

**NORRA METALS CORP.**

**(FORMERLY OK2 MINERALS LTD.)**

**(An Exploration Stage Company)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED MAY 31, 2019**

**(Unaudited – Prepared by Management)**

**(Expressed in Canadian dollars)**

## **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indication that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**NORRA METALS CORP.**  
**(FORMERLY OK2 MINERALS LTD.)**  
(An Exploration Stage Company)  
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)

	May 31, 2019	November 30, 2018
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 72,850	\$ 241,943
Receivables (Note 4)	24,842	66,242
Prepaid expenses and deposits (Note 5)	75,883	11,710
<b>Total current assets</b>	<b>173,575</b>	<b>319,895</b>
<b>Non-current assets</b>		
Reclamation bond (Note 6)	29,000	29,000
<b>Total assets</b>	<b>\$ 202,575</b>	<b>\$ 348,895</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	\$ 126,059	\$ 144,910
<b>Total liabilities</b>	<b>126,059</b>	<b>144,910</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	10,107,473	9,111,529
Reserves (Note 8)	747,994	848,056
Deficit	(10,778,951)	(9,755,600)
<b>Total shareholders' equity</b>	<b>76,516</b>	<b>203,985</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 202,575</b>	<b>\$ 348,895</b>

**Nature and continuance of operations** (Note 1)  
**Commitments** (Note 13)  
**Subsequent event** (Note 15)

**Approved by the Board of Directors and authorized for issue on July 30, 2019:**

<u>“Minaz Devji”</u> Minaz Devji	Director	<u>“Tag Gill”</u> Tag Gill	Director
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The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**NORRA METALS CORP.**  
**(FORMERLY OK2 MINERALS LTD.)**

(An Exploration Stage Company)

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Three Months Ended May 31, 2019	Three Months Ended May 31, 2018	Six Months Ended May 31, 2019	Six Months Ended May 31, 2018
<b>EXPENSES</b>				
Advertising, marketing and promotion	\$ 14,672	\$ 7,917	\$ 25,172	\$ 18,917
Consulting, director, and management fees (Note 11)	35,000	50,150	70,000	112,062
Exploration and evaluation expenditures – Property specific (Note 6 and 11)	132,747	35,400	487,978	63,212
Exploration and evaluation expenditures – General	12,000	11,217	30,000	25,811
Investor relations	79,149	41,316	85,053	69,128
Office and miscellaneous	32,648	23,516	70,532	51,134
Professional fees (Note 11)	124,384	30,556	175,475	53,927
Rent	22,264	19,932	44,402	39,310
Transfer agent and filing fees	9,845	4,337	19,394	17,240
Travel expenses	94,023	33,443	115,407	37,292
<b>Loss and comprehensive loss for the period</b>	<b>\$ (556,732)</b>	<b>\$ (257,784)</b>	<b>\$ (1,123,413)</b>	<b>\$ (488,033)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of outstanding common shares – basic and diluted</b>	<b>49,793,773</b>	<b>32,658,336</b>	<b>42,544,165</b>	<b>32,554,787</b>

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

**NORRA METALS CORP.**  
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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Expressed in Canadian dollars)  
(Unaudited – Prepared by Management)

	Six Months Ended May 31, 2019	Six Months Ended May 31, 2018
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (1,123,413)	\$ (488,033)
Changes in non-cash working capital items:		
Issuance of shares for exploration and evaluation asset acquisition	288,526	-
Decrease in receivables	41,400	15,043
Decrease (increase) in prepaid expenses	(64,173)	3,427
Decrease in accounts payable and accrued liabilities	(18,851)	(54,825)
Net cash used in operating activities	(876,511)	(524,388)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Private placement	739,600	715,950
Share issuance costs	(32,182)	(20,766)
Net cash provided by financing activities	707,418	695,184
<b>Change in cash during the period</b>	(169,093)	170,796
<b>Cash, beginning of period</b>	241,943	349,513
<b>Cash, end of period</b>	\$ 72,850	\$ 520,309
<b>Interest received</b>	\$ -	\$ -
<b>Interest paid</b>	\$ -	\$ -
<b>Supplemental disclosure with respect to cash flows (Note 12)</b>		

