

**SPEARMINT RESOURCES INC.**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

July 31, 2019

## **NOTICE OF NO AUDITOR REVIEW**

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended July 31, 2019 and 2018 have not been reviewed by the Company's external auditor.

**SPEARMINT RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)

<u>ASSETS</u>	July 31, <u>2019</u>	January 31, <u>2019</u>
<b>Current assets</b>		
Cash and cash equivalents - Note 4	\$ 117,667	\$ 230,989
Receivables - Note 5	5,823	7,229
Prepaid expenses	-	135
<b>Total current assets</b>	123,490	238,353
<b>Non-current assets</b>		
Security deposits – Note 6	11,098	11,098
Exploration and evaluation assets – Note 6	1,496,700	1,642,214
<b>Total assets</b>	\$ 1,631,288	\$ 1,891,665
<u>LIABILITIES</u>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities - Notes 7 and 11	\$ 125,166	\$ 79,481
Flow-through share premium liability – Note 8	6,546	23,536
<b>Total current liabilities</b>	131,712	103,017
<b>Non-current liabilities</b>		
Long-term accounts payables – Note 7	374,990	374,990
	506,702	478,007
<u>SHAREHOLDERS' EQUITY</u>		
Share capital – Note 9	4,318,138	4,318,138
Reserves – Note 9	646,771	646,771
Accumulated deficit	(3,840,323)	(3,551,251)
<b>Total shareholders' equity</b>	1,124,586	1,413,658
<b>Total liabilities and shareholders' equity</b>	\$ 1,631,288	\$ 1,891,665

Nature and Continuance of Operations – Note 1  
Subsequent Events – Notes 6 and 14

APPROVED BY THE DIRECTORS:

“James Nelson” Director  
James Nelson

“Dennis Aalderink” Director  
Dennis Aalderink

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

**SPEARMINT RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS & COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)

	Three months ended July 31,		Six months ended July 31,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Operating expenses</b>				
Consulting fees	\$ 9,000	\$ 9,000	\$ 18,000	\$ 19,475
Corporate branding	-	9,413	-	108,711
Investor relations	-	-	7,500	-
Office and miscellaneous	7,563	5,847	21,141	20,804
Professional fees – Note 11	8,225	24,986	16,349	40,647
Share-based payments – Notes 9 and 11	-	-	-	291,319
Shareholder information	3,798	1,722	5,425	7,124
Transfer agent and filing fees	6,274	8,831	10,376	30,910
	<u>(34,860)</u>	<u>(59,799)</u>	<u>(78,791)</u>	<u>(518,990)</u>
Interest income	106	358	412	358
Other income on settlement of flow-through share premium – Note 8	16,308	6,472	16,990	6,472
Write-down of exploration and evaluation assets – Note 6	(212,204)	-	(227,683)	-
	<u>(195,790)</u>	<u>6,830</u>	<u>(210,281)</u>	<u>6,830</u>
<b>Net comprehensive loss for the period</b>	<u>\$ (230,650)</u>	<u>\$ (52,969)</u>	<u>\$ (289,072)</u>	<u>\$ (512,160)</u>
Loss per share - basic and diluted - Note 10	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>
Weighted average number of shares outstanding - basic and diluted - Note 10	<u>147,795,847</u>	<u>129,795,847</u>	<u>147,795,847</u>	<u>129,773,348</u>

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

**SPEARMINT RESOURCES INC.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)

	Six months ended July 31,	
	2019	2018
<b>Operating Activities</b>		
Loss for the period	\$ (289,072)	\$ (512,160)
Adjustments for non-cash items:		
Other income on settlement of flow-through share premium liability	(16,990)	(6,472)
Share-based payments	-	291,319
Write-down of exploration and evaluation assets	227,683	-
Changes in non-cash working capital items:		
Receivables	1,406	1,852
Prepaid expenses	135	51,830
Accounts payable and accrued liabilities	4,394	(153,813)
<b>Cash used in operating activities</b>	<b>(72,444)</b>	<b>(327,444)</b>
<b>Investing Activities</b>		
Exploration and evaluation assets	(40,878)	(336,628)
<b>Cash used in investing activities</b>	<b>(40,878)</b>	<b>(336,628)</b>
<b>Financing Activities</b>		
Proceeds from issuance of share capital	-	329,500
Share issue costs	-	(29,431)
<b>Cash provided by financing activities</b>	<b>-</b>	<b>300,069</b>
Decrease in cash and cash equivalents during the period	(113,322)	(364,003)
Cash and cash equivalents, beginning of the period	230,989	842,236
<b>Cash and cash equivalents, end of the period</b>	<b>\$ 117,667</b>	<b>\$ 478,233</b>

