**Canada One Mining Corp.**
(*An Exploration Stage Company*)

**Condensed Interim Consolidated Financial Statements**

**April 30, 2019 and 2018**

**(Unaudited – Prepared by Management)**

(Expressed in Canadian Dollars)


**<u>Head Office</u>**

#510 – 580 Hornby Street
Vancouver, BC, V6C 3B6

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# 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 indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

**Canada One Mining Corp.**
*(An Exploration Stage Company)*
**Condensed Interim Consolidated Statements of Financial Position**
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | April 30, 2019 | July 31, 2018 |
|---|---|---|
| **Assets** | | |
| **Current** | | |
| Cash | $ 61 | $ 3,482 |
| GST receivable | 22,845 | 36,249 |
| | 22,906 | 39,731 |
| Exploration and evaluation assets *(Note 4)* | 13,646 | 13,646 |
| Reclamation bonds *(Note 5)* | 23,000 | 23,000 |
| | $ 59,552 | $ 76,377 |
| **Liabilities** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 299,966 | $ 267,551 |
| Due to related parties *(Note 9)* | 152,204 | 182,453 |
| Loans payable *(Note 6)* | 106,981 | 73,009 |
| Indemnification provision *(Note 7)* | 18,000 | 18,000 |
| | 577,151 | 541,013 |
| **Shareholders' Deficiency** | | |
| Share capital *(Note 8)* | 19,923,937 | 19,763,235 |
| Share-based payment reserve *(Note 8)* | 2,168,257 | 2,168,257 |
| Deficit | (22,609,793) | (22,396,128) |
| | (517,599) | (464,636) |
| | $ 59,552 | $ 76,377 |

Nature of operations and going concern *(Note 1)*

**Approved on behalf of the Board:**

| *"Michael Kinley"* | *"Peter Berdusco"* |
|---|---|
| Michael Kinley | Peter Berdusco |
| Director | Director |

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

**Canada One Mining Corp.**
*(An Exploration Stage Company)*
**Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss**
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Three Months ended April 30, | | Nine Months ended April 30, | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| **Expenses** | | | | |
| Consulting *(Note 9)* | $ **12,501** | $ 64,952 | $ **37,503** | $ 96,120 |
| Interest expense *(Note 6)* | **421** | 398 | **1,225** | 4,929 |
| Investor communications | **-** | 6,475 | **-** | 6,475 |
| Management fees (*Note 9)* | **39,000** | 39,000 | **117,000** | 117,000 |
| Marketing fees | **-** | - | **-** | 20,386 |
| Office and general (*Note 9)* | **7,776** | 7,837 | **23,347** | 24,605 |
| Other income | **(3)** | - | **(5,734)** | - |
| Professional fees | **13,838** | 24,240 | **31,538** | 44,099 |
| Regulatory fees | **6,330** | 1,245 | **8,786** | 12,119 |
| Travel | **-** | 27,868 | **-** | 27,868 |
| | **(79,863)** | (172,015) | **(213,665)** | (353,601) |
| **Write-off of accounts payable** | **-** | - | **-** | 2,149 |
| **Net loss and comprehensive loss for the period** | $ **(79,863)** | $ (172,015) | $ **(213,665)** | $ (351,452) |
| Loss per share – basic and diluted | $ **(0.00)** | $ (0.00) | $ **(0.01)** | $ (0.02) |
| **Weighted average number of common shares outstanding** | **22,613,456** | 21,542,110 | **22,452,558** | 21,393,461 |

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

**Canada One Mining Corp.**
*(An Exploration Stage Company)*
**Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency**
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Number of shares | | Share capital | | Share-based payment reserve | | Deficit | | Total shareholders' deficiency |
|---|---|---|---|---|---|---|---|---|---|
| **Balance, July 31, 2017** | 21,294,663 | $ | 19,726,118 | $ | 2,168,257 | $ | (21,929,785) | $ | (35,410) |
| Warrants exercised | 247,447 | | 37,117 | | - | | - | | 37,117 |
| Net loss for the period | - | | - | | - | | (351,452) | | (351,452) |
| **Balance, April 30, 2018** | 21,542,110 | | 19,763,235 | | 2,168,257 | | (22,281,237) | | (349,745) |
| Net loss for the period | - | | - | | - | | (114,891) | | (114,891) |
| **Balance, July 31, 2018** | 21,542,110 | | 19,763,235 | | 2,168,257 | | (22,396,128) | | (464,636) |
| Warrants exercised | 1,071,346 | | 160,702 | | - | | - | | 160,702 |
| Net loss for the period | - | | - | | - | | (213,665) | | (213,665) |
| **Balance, April 30, 2019** | 22,613,456 | $ | 19,923,937 | $ | 2,168,257 | $ | (22,609,793) | $ | (517,599) |

