to 26% (2017: nil%) of D5’s outstanding common shares.

The financial information of D5 as of November 30, 2018 are presented as follows:

	November 30, 2018	July 1, 2018
	\$	\$
Current assets	443,018	409,580
Non-current assets	300,000	-
Current liabilities	28,267	361,000
Shareholders’ equity	714,751	48,580

	July 1, 2018 to November 30, 2018
	\$
Revenue	50,000
Total expenses	165,656
Net loss for the period	(115,656)

#### 7. ADVANCES AND AMOUNTS RECEIVABLE

The Company’s current advances and amounts receivable consists of amounts billed and outstanding for providing marketing, managerial, and administrative services. The amounts are unsecured, non-interest bearing, and have no specific terms of repayments.

Promissory notes are issued to management and employees for the private sale of shares. These notes are non-interest bearing, have specific dates of repayment but due on demand, and hold share certificates as collateral. The borrowers have the option of repaying by either cash based on the nominal amount of the notes or the underlying shares. The fair values of the promissory notes as at each reporting date are determined as the lower of the market value of the underlying shares and the nominal loan amount.

	November 30, 2018	November 30, 2017
	\$	\$
Accounts receivable	509,250	767,064
Allowance for doubtful accounts	(63,855)	(309,403)
Accounts receivable – net of allowance:	445,395	457,661
Promissory note receivable – nominal value	609,750	271,500
Promissory note receivable – Fair value Change	(93,542)	-
Promissory note receivable – Fair value	516,208	271,500
Total advances and amounts receivable:	961,603	729,161

## ZIMTU CAPITAL CORP.

### Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

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#### 7. ADVANCES AND AMOUNTS RECEIVABLE (continued)

As at December 31, 2018, accounts receivable of \$63,855 (2017: \$309,403) were impaired and fully provided by allowance. See below for the movements in the provision for impairment of receivable:

	\$
As of November 30, 2016	-
Charge for the year	309,403
Utilized	-
As of November 30, 2017	309,403
Charge for the year (Note 14)	16,787
Utilized	(262,335)
As of November 30, 2018	63,855

#### 8. PREPAID EXPENSES

The Company's current prepaid expenses consist mainly of payments made for future investments, marketing expenses paid in advance of service, and advance payments made on the Company's credit card or as employee advances.

	November 30, 2018 \$	November 30, 2017 \$
Software development expenses	-	164,679
Prepaid share subscription fee	55,000	-
Deposits (Note 17)	18,873	-
Others	26,514	15,996
Total prepaid expenses	100,387	180,675

#### 9. RELATED PARTY TRANSACTIONS

The Company incurred the following fees and expenses in the normal course of operations and are measured at the exchange amount.

Years ended November 30,	2018	2017
<b>Key management compensation*</b>	<b>\$</b>	<b>\$</b>
Key management compensation	657,196	624,800
Share-based compensation (Note 13(e))	129,286	-
<b>Years ended November 30,</b>	<b>2018</b>	<b>2017</b>
<b>Revenue**</b>	<b>\$</b>	<b>\$</b>
Management administration fees	360,000	360,000
Corp development and advertising income	8,000	27,789
Other income	1,500	2,309
Expenses		
Licensing fees (Note 19)	50,000	-

**ZIMTU CAPITAL CORP.****Notes to the Financial Statements****For the years ended November 30, 2018 and 2017****Expressed in Canadian Dollars****9. RELATED PARTY TRANSACTIONS (continued)**

<b>Amounts due from related parties</b>	<b>November 30, 2018</b>	<b>November 30, 2017</b>
	<b>\$</b>	<b>\$</b>
Commerce Resources Corp.	684,309	187,429
<b>Promissory note receivable -Fair Value</b>		
David Hodge, CEO and director	52,250	21,000
Jody Bellefleur, CFO	25,000	24,000
Kevin Bottomley, director	113,750	-
Sean Charland, director	43,000	42,000
Chris Grove, director	85,417	9,000
<b>Loan receivable</b>		
Core Assets Corp.	5,100	-
<b>Total amount due from related parties</b>	<b>1,008,826</b>	<b>283,429</b>

\* Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and certain members of its Board of Directors.