Supplemental Disclosure with Respect to Cash Flows (Note 13)

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

**SPEARMINT RESOURCES INC.**  
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(Expressed in Canadian dollars)

	No. of shares	Amounts	Shares subscriptions receivable	Reserves	Accumulated deficit	Total
<b>Balance, January 31, 2018</b>	129,595,847	\$ 3,767,060	\$ (319,500)	\$ 232,679	\$ (2,782,675)	\$ 897,564
Shares issued for private placement	-	-	319,500	-	-	319,500
Share issue costs	-	(6,271)	-	-	-	(6,271)
Stock options exercised	200,000	10,000	-	-	-	10,000
Transfer of reserves on options exercised	-	7,349	-	(7,349)	-	-
Stock options issued	-	-	-	291,319	-	291,319
Loss for the period	-	-	-	-	(512,160)	(512,160)
<b>Balance, July 31, 2018</b>	129,795,847	3,778,138	-	516,649	(3,294,835)	999,952
Stock options issued	-	-	-	130,122	-	130,122
For exploration and evaluation assets	18,000,000	540,000	-	-	-	540,000
Loss for the period	-	-	-	-	(256,416)	(256,416)
<b>Balance, January 31, 2019</b>	147,795,847	4,318,138	-	646,771	(3,551,251)	1,413,658
Loss for the period	-	-	-	-	(289,072)	(289,072)
<b>Balance, July 31, 2019</b>	147,795,847	\$ 4,318,138	\$ -	\$ 646,771	\$ (3,840,323)	\$ 1,124,586

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

**SPEARMINT RESOURCES INC.**  
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
(Expressed in Canadian Dollars)  
July 31, 2019

**1. NATURE AND CONTINUANCE OF OPERATIONS**

Spearmint Resources Inc. (the “Company”) was incorporated under the Business Corporations Act of British Columbia, Canada on September 23, 2009. The Company is an exploration stage public company and is listed on the Canadian Securities Exchange (the “CSE”) under the symbol “SPMT”. The Company’s principal business activities include acquiring and exploring exploration and evaluation assets. At July 31, 2019, the Company had exploration and evaluation assets located in Canada and the United States.

The Company’s head office and principal business address is located at 1470 – 701 West Georgia Street, Vancouver, British Columbia, V7Y 1C6. The Company’s registered and records office is located at 900-885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realization of assets and discharge of liabilities in the normal course of business. At July 31, 2019, the Company had not yet achieved profitable operations, incurred a net loss of \$289,072 during the six months ended July 31, 2019 and has an accumulated deficit of \$3,840,323 since its inception. The Company expects to incur further losses in the development of its business, all of which cast substantial doubt on the Company’s ability to continue as a going concern. The Company will require additional financing in order to conduct its future work programs on exploration and evaluation assets, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. Accordingly, these condensed consolidated interim financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used then the adjustments required to report the Company’s assets and liabilities on a liquidation basis could be material to these condensed consolidated interim financial statements.

**2. BASIS OF PREPARATION**

**a) Statement of Compliance**

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (“IAS34”) as issued by the International Accounting Standards Board (“IASB”). Therefore, these condensed interim consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company’s most recently issued audited financial statements for the year ended January 31, 2019, which includes information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies, use of judgements and estimates were presented in Note 2 and Note 3 of these audited financial statements, and have been consistently applied in the preparation of these condensed interim consolidated financial statement.

**2. BASIS OF PREPARATION (continued)**

**a) Statement of Compliance (continued)**

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on September 23, 2019.

**b) Basis of Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company balances, transactions, income and expenses have been eliminated upon consolidation.