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

**NORRA METALS CORP.**  
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**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

	Common shares	Share capital	Subscriptions received in advanced	Reserves	Deficit	Total shareholders' equity
<b>Balance, November 30, 2017</b>	29,517,356	\$ 8,335,945	\$ 85,000	\$ 706,266	\$ (8,796,618)	\$ 330,593
Private placement	3,140,980	800,950	(85,000)	-	-	715,950
Share issuance costs - cash	-	(20,766)	-	-	-	(20,766)
Share issuance costs – warrants	-	(4,600)	-	4,600	-	-
Loss and comprehensive loss for the period	-	-	-	-	(488,033)	(488,033)
<b>Balance, May 31, 2018</b>	32,658,336	9,111,529	-	710,866	(9,284,651)	537,744
Share-based payments	-	-	-	139,260	-	139,260
Expiry of options	-	-	-	(2,070)	2,070	-
Loss and comprehensive loss for the period	-	-	-	-	(473,019)	(473,019)
<b>Balance, November 30, 2018</b>	32,658,336	9,111,529	-	848,056	(9,755,600)	203,985
Private placement	12,326,667	739,600	-	-	-	739,600
Share issuance costs - cash	-	(26,577)	-	-	-	(26,577)
Shares issued for evaluation and exploration assets (Note 6)	4,808,770	288,526	-	-	-	288,526
Share issuance costs - cash	-	(5,605)	-	-	-	(5,605)
Expiry of options	-	-	-	(100,062)	100,062	-
Loss and comprehensive loss for the period	-	-	-	-	(1,123,413)	(1,123,413)
<b>Balance, May 31, 2019</b>	49,793,773	\$ 10,107,473	\$ -	\$ 747,994	\$ (10,778,951)	\$ 76,516

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

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**1. NATURE AND CONTINUANCE OF OPERATIONS**

Norra Metals Corp. (formerly OK2 Minerals Ltd.) (the “Company”) is incorporated under the laws of the province of British Columbia, Canada on July 19, 2007 and its common shares are listed on the TSX Venture Exchange (“TSX-V”). On February 6, 2019, the Company changed its name from OK2 Minerals Ltd. to Norra Metals Corp. and commenced trading on the TSX-V under the “NORA” trading symbol on February 15, 2019. The Company’s principal business activities include the acquisition and exploration of resource properties.

On February 14, 2019, the Company consolidated its share capital on a three to one basis. These financial statements retrospectively reflect this share consolidation for all shares, options, warrants and per share amounts.

The head office of the Company is located at Suite 480 - 505 Burrard Street, Vancouver, BC, Canada, V7X 1M3. The registered address and records office of the Company is located at Suite 1780 - 400 Burrard Street, Vancouver, BC, Canada, V6C 3A6.

Going concern of operations

These condensed interim consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term.

As at May 31, 2019 the Company had an accumulated deficit of \$10,778,951 and has incurred losses since inception. These material uncertainties may raise substantial doubt about the Company’s ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining necessary financing to meet the Company’s commitments as they come due and to finance the future exploration and development of the Company’s mineral assets, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

		May 31, 2019	November 30, 2018
Deficit	\$	(10,778,951)	\$ (9,755,600)
Working capital		47,516	174,985

**2. BASIS OF PREPARATION**

**Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

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

**Basis of presentation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are stated at their fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars, which is the functional currency of the Company, unless otherwise specified. All amounts are rounded to the nearest dollar.

These condensed interim consolidated financial statements include the financial statements of the Company and the entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

The condensed interim consolidated financial statements include the financial information of the Company and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Ownership Interest at May 31, 2019	Ownership Interest at November 30, 2018	Principal Activity
Inceptum 1152 AS	Norway	100%	-	Holding Company
Inceptum 1153 AS	Norway	100%	-	Holding Company
Inceptum 1154 AS	Norway	100%	-	Holding Company
Inceptum 1155 AS	Norway	100%	-	Holding Company

During the period ended May 31, 2019, the Company acquired 100% of the share capital of Inceptum 1152 AS, Inceptum 1153 AS, Inceptum 1154 AS, and Inceptum 1155 AS in consideration for a cash payment of \$18,445 (NOK 120,000).