\*\* The Company provides Management and Administrative services to related parties. These services include rent, office costs, administration, and staffing.

**10. MINERAL PROPERTY INTERESTS**

Property Name	Partner	Balance, November 30, 2017 \$	Additions \$	Impairment \$	Property sales \$	Balance, November 30, 2018 \$
AB Potash (α)	Dahrouge	84	-	(84)	-	-
Blue Property (α)	N/A	-	26,500	-	-	26,500
Carlow Lithium (α)	Dahrouge	5,193	-	(5,193)	-	-
Covette Property (j)	N/A	335,999	1,255	-	(337,254)	-
Covette II Property (α)	N/A	3,712	-	-	-	3,712
Deep Bay/Simon Lake (α)	Dahrouge	7,339	1,069	(3,561)	-	4,847
Eastmain River (α)	N/A	3,041	-	(3,041)	-	-
Johnson Croft (h)	N/A	360	-	-	(360)	-
Lac Gueret Graphite (α)	N/A	239	-	(239)	-	-
Lac Patu Vanadium (k)	S. Jamal	-	6,261	-	(6,261)	-
Mell & Tucha Claims (α)	Dahrouge	2,450	4,595	-	-	7,045
Munn Lake (α)	Dahrouge	133,202	44,064	(114,850)	-	62,416
Nunavut (i) (α)	Various	12,037	14,968	-	-	27,005
Pelican Frac Sands (α)	Dahrouge	7,049	-	(7,049)	-	-
Pell Claims (α)	Dahrouge	-	2,888	-	-	2,888
Silver Lime (α)	N/A	-	8,000	-	-	8,000
Two Creeks (α)	Dahrouge	-	648	(648)	-	-
		<b>510,705</b>	<b>110,248</b>	<b>(134,665)</b>	<b>(343,875)</b>	<b>142,413</b>



**ZIMTU CAPITAL CORP.****Notes to the Financial Statements****For the years ended November 30, 2018 and 2017****Expressed in Canadian Dollars****10. MINERAL PROPERTY INTERESTS (continued)**

Property Name	Partner	Balance, November 30, 2016 \$	Additions \$	Impairment \$	Property sales \$	Balance, November 30, 2017 \$
AB Peace River (f)	Dahrouge	596	-	-	(596)	-
AB Potash (α)	Dahrouge	84	-	-	-	84
Broadback Claims (e)	N/A	553	-	-	(553)	-
Carlow Lithium (α)	Dahrouge	5,193	-	-	-	5,193
Covette Property (j)	N/A	-	335,999	-	-	335,999
Covette II Property (α)	N/A	-	3,712	-	-	3,712
Deep Bay/Simon Lake (α)	Dahrouge	7,339	-	-	-	7,339
Deep Lake Cobalt (g)	N/A	80	3,160	-	(3,240)	-
Eastmain River (α)	N/A	3,041	-	-	-	3,041
Johnson Croft (q)	N/A	-	360	-	-	360
Lac Gueret Graphite (α)	N/A	239	-	-	-	239
Lepidolite Claims	N/A	-	2,252	(2,252)	-	-
Munn Lake (α)	Dahrouge	90,652	42,550	-	-	133,202
Ninuk Lake (e)	N/A	5,483	1,722	-	(7,205)	-
Nunavut (i) (α)	Various	-	12,037	-	-	12,037
Pashkokogan Lake	N/A	10,800	-	(10,800)	-	-
Pelican Frac Sands (α)	Dahrouge	7,049	-	-	-	7,049
Roberge Cobalt (e)	N/A	179	-	-	(179)	-
St Joseph	N/A	36,000	-	(36,000)	-	-
Tucha Claims (α)	N/A	-	2,450	-	-	2,450
		167,288	404,242	(49,052)	(11,773)	510,705

(α) Properties Held for Sale

**Joint Venture Partners**

*Dahrouge Geological Consulting Corp., 877384 Alberta Ltd., and DG Resource Management Ltd.*  
 (“Dahrouge”)

The Company entered into verbal mutual agreements with Dahrouge Geological Consulting Corp. (“Dahrouge”), 877384 Alberta Ltd. (“877384”), and DG Resource Management Ltd. (“DG Resource”), in which Dahrouge, 877384, and/or DG Resource will stake and hold the ownerships of the properties on behalf of the Company.