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

**Canada One Mining Corp.**
*(An Exploration Stage Company)*
**Condensed Interim Consolidated Statements of Cash Flows**
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
**For the nine months ended April 30,**

| | **2019** | 2018 |
|---|---|---|
| **Operating Activities** | | |
| Net loss for the period | $ (213,665) | $ (351,452) |
| Items not involving cash: | | |
| Loan interest | 1,225 | 4,317 |
| Change in non-cash working capital items: | | |
| GST receivable | 13,404 | (11,948) |
| Loan receivable | - | (182,843) |
| Subscription receivable | - | 50,500 |
| Accounts payable and accrued liabilities | 18,913 | (28,002) |
| **Cash used in operating activities** | (180,123) | (519,428) |
| **Investing Activities** | | |
| Expenditures on exploration and evaluation assets | - | (10,018) |
| **Cash used in investing activities** | - | (10,018) |
| **Financing Activities** | | |
| Loan proceed | 16,000 | - |
| Proceeds from warrants exercised | 160,702 | 37,117 |
| Subscription received in advance | - | 250,000 |
| **Cash provided by financing activities** | 176,702 | 287,117 |
| **Change in cash** | (3,421) | (242,329) |
| **Cash, beginning of the period** | 3,482 | 247,793 |
| **Cash, end of the period** | $ 61 | $ 5,464 |

Supplemental cash flow information *(Note 10)*

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

## 1. Nature of Operations and Going Concern

Canada One Mining Corp. (the "Company") is an exploration stage company incorporated under the laws of British Columbia and its shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "CONE" (formerly "URA"). On November 22, 2016, the Company consolidated its share capital on a ten to one basis. These condensed interim consolidated financial statements reflect the share consolidation. The Company's registered office is located at Suite 580 – 510 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6.

The Company is focused on exploration of its resource properties in British Columbia and has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business.

The recovery of amounts shown as acquisition costs of exploration and evaluation assets and the related deferred exploration costs for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development, and upon future profitable operations from the properties or proceeds from the disposition thereof.

The Company's ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its exploration and evaluation asset interests, the attainment of profitable mining operations and/or the receipt of proceeds from the disposition of its exploration and evaluation asset interests.

These condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

The Company reported a net loss and comprehensive loss of $213,665 (2018 - $351,452) for the period ended April 30, 2019, has an accumulated deficit of $22,609,793 at April 30, 2019 (July 31, 2018 - $22,396,128) and a working capital deficiency of $554,245 at April 30, 2019 (July 31, 2018 - $501,282). The Company has no meaningful sources of generating cash, in either the short- or long-term, other than accessing the capital markets for the placement of its equity securities. The Company is dependent on the capital markets to provide funding for future activities and outlays, and these markets can be highly variable and volatile over a multi-year cycle. A deterioration of those capital markets could have a material adverse effect on the Company's prospects for success or even for survival. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management's plan will be successful. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

## 2. Significant Accounting Policies

### a) Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting.

The policies applied in these condensed interim consolidated financial statements are presented below and are based on IFRS issued and effective as of April 30, 2019. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ending July 31, 2019 could result in restatements of these interim condensed consolidated financial statements. None of these standards are expected to have a significant effect on the condensed interim consolidated financial statements.

These condensed interim consolidated financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale and fair value through profit or loss. These interim condensed consolidated financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

The Board of Directors approved the condensed interim consolidated financial statements on June 13, 2019.

### b) Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Anglo-Canadian Minerals, Corp. (incorporated in Nevada, USA) and Anglo-Canadian Gold Corp. (incorporated in British Columbia). Both subsidiaries are holding corporations. All intercompany transactions and balances have been eliminated.

### c) Foreign Currency Transactions

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 all entities within 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 consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transaction. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

## 2. Significant Accounting Policies *(continued)*

### d) Estimates and Judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment of the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the consolidated statements of financial position.
ii) The inputs in the Black-Scholes option pricing model to value stock options and agent warrants.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Economic recoverability and probability of future benefits of exploration and evaluation costs.