Effective February 14, 2019, the condensed interim consolidated financial statements include the financial statements of Inceptum 1152 AS, Inceptum 1153 AS, Inceptum 1154 AS, and Inceptum 1155 AS from its date of acquisition on February 14, 2019.

**Significant accounting judgments and critical accounting estimates**

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires estimates and assumptions that affect the amounts reported in these financial statements.

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the following:

- i) Determination and assessment of the Company's ability to continue going concern (Note 1); and
- ii) Determining whether qualified expenditures have been incurred for flow-through shares.

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

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

**Significant accounting judgments and critical accounting estimates** (cont'd...)

- i) Deferred income taxes – The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives; and
- ii) Share-based payment – The fair value of share-based payment is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant.
- iii) Acquisition – Management uses judgement in determining if an acquisition is a business combination or an asset acquisition.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Resource properties – exploration and evaluation expenditures**

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition cost of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

**Subsidiaries**

Subsidiaries are entities over which the Company has control. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases.

**Goodwill**

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired at the date of acquisition. Goodwill is carried at cost less any accumulated impairment losses and is not subject to amortization. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. Goodwill is allocated to a cash generating unit (“CGU”), or group of CGUs, which is the lowest level within an entity at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Impairment is tested by comparing the recoverable amount of goodwill assigned to a CGU or group of CGUs to its carrying value.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Impairment of long-lived assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Flow-through shares**

Under Canadian income tax legislation, a company is permitted to issue flow through shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. The Company allocates the proceeds from the issuance of these shares between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the shares and the amount the investor pays for the shares. A deferred flow-through share premium liability is recognized for the difference. The liability is reversed when the qualifying expenditures are made and is recorded as other income. The spending also gives rise to a deferred tax timing difference between the carrying value and tax value of the qualifying expenditure.

**Provision for environmental rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period. As at May 31, 2019 and November 30, 2018, the Company has determined that it does not have any decommissioning obligations.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments**

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”) or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

*Financial assets at FVTPL*

Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the income statement. Realized and unrealized gains and losses arising from changes in the fair value of the financial asset held at FVTPL are included in the income statement in the period in which they arise. The Company has classified the reclamation bond as FVTPL.

*Financial assets at FVTOCI*

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. The Company does not have any financial assets classified as FVTPL.

*Financial assets at amortized cost*

Financial assets at amortized cost are initially recognized at fair value and subsequently carried at amortized cost less any impairment. They are classified as current assets or non-current assets based on their maturity date.

Financial assets are derecognized when they mature or are sold, and substantially all the risks and rewards of ownership have been transferred. Gains and losses on derecognition of financial assets classified as FVTPL or amortized cost are recognized in the income statement. Gains or losses on financial assets classified as FVTOCI remain within accumulated other comprehensive income.

*Impairment of financial assets*

The Company assesses at each reporting date whether a financial asset is impaired.

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the loss allowance is measured for the financial asset at an amount equal to twelve month expected credit losses. For trade receivables the Company applies the simplified approach to providing for expected credit losses, which allows the use of a lifetime expected loss provision. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments (cont'd...)**

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss:* This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

*Other financial liabilities:* This category includes all other liabilities, all of which are recognized at amortized cost. The Company's accounts payable and accrued liabilities are classified as *other financial liabilities*.

**Share-based payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to share capital. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in reserves is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the Company as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

**Share capital**

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. Warrants that are part of units are valued using the residual value method which involves comparing the selling price of the units to the Company's share price on the announcement date of the financing. The market value is then applied to the common share, and any residual amount is assigned to the warrants. Warrants that are issued as payment for agency fee or other transaction costs are accounted for as share-based payments.