**Farmed-out Properties**(a) *Garland / Voisey’s Bay Property*

On July 10, 2014, the Company and its prospecting partners DG Resource Management Ltd. and Ridge Resources Ltd., collectively the “Vendors”, entered into an agreement with Altamira Gold Corp. (“Altamira”) (formerly Equitas Resources Corp.) whereby Altamira has the right to acquire a 100% interest in the Garland Property, located in Labrador, Canada. In consideration, the Company will receive 3,000,000 shares over a 36 month period (1,000,000 shares received and fair valued at \$35,000 in 2014 and 1,000,000 shares received with a fair value of \$70,000 during the year ended November 30, 2016) and \$40,000 cash (received). The agreement was accepted by the TSX-V on November 17, 2014. On April 7, 2017, the Company, its prospecting partners, and Altamira amended the property option agreement to take into consideration the consolidation of common shares by Altamira in January 2017. Under the amendment, the Company’s final share payment will be 222,222 common shares of Altamira. The amendment was approved by the TSX on April 26, 2017. Altamira has defaulted on the final share payment and the property will be returned to the Company. In February 2018, Altamira lapsed on their final payment of shares and relinquished the property back to the Company and its partners.

## ZIMTU CAPITAL CORP.

### Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

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#### 10. MINERAL PROPERTY INTERESTS (continued)

##### *(b) Alberta Lithium & Two Creeks*

On February 1, 2016, the Company announced that the Company and two of its prospecting partners have signed an agreement with MGX Minerals Inc. (“MGX Minerals”) whereby MGX Minerals can acquire a 100%-interest in 12 Metallic and Industrial Mineral Permits and Permit Applications encompassing 96,000 hectares throughout the Province of Alberta (the “Properties”). For its participation in the transaction, the Company will receive cash and share payments from MGX Minerals as follows: (i) \$10,000 on signing (received), 250,000 common shares within 10 days of signing (received with a fair value of \$52,500), 250,000 common shares within 12 months of signing (received with a fair value of \$140,000), and 250,000 common shares within 24 months of signing (received with a fair value of \$447,500). During the year ended November 30, 2018, \$447,500 (2017: \$140,625) is recognized as revenue from the property sale.

##### *(c) Hidden Lake Lithium Property*

On March 1, 2016, the Company announced that the Company and two of its prospecting partners have signed a property purchase agreement with 92 Resources Corp. (“92 Resources”) whereby 92 Resources can acquire a 100%-interest in the Hidden Lake Lithium Property. For its participation in the transaction, the Company will receive share payments from 92 Resources as follows: 500,000 upon receipt of regulatory approval (received with a fair value of \$45,000) and 500,000 common shares within 12 months of regulatory approval (received with a fair value of \$47,500). The agreement was approved by the TSX-V on April 21, 2016. During the year ended November 30, 2018, \$nil (2017: \$47,500) is recognized as revenue from the property sale.