Management has determined that exploration, evaluation and related costs incurred that were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits, including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

i) Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

### e) Exploration and Evaluation Assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit-of-production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

## 2. Significant Accounting Policies *(continued)*

### e) Exploration and Evaluation Assets *(continued)*

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

### f) Impairment

At the end of each reporting period, the Company's long-lived 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.

### g) Share Capital

Share capital issued for non-monetary consideration is recorded at fair market value pursuant to the agreement to issue shares as determined by the Board of Directors of the Company based on the trading price of the shares on the TSX-V.

### h) 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 exploration and evaluation 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 exploration and evaluation assets.

## 2. Significant Accounting Policies *(continued)*

### h) Provision for Environmental Rehabilitation *(continued)*

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 exploration and evaluation 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.

### i) Flow-Through Shares

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities. The flow-through premium is reversed into profit or loss as the qualifying Canadian exploration expenditures are made.

### j) Share Issue Costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs, which will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

### k) 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 granted to employees is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. The amount is recognized as an expense with a corresponding increase to share-based payment reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital and the related share-based payment in the share-based payment reserve is transferred to share capital.

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

## 2. Significant Accounting Policies *(continued)*

### l) Income Taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantively enacted. The amount of deferred income tax assets is limited to the amount of the benefit that is probable of being realized.

### m) Loss per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method, the dilutive effect on loss per share is calculated presuming the proceeds of exercise of outstanding options, warrants and similar instruments would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

### n) Financial Instruments

On February 1, 2018, the Company adopted all of the requirements of IFRS 9 – Financial Instruments. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9; therefore, the Company's accounting policy with respect to financial liabilities is unchanged.

## 2. Significant Accounting Policies *(continued)*

### n) Financial Instruments *(continued)*

The Company completed an assessment of its financial assets and liabilities as at February 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

| Financial Assets and Liabilities | Original Classification IAS 39 | New Classification IFRS 9 |
|---|---|---|
| Cash | Fair value through profit and loss | Fair value through profit and loss |
| Accounts payable and accrued liabilities | Amortized cost | Amortized cost |
| Loans payable | Amortized cost | Amortized cost |

The adoption of IFRS 9 did not result in any material changes to the Company's financial statements.

(i) Financial assets

All financial assets are measured at fair value on initial recognition. Measurement in subsequent periods depends on the financial assets' classification, as described below:

Fair value through profit or loss ("FVTPL"): Financial instruments designated at FVTPL are initially recognized and subsequently measured at fair value with changes in those fair values charged immediately to net earnings. Financial instruments under this classification include cash.

Amortized cost: Financial instruments designated at amortized cost are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at amortized cost using the effective interest method. Financial instruments under this classification include accounts payable and accrued liabilities, and loans payable.

Fair value through other comprehensive income ("FVOCI"): Financial instruments designated at FVOCI are initially recognized at fair value, net of directly attributable transaction costs, and are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

(ii) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. The Company's accounts payable and accrued liabilities, and loans payable are classified as other financial liabilities. The Company does not currently have any FVTPL financial liabilities.

## 2. Significant Accounting Policies *(continued)*

### n) Financial Instruments *(continued)*

(iii) *Impairment of financial assets*

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. In addition, IFRS 9 requires additional disclosure requirements about expected credit losses and credit risk.

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.

### o) Valuation of Equity Units Issued in Private Placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measured component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of common shares issued in a private placement are determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded in reserves.

### p) Future Accounting Pronouncements

IFRS 16 Leases was issued by the IASB in January 2016 (effective February 1, 2019) and has not yet been adopted by the Company. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The adoption of this new accounting standard is not expected to have a material impact on the Company’s consolidated financial statements.

## 3. Risk Management and Financial Instruments

The carrying values of the Company's cash, reclamation bonds, accounts payable and accrued liabilities, loans payable and due from related parties approximate their fair value due to their short-term nature.

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

### Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to its holdings of cash and reclamation bonds. The carrying amounts of these financial assets represent the maximum credit exposure. The Company manages credit risk by placing its cash with major financial institutions in conservative cash-based liquid investments. Reclamation bonds are held with state or provincial government authorities. The Company monitors its exposure to credit risk on an ongoing basis.

### Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is forecasting cash used in operations and anticipating investing and financing activities.

Accounts payable have maturities of 90 days or less and are subject to normal trade terms. Loans payable are due on demand.

### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The risks to which the Company is exposed are:

i) Interest rate risk

The Company is not exposed to significant interest rate risk.

ii) Foreign currency risk

The Company's functional currency is the Canadian dollar. Consequently, fluctuations of the Canadian dollar in relation to other currencies impact the fair value of financial assets and liabilities and operating results. The Company does not manage currency risks through hedging or other currency management tools.

iii) Other price risk

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

(Expressed in Canadian Dollars)

## 4. Exploration and Evaluation Assets

Expenditures incurred on exploration and evaluation assets are as follows:

| | Zeus |
|---|---|
| **Balance, July 31, 2017** | **$ 7,806** |
| **Exploration:** | |
| Geological consulting | 5,840 |
| **Balance, July 31, 2018 and April 30, 2019** | **$ 13,646** |

### Title to Exploration and Evaluation Assets

Although the Company has taken steps to verify the title to exploration and evaluation assets 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 or transfers and title may be affected by undetected defects.

### Canadian Exploration and Evaluation Assets

### Zeus, British Columbia

The Company has a 100% interest in the Zeus claims located near Lillooet, British Columbia. The claims are subject to a 2% Net Smelter Return ("NSR"), which may be purchased for $500,000 per 1% NSR.

### Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets interests, the potential for production on the property may be diminished or negated.

## 5. Reclamation Bonds

The Company has posted security deposits of $23,000 (July 31, 2018 - $23,000) with the British Columbia government to cover potential reclamation costs for certain properties in British Columbia. These deposits earn interest at a nominal rate.

## 6. Loans Payable

At April 30, 2019, the following loans were outstanding:

i) During the year ended July 31, 2017, the Company repaid total principal and interest of $39,305 on a loan bearing interest at a rate of 10% per annum, of which $7,500 was settled through the issuance of 75,000 units (Note 9) pursuant to a private placement. As at April 30, 2019, a total of $1,452 (July 31, 2018 - $1,452) remains owing on the loan pertaining to interest previously accrued.

ii) During the year ended July 31, 2017, the Company repaid the principal portion of a $50,000 loan bearing interest at a rate of 8% per annum. As at April 30, 2019, a total of $22,782(July 31, 2018 - $21,557) remains owing.

iii) As at April 30, 2019, a total of $50,000 (July 31, 2018 - $50,000) remains owing on a non-interest bearing loan which was repayable in February 2016. Pursuant to the terms of the agreement, the lender has the right to convert the $50,000 loan amount into common shares of the Company at $1.00 per share.

iv) During the period ended April 30, 2019, the Company received a $32,747 (July 31, 2018 - $Nil) non-interest bearing loan which is unsecured, non-interest bearing and is due on demand.

## 7. Indemnification provision

The Company raised capital through the issuance of flow-through shares in 2014, which provided indemnity to the shareholders for additional taxes payable if the Company was unable to, or failed to, expend and renounce the qualifying expenditures as agreed, without limiting the recourse of the subscriber. The Company was not able to spend approximately $17,067 of the flow-through funds raised. Accordingly, the Company is exposed to costs for the indemnification of the shareholders. The Company estimated the potential shareholder indemnification liability in the amount of $18,000 (July 31, 2018 - $18,000) as at April 30, 2019. To estimate the potential indemnification liability, management used a combined tax rate of 45.8% on unspent flow-through funds raised. The accrued amounts are subject to measurement uncertainty due to the tax filing positions of the subscribers, their tax rates and the amount of personal taxes that may be payable and the interpretation of the indemnity agreements, which will not be known until potentially affected subscribers are reassessed for their tax positions by the Canada Revenue Agency and these amounts become known to the Company.

## 8. Share Capital

### Authorized

The Company has an unlimited number of common shares without par value authorized for issuance.

### Shares Issued

During the period ended April 30, 2019, the Company issued 1,071,346 common shares pursuant to the exercise of warrants for gross proceeds of $160,702.

During the year ended July 31, 2018, the Company issued 247,447 common shares pursuant to the exercise of warrants for gross proceeds of $37,117.

### Stock Options

As at April 30, 2019, the Company has a stock option plan (the “Plan") allowing for the reservation of common shares issuable under the Plan to a maximum of 20% of the issued and outstanding common shares of the Company. The vesting of each option grant is determined by the Board of Directors, consistent with TSX-V rules.

When an employee is terminated or resigns, the date of expiry of the options held is generally revised to expire ninety days after the final day of employment. Similarly, options granted to a consultant expire ninety days after the contract ends and final services have been rendered.

There were no stock options granted during the period ended April 30, 2019 and year ended July 31, 2018.