In situations where share capital is issued, or received, as non-monetary consideration and the fair value of the asset received, or given up, is not readily determinable, the fair market value of the shares is used to record the transaction. The fair market value of the shares issued, or received, is based on the trading price of those shares on the date of the agreement to issue shares.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Loss per share**

The Company recognizes the dilutive effect on loss per share based on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted average number of common shares outstanding during the period.

**Share issuance costs**

Share issue costs are deferred and charged directly to share capital on completion of the related equity financing. If the financing is not completed, share issue costs are charged to profit or loss. Costs directly identifiable with the raising of capital will be charged against share capital.

**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 year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by 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 affect neither accounting or taxable 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, using tax rates enacted or substantively enacted at the consolidated 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.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. 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.

**New accounting pronouncements**

The following new accounting standards and interpretations have been adopted during the period.

*IFRS 9, Financial Instruments*

IFRS 9, *Financial Instruments* replaces the current standard IAS 39, *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. Adoption is not anticipated to have a material impact on the Company's financial statements.

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**New accounting pronouncements (cont'd...)**

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company's financial statements. The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new, revised and amended standards that have been issued but are not yet effective for the May 31, 2019 reporting period:

- i) IFRS 16, Leases, specifies how an issuer will recognize, measure, present and disclose leases; effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact that this standard will have on the Company's financial statements.

**4. RECEIVABLES**

The Company's receivables are as follows:

	May 31, 2019	November 30, 2018
GST receivable	\$ 24,842	\$ 60,572
Other receivable	-	5,670
	<u>\$ 24,842</u>	<u>\$ 66,242</u>

**5. PREPAID EXPENSES AND DEPOSITS**

The Company's prepaid expenses, deposits and advances are as follows:

	May 31, 2019	November 30, 2018
Prepaid expenses	\$ 70,173	\$ 6,000
Security deposit	5,710	5,710
	<u>\$ 75,883</u>	<u>\$ 11,710</u>

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**6. RESOURCE PROPERTIES**

	Pyramid Property	Kinskuch Property	Bleikvassli Property	Meraker Property	Sagvoll Property	Bastutrask Property	Total
Exploration and evaluation costs during the period ended							
May 31, 2019							
Acquisition costs - cash	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Acquisition costs - shares	-	-	72,132	72,132	72,131	72,131	288,526
Geological and consulting	13,200	78,379	28,014	14,340	10,922	24,597	169,452
	<u>\$ 13,200</u>	<u>\$ 108,379</u>	<u>\$ 100,146</u>	<u>\$ 86,472</u>	<u>\$ 83,053</u>	<u>\$ 96,728</u>	<u>\$ 487,978</u>
Exploration and evaluation costs during the year ended							
November 30, 2018							
Acquisition costs - cash	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Assaying and surveying	383	-	-	-	-	-	383
Geological and consulting	47,340	128,220	-	-	-	-	175,560
Cost recoveries	(22,611)	-	-	-	-	-	(22,611)
Mineral exploration tax credit	(25,112)	(142,031)	-	-	-	-	(167,143)
	<u>\$ -</u>	<u>\$ 16,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,189</u>

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**6. RESOURCE PROPERTIES (cont'd...)**

**Pyramid Copper, Canada**

The Company holds a 100% interest in mineral claims collectively known as the Pyramid Copper Property, located in northern British Columbia, Canada.

At May 31, 2019, the Company had a reclamation bond with the B.C. Ministry of Energy and Mines for the Pyramid Copper Property in the amount of \$29,000 (November 30, 2018 - \$29,000).

**Kinskuch Project, Canada**

On August 18, 2016, the Company entered into an option agreement, and amended in September 2018, to earn a 100% interest in claims known as the Kinskuch Project, located in northern British Columbia. To earn a 100% interest, the Company must make the following payments:

- i) pay \$50,000 on the closing date (paid);
- ii) pay \$75,000 and incur \$100,000 of exploration expenditures on or before August 18, 2017 (paid and incurred);
- iii) pay \$60,000 on or before August 18, 2018 (paid); and incur \$20,000 on specified survey results (incurred);
- iv) pay \$100,000 and incur \$250,000 of exploration expenditures (incurred) on or before November 1, 2019;
- v) pay \$170,000 and incur \$500,000 of exploration expenditures on or before November 1, 2020;
- vi) pay \$270,000 and incur \$750,000 of exploration expenditures on or before November 1, 2021; and
- vii) pay \$1,000,000 on or before December 1, 2022.