**c) Subsidiaries**

Subsidiaries are entities controlled by the Company. Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee and when the Company has the ability to affect those returns through its power over the investee. Subsidiaries are included in the condensed consolidated interim financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

The principal subsidiaries of the Company as of July 31, 2019 are as follows:

<b>Name of subsidiary</b>	<b>Place of Incorporation</b>	<b>Ownership Interest July 31, 2019</b>	<b>Ownership Interest January 31, 2019</b>
1177905 B.C. Ltd.	Canada	100%	100%
Mathers Lithium Corp.	U.S.A.	100%	100%

**3. NEW ACCOUNTING STANDARDS ADOPTED DURING THE PERIOD**

*IFRS 16 – Leases*

New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting. The Company adopted this new standard on February 1, 2019. The adoption of this new standard has no impact on the Company's condensed consolidated interim financial statements.



**4. CASH AND CASH EQUIVALENTS**

The Company's cash and cash equivalents are denominated in Canadian Dollars and include the following components:

	July 31, <u>2019</u>	January 31, <u>2019</u>
Cash at bank	\$ 87,667	\$ 110,989
Short-term deposits	30,000	120,000
	<u>\$ 117,667</u>	<u>\$ 230,989</u>

**5. RECEIVABLES**

The Company's receivables comprise of goods and services tax ("GST") receivable due from Canadian government taxation authorities.

	July 31, <u>2019</u>	January 31, <u>2019</u>
GST recoverable	\$ 5,823	\$ 6,310
Other receivables	-	919
Total receivables	<u>\$ 5,823</u>	<u>\$ 7,229</u>

All amounts are short-term and the net carrying value of receivables is considered a reasonable approximation of fair value. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against receivables. The Company's receivables are all considered current and are not past due or impaired. The Company does not possess any collateral related to these assets.

SPEARMINT RESOURCES INC.  
Notes to the Condensed Consolidated Interim Financial Statements  
(Expressed in Canadian Dollars)  
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**6. EXPLORATION AND EVALUATION ASSETS**

	BC EL N. Nickel- Copper Prospects	BC Nickle N. Property	BC NEBA Copper Gold Prospects	BC Safari Copper Gold Property	BC Hammernose Gold Property	BC Henry Gold Copper Prospects	BC Gold Mountain Property	BC Gold Triangle Prospects	BC Buddy Property	BC Why West Magnesium Prospect	QC Chibougamau Vanadium Prospects	Nevada Elon and McGee Lithium Properties	Total
Balance, January 31, 2018	\$ 2,892	\$ -	\$ 2,162	\$ -	\$ -	\$ -	\$ 1,382	\$ 2,900	\$ 3,108	\$ 2,632	\$ 4,550	\$ 598,310	\$ 617,936
Acquisition costs													
Staking costs	-	-	651	6,381	3,640	3,481	-	-	-	4,689	3,031	-	21,873
Share issuance	-	180,000	180,000	-	-	-	-	180,000	-	-	-	-	540,000
Deferred exploration expenditures													
Assay	-	-	-	-	-	-	-	-	-	-	-	10,088	10,088
Claim maintenance fees	-	-	-	-	-	-	2,914	-	-	-	-	12,682	15,596
Drilling	-	-	-	-	-	-	-	-	-	-	-	252,913	252,913
Geological consulting	-	-	-	-	-	-	-	-	-	-	2,786	35,147	37,933
Geological report	4,166	-	6,667	-	-	-	1,667	8,000	-	-	-	5,950	26,450
Sampling	-	-	-	-	-	-	-	-	-	-	-	1,916	1,916
Survey	13,198	-	13,168	-	-	-	-	12,583	-	-	84,250	-	123,199
Travel	-	-	500	-	-	-	-	-	-	-	-	4,239	4,739
Write-down of E&E assets	-	-	-	-	-	-	-	-	(3,108)	(7,321)	-	-	(10,429)
Balance, January 31, 2019	20,256	180,000	203,148	6,381	3,640	3,481	5,963	203,483	-	-	94,617	921,245	1,642,214
Acquisition costs													
Staking costs	280	-	-	-	546	-	-	3,527	-	-	457	-	4,810
Deferred exploration expenditures													
Assay	-	-	-	-	542	-	-	-	-	-	-	-	542
Claim maintenance fees	-	-	-	-	-	-	-	-	-	-	3,850	-	3,850
Field supplies & equipment	-	-	-	-	105	-	-	-	-	-	-	-	105
Geological consulting	-	-	-	-	-	-	-	-	-	-	10,311	-	10,311
Geological report	-	-	-	-	1,250	-	-	-	-	-	2,855	-	4,105
Sampling	-	-	18,422	-	5,000	-	-	31,947	-	-	-	-	55,369
Travel	-	-	-	-	3,037	-	-	-	-	-	40	-	3,077
Write-down of E&E assets	(16,989)	(180,000)	(651)	-	-	(3,481)	(5,963)	(5,120)	-	-	(15,479)	-	(227,683)
Balance, July 31, 2019	\$ 3,547	\$ -	\$ 220,919	\$ 6,381	\$ 14,120	\$ -	\$ -	\$ 233,837	\$ -	\$ -	\$ 96,651	\$ 921,245	\$ 1,496,700