(Expressed in Canadian Dollars)

## 8. Share Capital *(continued)*

### Stock Options *(continued)*

The following table provides information about outstanding and exercisable stock options as at April 30, 2019:

| Expiry Date | Exercise Price | Balance 31-Jul-17 | Granted | Expired/ Forfeited | Balance 31-Jul-18 | Exercisable 31-Jul-18 | Granted | Expired/ Forfeited | Balance 30-Apr-19 | Exercisable 30-Apr-19 |
|---|---|---|---|---|---|---|---|---|---|---|
| August 22, 2017 | $ 1.00 | 189,500 | - | (189,500) | - | - | - | - | - | - |
| August 20, 2018 | $ 0.50 | 105,000 | - | (95,000) | 10,000 | 10,000 | - | (10,000) | - | - |
| November 19, 2018 | $ 0.50 | 60,000 | - | (60,000) | - | - | - | - | - | - |
| **Totals** | | **354,500** | **-** | **(344,500)** | **10,000** | **10,000** | **-** | **(10,000)** | **-** | **-** |
| **Weighted Average Exercise Price** | | **$0.77** | **$0.00** | **$0.78** | **$0.50** | **$0.50** | **$0.00** | **$0.50** | **-** | **-** |

(Expressed in Canadian Dollars)

## 8. Share Capital *(continued)*

### Warrants

The following summarizes the transactions and number of outstanding and exercisable share purchase warrants, including finder's warrants.

| Expiry Date | Exercise Price | Balance 31-Jul-17 | Exercised | Balance 31-Jul-18 | Exercised | Balance 30-Apr-19 |
|---|---|---|---|---|---|---|
| July 4, 2020 | $ 0.15 | 15,400,000 | (247,447) | 15,152,553 | (1,071,346) | 14,081,207 |
| July 4, 2020 | $ 0.15 | 40,000 | - | 40,000 | - | 40,000 |
| **Totals** | | **15,440,000** | **(247,447)** | **15,192,553** | **(1,071,346)** | **14,121,207** |
| **Weighted Average Exercise Price** | | **$0.15** | **$0.15** | **$0.15** | **$0.15** | **$0.15** |

## 9. Related Party Transactions and Key Management Compensation

Key management compensation includes all fees paid or accrued to officers and/or directors described in this note. Except as disclosed elsewhere in these financial statements, related party transactions incurred during the period ended April 30, 2019 were as follows:

Management fees totaling $90,000 (2018 - $90,000), and office and general expenses of $22,500 (2018 - $22,500) were accrued to a company owned by the CEO, who is also a director of the Company. As of April 30, 2019, the balance owing to the CEO was $98,750 (July 31, 2018 – $77,495).

During the year ended July 31, 2018, the Company received a loan of $95,000 from a company owned by the CEO. The loan is non-interest bearing and has no fixed terms of repayment. During the period ended April 30, 2019, the loan was fully repaid.

Management fees totaling $27,000 (2018 - $27,000) were accrued to a company owned by the CFO, who is also a director of the Company. As of April 30, 2019, the balance owing to the CFO was $66,150 (July 31, 2018 - $37,800).

As at April 30, 2019, total amounts due to related parties was $152,204 (July 31, 2018 - $182,453. Amounts due to related parties are unsecured, non-interest bearing and are due on demand.

(Expressed in Canadian Dollars)

## 10. Supplemental Cash Flow Information

| | | April 30, 2019 | | July 31, 2018 |
|---|---|---|---|---|
| **Non-Cash Investing and Financing Activities:** | | | | |
| Accounts payable for exploration and evaluation assets costs | $ | 47,320 | $ | 49,139 |
| Allocation of accounts payable to loans payable | $ | 16,737 | $ | - |

## 11. Capital Management

The Company's objectives when managing capital, are to ensure that there are adequate resources to sustain operations and to continue as a going concern, to maintain adequate levels of funding to support acquisition and exploration of mineral projects, to maintain investor and market confidence, and to provide returns to shareholders. Funds are primarily secured through equity capital raised by way of private placements.

Exploration involves a high degree of risk and substantial uncertainties about the ultimate ability of the Company to achieve positive cash flow from operations. Management primarily funds the Company's exploration by issuing share capital rather than using other capital sources that require fixed repayments of principal or interest.

The Company considers the items included in share capital to be capital and it manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Management evaluates capital requirements and considers the availability of capital, investor sentiment and the market in general on an on-going basis.

The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended April 30, 2019.

## 12. Segmented Disclosure

The Company operates in one operating segment, mineral exploration. All of the Company's assets are located in Canada.