The Kinskuch property is subject to a 2% NSR of which 1% can be repurchased for \$1,100,000 and advanced royalty payments commencing after the Company has earned its 100% interest.

**VMS and Golden Mickey Properties, Canada**

On October 26, 2016, the Company entered into an option agreement to earn a 100% interest in claims known as the VMS and Golden Mickey properties. The claims are located in northern British Columbia. To earn a 100% interest, the Company must make the following payments:

- i) pay \$50,000 on the closing date (paid);
- ii) pay \$75,000 and incur \$100,000 of exploration expenditures on or before October 26, 2017 (paid and incurred);
- iii) pay \$100,000 and incur \$250,000 of exploration expenditures on or before October 26, 2018 (below);
- iv) pay \$150,000 and incur \$500,000 of exploration expenditures on or before October 26, 2019;
- v) pay \$250,000 and incur \$750,000 of exploration expenditures on or before October 26, 2020; and
- vi) pay \$1,000,000 on or before October 26, 2021.

The VMS and Golden Mickey properties are subject to a 2% NSR of which 1% can be repurchased for \$1,000,000 and advanced royalty payments commencing after the Company has earned its 100% interest.

During the year ended November 30, 2018, the Company lapsed on the option payments of the properties and no longer have interest in the claims.

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**6. RESOURCE PROPERTIES (cont'd...)**

**Scandinavian Projects, Norway and Sweden**

On December 12, 2018, the Company entered into a purchase and sale agreement, and amended in December 28, 2018, to acquire the Bleikvassli, Sagvoll and Meraker polymetallic projects in Norway, and Bastutrask polymetallic project in Sweden.

During the period ended May 31, 2019, the Company issued 4,808,770 common shares (valued at \$288,526) pursuant to a purchase and sale agreement to acquire a 100% interest in certain mineral exploration licenses located in Norway and Sweden. Additionally, the Company must complete a minimum of \$5,000,000 in financings to explore and develop the projects. If the Company has not raised and incurred \$2,000,000 within 2 years of closing, the Company shall issue to the vendors additional shares totalling 5% of the ownership in the Company on a non-diluted basis on the date 2 years from closing. In addition, the Company is required to issue common shares to maintain the vendor's percentage interest, ranging from 9.9% to 14.9%, up to a maximum of 21,350,956 common shares in the Company up to December 12, 2023 for no additional consideration. The projects are subject to a 3% NSR, with annual advance royalty payments required. The Company may repurchase up to 1% of the NSR, subject to certain conditions. The vendor has the right to appoint one member to the Company's board of directors, subject to certain conditions.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Company's accounts payable and accrued liabilities are as follows:

	May 31, 2019	November 30, 2018
Trade payables	\$ 87,367	\$ 19,667
Accrued liabilities	7,669	15,169
Due to related parties (Note 11)	31,023	110,074
	<u>\$ 126,059</u>	<u>\$ 144,910</u>

**8. SHARE CAPITAL AND RESERVES**

**Authorized**

Unlimited number of common shares without par value.

On February 14, 2019, the Company consolidated its share capital on a three to one basis. These financial statements retrospectively reflect this share consolidation for all share, option, warrant and per share amounts.

During the period ended May 31, 2019, the Company:

- i) In February 2019, the Company completed a private placement of 12,326,667 units at a price of \$0.06 per unit for gross proceeds of \$739,600. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant may be exercised to purchase one common share at a price of \$0.10 for a period of two years. In relation to the financing, the Company paid finders fees of \$26,577 in cash.

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**8. SHARE CAPITAL AND RESERVES (cont'd...)**

- ii) In February 2019, the Company issued 4,808,770 common shares at a value of \$288,526 pursuant to a purchase and sale agreement to acquire a 100% interest in certain mineral exploration licenses located in Norway and Sweden. In relation to the financing, the Company paid finders fees of \$5,605 in cash.