**6. EXPLORATION AND EVALUATION ASSETS (continued)**

BC EL North and EL North 2 Nickel-Copper Prospects - Staking

In September 2017, the Company acquired a 100% interest in certain mineral claims (the “EL North and EL North 2 Nickel-Copper Prospects”) located in the Golden Triangle of British Columbia for staking costs of \$2,892.

In March 2019, the Company acquired a 100% interest in certain mineral claims (the “EL North 3 Nickel-Copper Prospects”) located in the Golden Triangle of British Columbia for staking costs of \$280.

Subsequent to July 31, 2019, the Company decided to drop and reduce the size of certain mineral claims. Accordingly, previous acquisition costs of \$2,426 and exploration costs of \$14,563 were written off as of July 31, 2019.

As at July 31, 2019, the Company had incurred a total of \$2,801 in exploration costs on this property.

BC NEBA Copper-Gold Prospects - Staking and Purchase Agreement

In September 2017, the Company acquired a 100% interest in certain mineral claims (the "BC NEBA Copper-Gold Prospect") located in the Golden Triangle of British Columbia for staking costs of \$2,162.

In August 2018, the Company acquired a 100% interest in certain mineral claims located in the Golden Triangle Gold District in British Columbia for staking costs of \$651. Subsequent to July 31, 2019, the Company decided to drop these claims. Accordingly, previous staking costs of \$651 were written off as of July 31, 2019.

On October 5, 2018, the Company entered into a share purchase agreement (the “SPA”) with two arm’s length vendors (the “Vendors”) to purchase 100% of the issued and outstanding shares of 1177905 B.C. Ltd., which holds a 100% interest in certain mineral claims in B.C. (the "NEBA Copper-Gold Prospects", the "Nickle N. Property", and the "Gold Triangle Prospects"). The acquisition has been accounted for as an asset acquisition. In consideration, the Company issued 18,000,000 shares (issued at a value of \$540,000) to the Vendors pursuant to the SPA. 1177905 B.C. Ltd. became a wholly-owned subsidiary of the Company. The acquisition costs had been split evenly between these properties.

As at July 31, 2019, the Company had incurred a total of \$38,757 in exploration costs on this property.

BC Safari Copper-Gold Property - Staking

In October 2018, the Company acquired a 100% interest in certain mineral claims located in the northern Quesnel Trough in north-central British Columbia for staking costs of \$6,381.

**6. EXPLORATION AND EVALUATION ASSETS (continued)**

BC Hammernose Gold Property - Staking

In October 2018, the Company acquired a 100% interest in certain mineral claims in the Spences Bridge gold belt located in southern British Columbia for staking costs of \$3,640.

In July 2019, the Company acquired a 100% interest in certain mineral claims to increase the size of the Hammernose Gold Property for staking costs of \$546.

As at July 31, 2019, the Company had incurred a total of \$9,934 in exploration costs on this property.

BC Gold Triangle Prospects - Staking and Purchase Agreement

In July 2017, the Company acquired a 100% interest in certain mineral claims (the “Gold Triangle Prospects”) located in the Golden Triangle Gold District in British Columbia for staking costs of \$2,900.

Under the SPA, the Company indirectly acquired a 100% interest in certain mineral claims in British Columbia.