##### *(d) Tule Valley Project*

On April 26, 2016, the Company announced it has signed a property purchase agreement with Umbral Energy Corp. (“Umbral”) whereby Umbral can acquire a 100%-interest in the Tule Valley Project. The Tule Valley Project is 4,800 acres and is located approximately 190km southwest of Salt Lake City, Utah. For its participation in the transaction, the Company will receive staged cash and share payments from Umbral as follows: \$10,000 (received) and 1,500,000 common shares on signing (received with a fair value of \$60,000), \$20,000 within two months of signing (received), \$30,000 within three months of signing (received), and \$100,000 (received) and 1,500,000 common shares (received with a fair value of \$120,000) within twelve months of signing. The Company will retain a 1.5% Net Smelter Returns Royalty on the Property, and Umbral has the right to purchase half the royalty from the Company for \$1,000,000. During the year ended November 30, 2018, \$nil (2017: \$220,000) is recognized as revenue from the property sale.

##### *(e) Broadback, Ninuk, and Roberge Claims*

On December 16, 2016, the Company signed an agreement with King’s Bay Gold Corp. (“King’s Bay”), whereby King’s Bay can earn a 100% interest in and to three properties, known as the Broadback Claims, the Ninuk Lake Claims, and the Roberge Cobalt Claims. For its participation in the transaction, the Company received \$39,000. During the year ended November 30, 2018, \$nil (2017: \$31,063) is recognized as revenue from the property sale.

##### *(f) Peace River Property*

On January 31, 2017, the Company and its prospecting partners signed an agreement with Dahrouge Geological Consulting Inc. whereby Dahrouge can earn a 100% interest in and to Peace River Property. For its participation in the transaction, the Company will reduce its outstanding debt to Dahrouge by \$40,000. During the year ended November 30, 2018, \$nil (2017: \$39,404) is recognized as revenue from the property sale.

##### *(g) Deep Lake Cobalt Property*

On June 19, 2017, the Company signed an agreement with Horizon Cobalt Inc. (“Horizon”) whereby Horizon can earn a 100% interest in and to the Deep Lake Cobalt Property. For its participation in the transaction, the Company received \$40,000. During the year ended November 30, 2018, \$nil (2017: \$36,760) is recognized as revenue from the property sale.

## ZIMTU CAPITAL CORP.

### Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

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#### 10. MINERAL PROPERTY INTERESTS (continued)

##### Farmed-out Properties (continued)

###### *(h) Johnson Croft Property*

On November 17, 2017, the Company signed an agreement with Karim Rayani (“Mr. Rayani”) whereby Mr. Rayani can earn a 100% interest in and to the Johnson Croft Property. For its participation in the transaction, the Company will receive \$7,500 (\$7,500 received). During the year ended November 30, 2018, \$7,140 (2017: \$nil) is recognized as revenue from the property sale.

###### *(i) Nunavut Property*

On November 23, 2017, the Company and its prospecting partners signed an agreement with John Tugak (“Mr. Tugak”) to acquire certain rights to approximately 579 hectares in the Huckleberry Exploration Area, to be called the Nunavut Property, located in Nunavut, Canada. The total cost of property is \$612,525 in staged payments over 20 years (\$40,000 paid). The Company will own 29% of the property.

###### *(j) Covette Property*

On November 27, 2017, the Company signed an agreement with Saville Resources Inc. (“Saville”) whereby Saville can earn a 100% interest in and to the Covette Property, in the James Bay Region of Quebec. For its participation in the transaction, the Company received \$350,000. During year ended November 30, 2018, \$12,746 (2017: \$nil) is recognized as revenue from the property sale.

###### *(k) Lac Patu Vanadium Project*

On August 15, 2018, the Company and one of its prospecting partners signed an agreement with Maxtech Ventures Inc. (“Maxtech”) whereby Maxtech can earn a 100% interest in and to the Lac Patu Vanadium Project. For its participation in the transaction, the Company will receive \$92,500 (\$22,500 received) and 1,625,000 common shares of Maxtech over a 2 year period (375,000 received). The vendors will collectively retain a 2% Net Smelter Royalty on production, of which 1% can be purchased by Maxtech for \$1 million. During the year ended November 30, 2018, \$76,240 (2017: \$nil) is recognized as revenue from the property sale.

#### 11. UNEARNED REVENUE

The Company has entered into agreements with multiple companies to provide corporate development and marketing services for a twelve-month period. These services are billed for in advance and recorded as revenue on the first of the month. Amounts received for services provided in the future are included as unearned revenue.