During the year ended November 30, 2018, the Company:

- i) In December 2017, the Company completed a private placement of 3,140,980 units at a price of \$0.255 per unit for gross proceeds of \$800,950, of which \$85,000 was received during the year ended November 30, 2017. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant may be exercised to purchase one common share at a price of \$0.45 for a period of two years. In relation to the financing, the Company paid finders fees of \$20,766 cash, and issued 81,359 broker's warrants valued at \$4,600 using the Black-Scholes option pricing model assuming expected life of 2 years, a risk-free interest rate of 1.49%, a forfeiture and dividend rate of 0% and an expected volatility of 74.91%.

**Stock options**

The Company has a plan to grant stock options to directors, officers, employees and consultants of the Company. Under the plan, the board of directors has the discretion to issue the equivalent of up to 10% of the issued and outstanding shares of the Company from time to time. Stock options are generally for a term of up to five years from the date granted and are exercisable at a price that is not less than the market price on the date granted.

Vesting terms are determined at the discretion of the board of directors. Options issued to consultants providing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the options vesting in any three-month period.

During the period ended May 31, 2019 and year ended November 30, 2018, no options were granted.

Stock options outstanding as at the period ended May 31, 2019:

Expiry Date	Exercise Price	November 30, 2018	Granted	Exercised	Expired / Cancelled	May 31, 2019	Exercisable
April 13, 2019	\$ 0.69	166,667	-	-	(166,667)	-	-
August 26, 2019	0.54	75,000	-	-	-	75,000	75,000
August 26, 2019	0.54	33,333	-	-	-	33,333	33,333
June 29, 2020	0.36	228,333	-	-	-	228,333	228,333
May 3, 2021	0.69	133,333	-	-	-	133,333	133,333
August 26, 2021	0.54	641,667	-	-	-	641,667	641,667
September 17, 2023 <sup>(1)</sup>	0.30	583,334	-	-	-	583,334	583,334
November 1, 2023 <sup>(1)</sup>	0.30	83,333	-	-	-	83,333	83,333
<b>Total</b>		<b>1,945,000</b>	<b>-</b>	<b>-</b>	<b>(166,667)</b>	<b>1,778,333</b>	<b>1,778,333</b>
<b>Weighted average exercise price</b>	<b>\$ 0.46</b>		<b>-</b>	<b>-</b>	<b>\$ 0.69</b>	<b>\$ 0.44</b>	<b>\$ 0.44</b>
<b>Weighted average remaining contractual life</b>						<b>2.71 years</b>	

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**8. SHARE CAPITAL AND RESERVES (cont'd...)**

Stock options outstanding as at the year ended November 30, 2018:

Expiry Date	Exercise Price	November 30, 2017	Granted	Exercised	Expired / Cancelled	November 30, 2018	Exercisable
April 13, 2019	\$ 0.69	166,667	-	-	-	166,667	166,667
August 26, 2019	0.54	75,000	-	-	-	75,000	75,000
August 26, 2019	0.54	33,333	-	-	-	33,333	33,333
June 29, 2020	0.36	228,333	-	-	-	228,333	228,333
May 3, 2021	0.69	133,333	-	-	-	133,333	133,333
August 26, 2021	0.54	641,667	-	-	-	641,667	641,667
September 17, 2023 <sup>(1)</sup>	0.30	600,000	-	-	(16,666)	583,334	583,334
November 1, 2023 <sup>(1)</sup>	0.30	83,333	-	-	-	83,333	83,333
<b>Total</b>		<b>1,961,666</b>	<b>-</b>	<b>-</b>	<b>(16,666)</b>	<b>1,945,000</b>	<b>1,945,000</b>
<b>Weighted average exercise price</b>	<b>\$ 0.46</b>		<b>-</b>	<b>-</b>	<b>\$ 0.30</b>	<b>\$ 0.46</b>	<b>\$ 0.46</b>
<b>Weighted average remaining contractual life</b>						<b>2.97 years</b>	

- i) During the year ended November 30, 2018, the Company extended 583,334 and 83,333 stock options an additional 5 years to expiry dates of September 17, 2023 and November 1, 2023, respectively. As a result of the modification, the Company recognized incremental share-based payment expense of \$139,260 using the Black Scholes option pricing model assuming expected life of 5.6 years, a risk-free interest rate of 2.01%, a forfeiture and dividend rate of 0%, and an expected volatility of 138.51%. These amounts were also recorded as reserves on the statements of financial position.

**Warrants**

Warrants outstanding as at the period ended May 31, 2019:

Expiry Date	Exercise Price	November 30, 2018	Granted	Exercised	Expired / Cancelled	May 31, 2019	Exercisable
March 2, 2019	0.40	2,166,667	-	-	(2,166,667)	-	-
March 8, 2019	0.40	2,455,000	-	-	(2,455,000)	-	-
March 8, 2019	0.40	156,667	-	-	(156,667)	-	-
December 6, 2019	0.30	1,570,490	-	-	-	1,570,490	1,570,490
December 6, 2019	0.30	81,359	-	-	-	81,359	81,359
February 15, 2021	0.20	-	6,163,334	-	-	6,163,334	6,163,334
<b>Total</b>		<b>6,430,183</b>	<b>6,163,334</b>	<b>-</b>	<b>(4,778,334)</b>	<b>7,815,183</b>	<b>7,815,183</b>
<b>Weighted average exercise price</b>	<b>\$ 0.37</b>	<b>\$ 0.20</b>	<b>-</b>	<b>\$ 0.40</b>	<b>\$ 0.22</b>	<b>\$ 0.22</b>	<b>\$ 0.22</b>
<b>Weighted average remaining contractual life</b>						<b>1.46 years</b>	

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**8. SHARE CAPITAL AND RESERVES (cont'd...)**

**Warrants (cont'd...)**

Warrants outstanding as at the year ended November 30, 2018:

Expiry Date	Exercise Price	November 30, 2017	Granted	Exercised	Expired / Cancelled	November 30, 2018	Exercisable
March 2, 2018	\$ 0.40	109,000	-	-	(109,000)	-	-
July 21, 2018	0.40	888,667	-	-	(888,667)	-	-
July 21, 2018	0.40	98,113	-	-	(98,113)	-	-
March 2, 2019	0.40	2,166,667	-	-	-	2,166,667	2,166,667
March 8, 2019	0.40	2,455,000	-	-	-	2,455,000	2,455,000
March 8, 2019	0.40	156,667	-	-	-	156,667	156,667
December 6, 2019	0.30	-	1,570,490	-	-	1,570,490	1,570,490
December 6, 2019	0.30	-	81,359	-	-	81,359	81,359
<b>Total</b>		<b>5,874,114</b>	<b>1,651,849</b>	<b>-</b>	<b>(1,095,780)</b>	<b>6,430,183</b>	<b>6,430,183</b>
<b>Weighted average exercise price</b>	<b>\$ 0.40</b>	<b>\$ 0.30</b>	<b>-</b>	<b>0.40</b>	<b>\$ 0.37</b>	<b>\$ 0.37</b>	
<b>Weighted average remaining contractual life</b>						<b>0.46 years</b>	

**9. CAPITAL MANAGEMENT**

The Company defines its capital as shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital. The Company does not pay dividends. The Company is not subject to any externally imposed capital requirements.

The Company raises capital to fund its corporate and exploration costs and other obligations through the sale of its common shares or units consisting of common shares and warrants in order to operate its business and safeguard its ability to continue as a going concern. Although the Company has been successful at raising funds in the past through issuance of share capital, it is uncertain whether it will continue this financing due to uncertain economic conditions. There have been no changes to the Company's approach to capital management during the period.

**10. SEGMENTED INFORMATION**

The Company operates in one segment – the acquisition and exploration of resource properties. As at May 31, 2019, the Company's operations and assets were held in Canada, Norway and Sweden.