#### 12. PROMISSORY NOTES PAYABLE

The Company entered into an agreement to privately acquire shares from an individual. The promissory note has a principal balance totaling \$83,100 (2017 - \$90,100), is non-interest bearing, and due to be paid by June 21, 2016. The parties have mutually agreed to extend this promissory until June 17, 2019. During the year ended November 30, 2018, the Company paid \$7,000 towards this promissory note.

#### 13. SHARE CAPITAL

- a) Authorized: Unlimited common shares without par value.
- b) Issued: There were no common shares issued during the years ended November 30, 2018 and 2017.
- c) Share purchase warrants: There are no outstanding share purchase warrants as at November 30, 2018 and 2017.
- d) Finder’s Warrants/Agent’s Options: There are no outstanding finder’s warrants/agent’s options as at November 30, 2018 and 2017.

## ZIMTU CAPITAL CORP.

### Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

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#### 13. SHARE CAPITAL (continued)

##### e) Stock Option Plan

The Company has a Stock Option Plan (the “Plan”) under which it is authorized to grant options to directors, officers, consultants or employees of the Company. At the Company’s Annual General Meeting on April 18, 2017, the shareholders approved the “2017 Stock Option Plan”, and set the number of options granted under the Plan to be fixed at 3,078,896 (2017: 3,078,896), which is equal to 20% of the issued and outstanding shares. Options granted under the Plan have a maximum life of five years. Options granted to employees and consultants vest fully on grant. Options issued to investor relations consultants vest in stages over 12 months with one quarter of the options vesting in any three-month period.

On March 26, 2018, the Company granted 930,000 stock options at an exercise price of \$0.325 for a term of 5 years. Of the total, 570,000 were issued to directors and officers of the Company. The fair value of each option was calculated using the Black-Scholes pricing model assuming a risk-free interest rate of 2.09%, a dividend yield of nil, an expected volatility of 89.29% and an average expected life of 5 years. The share-based compensation related to these stock options have been determined to be \$210,940.

On March 29, 2018, the Company cancelled 210,000 stock options priced at \$0.50 with an expiry date of March 31, 2019 and 150,000 stock options priced at \$0.50 with an expiry date of April 30, 2019.

On April 12, 2018, the Company granted 300,000 stock options to a consultant at an exercise price of \$0.355 for a term of 3 years. The fair value of each option was calculated using the Black-Scholes pricing model assuming a risk-free interest rate of 2.01%, a dividend yield of nil, an expected volatility of 91.20% and an average expected life of 3 years. The share-based compensation related to these stock options have been determined to be \$62,131.

A summary of the stock option transactions under the Company’s stock option plan is presented below:

	November 30, 2018		November 30, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable, beginning of year	2,140,000	\$ 0.34	2,955,000	\$ 0.35
Granted	1,230,000	0.33	-	-
Cancelled	(360,000)	0.50	(815,000)	0.39
Outstanding and exercisable, end of year	3,010,000	\$ 0.32	2,140,000	\$ 0.34

As at November 30, 2018 and 2017, the Company had the following stock options outstanding:

Expiry Date	Exercise Price	2018 Number of options	2017 Number of options
February 25, 2019*	\$0.50	100,000	100,000
March 31, 2019	\$0.50	-	210,000
April 30, 2019	\$0.50	150,000	300,000
June 10, 2021	\$0.28	1,530,000	1,530,000
March 26, 2023	\$0.325	930,000	-
April 12, 2021	\$0.355	300,000	-
		3,010,000	2,140,000

\*The options expired subsequently unexercised (See Note 22).

## ZIMTU CAPITAL CORP.

### Notes to the Financial Statements

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#### 14. GENERAL AND ADMINISTRATIVE EXPENSES

During the years ended November 30, 2018 and 2017, the Company incurred the following general and administrative expenses:

	2018	2017
<b>Expenses</b>		
Advertising and promotion	\$ 452,519	\$ 537,999
Bad debt expenses	16,787	309,404
Filing fees and transfer agent expenses	19,112	25,238
Office, rent and telephone	298,033	305,919
Professional fees	213,918	188,480
Share-based payments (Note 13e)	273,071	-
Wages and benefits	1,561,832	1,593,189
	<b>2,835,272</b>	<b>2,960,229</b>

#### 15. SEGMENT INFORMATION

All of the Company's business is located in Canada. The Company's segment information is presented by industry according to the nature of their operations and the products and services they provide. Each of the Company's industry segments represents a strategic business unit offering products and services subject to different risks and returns from those of the other industry segments. Summary details of the industry segments are as follows:

- (a) Investment in stock, warrants and others
- (b) Investments in mineral resource property acquisitions and dispositions segment and project management;
- (c) Management services segment;
- (d) Corporate segment

#### For the year ended November 30, 2018

	Investment in mineral properties \$	Management services \$	Corporate \$	Total \$
<b>Revenue</b>				
Administrative fees	-	722,500	-	722,500
Corporate development fees	-	1,202,112	-	1,202,112
Income from property sale	543,626	-	-	543,626
	543,626	1,924,612	-	2,468,238
Segment assets	142,413	-	9,027,407	9,169,820
Expenditure for segment capital assets	110,248	-	-	110,248

## ZIMTU CAPITAL CORP.

### Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

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#### 15. SEGMENT INFORMATION (continued)

For the year ended November 30, 2017

	Investment in mineral properties \$	Management services \$	Corporate \$	Total \$
<b>Revenue</b>				
Administrative fees	-	770,000	-	770,000
Corporate development fees	-	2,030,150	-	2,030,150
Income from property sale	515,351	-	-	515,351
	515,351	2,800,150	-	3,315,501
Segment assets	510,705	-	13,903,570	14,414,275
Expenditure for segment capital assets	404,242	-	-	404,242

#### 16. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2018	2017
Accounts payable portion of mineral property	\$ 2,348	\$ 51,612
Payable (Prepaid) expenses for share subscription	\$ (55,000)	\$ 58,493
Due from related party balance settled in share (Note 10a)	\$ -	\$ -
Shares received for property sales	\$ (507,500)	\$ (307,500)
Shares received for other income	\$ -	\$ (152,833)
Shares received for services	\$ -	\$ (42,875)
Shares received for sale of app	\$ 300,000	\$ -
Shares received for debt	\$ 321,392	\$ -

#### 17. LONG-TERM LEASE OBLIGATIONS

The Company leases its main office premises under a long-term lease that expires September 1, 2019. The basic rent under the lease agreement is set out in the table below. In addition, the Company is required to pay realty taxes, maintenance, and other costs for the leased premises. The Company also paid one month's basic rent of \$18,873 to the landlords as the deposit and will be applied to the last month of rent in the Company's lease. This amount was recorded as deposits and has been classified as current assets and long-term assets respectively as at November 30, 2018 and 2017.

The rent payable in the next fiscal years is as follows:

November 30, 2019	90,144
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The Company also leases a second office premises under a sub-lease effective June 1, 2017 that expires May 31, 2020. The basic rent under the lease agreement is set out in the table below. In addition, the Company is required to pay realty taxes, maintenance, and other costs for the leased premises.

The rent payable in each of the next two fiscal years is as follows:

November 30, 2019	30,065
November 30, 2020	15,227
	<u>\$ 45,292</u>

## ZIMTU CAPITAL CORP.

### Notes to the Financial Statements

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#### 18. GAIN ON SETTLEMENT OF DEBT

In December 2017, the Company received 3,650,000 shares of Saville Resources Ltd. with a deemed price of \$0.06 per share to settle \$219,000 of debt. On the day the shares were received, the fair value of the shares was \$273,750, or \$0.075 per share. The gain of \$54,750 has been recorded in statement of income for the year ended November 30, 2018.