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**11. RELATED PARTY TRANSACTIONS**

During the period ended May 31, 2019, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include certain directors and officers.

Transactions with related parties and key management personnel are as follows:

Paid or accrued to:	Nature of transactions	Six Months Ended May 31, 2019	Six Months Ended May 31, 2018
<b><u>Key management personnel:</u></b>			
Directors and companies controlled by Directors	Director fees	\$ 10,000	\$ 16,300
A company controlled by a family member of the former Corporate Secretary	Consulting	-	15,000
A company controlled by the CEO	Consulting	60,000	60,000
A company controlled by a Director	Geological consulting	60,000	60,000
A company controlled by a Director	Professional	26,150	30,400
<b>Total</b>		<b>\$ 156,150</b>	<b>\$ 181,700</b>
<b><u>Related parties:</u></b>			
A family member of a Director	Geological consulting	\$ 36,000	\$ 30,000

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	May 31, 2019	November 30, 2018
Due to the Directors and companies controlled by Directors	\$ 31,023	\$ 110,074
<b>Total</b>	<b>\$ 31,023</b>	<b>\$ 110,074</b>

The amounts due from related parties included in prepaid expenses and deposits are as follows:

	May 31, 2019	November 30, 2018
Due from the Directors and companies controlled by Directors	\$ 12,394	\$ 5,000
<b>Total</b>	<b>\$ 12,394</b>	<b>\$ 5,000</b>

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**12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

Significant non-cash transactions during the period ended May 31, 2019 include the Company allocated \$100,062 of reserves to deficit pursuant to the expiry of options.

Significant non-cash transactions during the year ended November 30, 2018 include the Company:

- i) granted 81,359 warrants in connection with a private placement with an aggregate fair value of \$4,600.
- ii) allocated \$2,070 of reserves to deficit pursuant to the expiry of options.

**13. COMMITMENTS**

Flow-through private placements

At May 31, 2019, the Company is committed to spend \$Nil (November 30, 2018 – \$51,879) on flow-through eligible exploration expenditures.

Leased Premises

The Company is committed to the following minimum payments (before applicable taxes) for the leased premises located at suite 480 – 505 Burrard Street, through July 2020. The terms of the lease are as follows:

<b>Year</b>	<b>Premises</b>
2019	\$ 51,950
2020	51,950

**14. FINANCIAL AND CAPITAL RISK MANAGEMENT**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are described below.

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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**14. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd...)**

**Fair value of financial instruments**

The Company has various financial instruments including cash, receivables and accounts payable and accrued liabilities. The carrying values of cash, receivables and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments.

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

**Credit risk**

The Company is exposed to credit risk only with respect to uncertainties as to timing and amount of collectability of receivables. The Company believes its credit risk is low because a portion of receivables are comprised of goods and services tax (GST) and other government refunds, which is recoverable from the governing body in Canada. Management does not believe the receivables are impaired. The Company doesn't believe there is significant credit risk associated with cash as these amounts are held with major Canadian banks.

**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's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2019, the Company had a cash balance of \$72,850 (November 30, 2018 – \$241,943) to settle current liabilities of \$126,059 (November 30, 2018 – \$144,910). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms.

**Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize such a loss is limited as it does not have any significant interest-bearing financial instruments.

**Price risk**

Mineral prices, in particular gold and silver, are volatile, and have fluctuated sharply in recent periods. The prices are subject to market supply and demand, political and economic factors, and commodity speculation, all of which can interact with one another to cause significant price movement from day to day and hour to hour. These price movements can affect the Company's ability to operate and to raise financing through the sale of its common shares.

**Foreign currency risk**

As at May 31, 2019 and November 30, 2018, the Company did not have any accounts in foreign currencies and considered foreign currency risk insignificant.

**15. SUBSEQUENT EVENT**

Subsequent to the period ended May 31, 2019, the Company received a loan in the amount of \$100,000 from a director of the Company. The loan accrues interest at the rate of 10% per annum and the Company will grant the lender 2,000,000 loan bonus warrants exercisable for a term of one year at an exercise price of \$0.05 per common share.