#### 19. SALE OF SOFTWARE

On July 1, 2018, the Company entered into an agreement with Dimension Five Technologies Inc. ("D5") to sell the Zimtu App, a software program developed by the Company. For its part in the transaction, the Company received 10,000,000 common shares of D5, valued at \$0.03 per share. During the year ended November 30, 2018, \$135,321 (2017: \$nil) is recognized as income from sale of software.

On July 1, 2018, the Company entered into a licensing agreement with D5 for access to the Zimtu App for \$10,000 per month for 18 months. Of the total shares received, 6,000,000 shares were sold to private individuals at \$0.03 per share and promissory notes were issued to the purchasers which will come due in five years but due on demand (see Note 7 and Note 9).

On September 11, 2018, the Company has entered into an App Further Development Agreement with D5. The Company will pay for the app development and marketing services provided by D5 for \$100,000. As of November 30, 2018, the service has not been provided and \$nil has been paid by the Company to D5.

#### 20. INCOME TAXES

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory income tax rates to the amounts recognized in the statement of income (loss) and comprehensive income (loss) for the years ended November 30, 2018 and 2017.

	2018	2017
	\$	\$
Net income (loss) before tax	(5,622,919)	5,279,635
Statutory tax rate	26.92%	26%
Expected income tax expense (recovery)	(1,513,502)	1,372,705
Non-deductible (taxable) items	749,247	(518,496)
Change in deferred tax asset not recognized	764,255	(855,280)
Others	-	646
Income tax expense (recovery)	-	(425)

	2018	2017
	\$	\$
Current tax expense (recovery)	-	-
Deferred tax expense (recovery)	-	(425)
Total tax expense (recovery)	-	(425)

## ZIMTU CAPITAL CORP.

### Notes to the Financial Statements

For the years ended November 30, 2018 and 2017

Expressed in Canadian Dollars

#### 20. INCOME TAXES (continued)

Deferred taxes reflect the tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax assets at November 30, 2018 and 2017 are comprised of the following:

	2018	2017
	\$	\$
Non-capital losses carry forwards	16,677	137,890
Mineral property interests	(16,677)	(137,890)
Capital loss carry forwards	-	402,194
Investments	-	(402,194)
Net deferred tax asset (liability)	-	-

The unrecognized deductible temporary differences are as follows:

	2018	2017
	\$	\$
Non-capital losses carry forwards	1,008,571	364,203
Investments in associates	26,008	-
Investments	2,717,860	-
Capital loss carry forwards	4,513,681	1,528,230
Promissory notes receivable	148,125	-
Equipment	39,439	50,398
Financing costs	8,915	34,328
Unrecognized deductible temporary differences	8,462,599	1,977,159

The Company has non capital loss carryforwards of approximately \$1,008,571 (2017: \$364,203) which may be carried forward to apply against future years' net income for Canadian income tax purposes, subject to the final determination by taxation authorities, beginning to expiring in 2034.

#### 21. RECLASSIFICATION OF COMPARATIVE AMOUNTS

Certain comparative amounts for the prior period have been reclassified to conform to current period presentation. Such reclassifications had no effect on net income or shareholders' equity.

#### 22. EVENTS AFTER THE REPORTING PERIOD

- On February 25, 2019, 100,000 stock options priced at \$0.50 expired unexercised.
- On March 20, 2019, the Company closed a non-brokered private placement (the "Private Placement") of 1,112,000 units (the "Units") at a price of \$0.25 per Unit, for gross proceeds of \$278,000. Each Unit is comprised of one common share and one non-transferable share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase one additional common share in the capital of the Company for a period of 24 months from the date of closing at an exercise price of \$0.30. Finder's fees or brokers' commissions may be paid in accordance with TSX Venture Exchange ("TSX-V") policies. All securities will be subject to a four-month hold period from the closing date. The Private Placement is subject to TSX-V approval. The Company intends to use the proceeds from the Private Placement for working capital.