In July 2019, the Company acquired a 100% interest in certain mineral claims (the “Prickle Claims”) located in the Golden Triangle of British Columbia for staking costs of \$3,527.

During the six months ended July 31, 2019, the Company decided to drop certain mineral claims. Accordingly, previous acquisition costs of \$632 and exploration costs of \$4,488 associated with these claims were written off.

As at July 31, 2019, the Company had incurred a total of \$48,043 in exploration costs on this property.

QC Chibougamau Vanadium Prospects - Staking

In June 2017, the Company acquired a 100% interest in certain mineral claims (the “Chibougamau Vanadium Prospects”), all located in the direct vicinity of Lac Chibougamau, Quebec for staking costs of \$4,550.

In December 2018 and January 2019, the Company acquired a 100% interest in certain mineral claims to increase the holdings in its Chibougamau Vanadium Prospects for aggregate staking costs of \$3,031.

In February 2019, the Company acquired a 100% interest in certain mineral claims to increase the acreage in the Chibougamau Vanadium district in Quebec for staking costs of \$457.

During the six months ended July 31, 2019, the Company decided not to continue with certain mineral claims and allowed them to lapse when they became due. Accordingly, prior acquisition costs of \$769 and exploration costs of \$14,710 associated with these claims had been written off during the period.

**6. EXPLORATION AND EVALUATION ASSETS (continued)**

QC Chibougamau Vanadium Prospects - Staking (continued)

As at July 31, 2019, the Company had incurred a total of \$89,382 in exploration costs on this property.

BC Nickel N. Property - Purchase Agreement

Under the SPA, the Company indirectly acquired a 100% interest in certain mineral claims in British Columbia. Subsequent to July 31, 2019, the Company decided to drop this property. Accordingly, previous acquisition costs of \$180,000 were written off as of July 31, 2019.

BC Henry Gold-Copper Prospect - Staking

In August 2018, the Company acquired a 100% interest in certain mineral claims located in the Golden Triangle Gold District in British Columbia for staking costs of \$3,481.

Subsequent to July 31, 2019, the Company decided to drop this property. Accordingly, previous staking costs of \$3,481 were written off as of July 31, 2019.

BC Gold Mountain Property - Staking

In April 2017, the Company acquired a 100% interest in certain mineral claims (the "BC Gold Mountain Claims") near the town of Wells, British Columbia for staking costs of \$1,382.

Subsequent to July 31, 2019, the Company decided to drop this property. Accordingly, previous staking costs of \$1,382 and exploration costs of \$4,581 were written off as of July 31, 2019.

Nevada Elon and McGee Properties - Purchase Agreement

On July 12, 2016, the Company entered into a share purchase agreement (the "Agreement") with five arm's length vendors (the "Vendors") to purchase 100% of the issued and outstanding common shares of 1074942 B.C. Ltd., which through its wholly-owned subsidiary Mathers Lithium Corp. (a Nevada corporation) holds a 100% interest in certain lithium mineral claims (the "Elon claims" and the "McGee claims") in Nevada. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company issued 12,700,000 common shares at a value of \$444,500 to the Vendors pursuant to the Agreement. The Company issued 912,000 common shares at a value of \$31,920 as a finder's fee, and paid \$20,000 for land acquisition and \$3,903 in filing fees in connection with this transaction. The above acquisition costs were allocated to the Elon Property and the McGee Property proportionately, being \$175,113 and \$325,210, respectively.

On June 14, 2017, the Company assumed an additional US\$30,000 payment owed to the vendors for the McGee claims as follows: US\$10,000 by September 1, 2017 (paid) and US\$20,000 by December 31, 2017 (paid). The vendors retain a NSR of 3.75% on the McGee claims.

**6. EXPLORATION AND EVALUATION ASSETS (continued)**

Nevada Elon and McGee Properties - Purchase Agreement (continued)

During the year ended January 31, 2018, the Company provided a security deposit of \$11,098 in relation to its McGee Properties.

As at July 31, 2019, the Company had incurred a total of \$8,788 in claim maintenance fees on the Elon Property and \$373,196 in exploration costs on the McGee Property, respectively.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities recognized in the statements of financial position consist of the following:

	July 31, <u>2019</u>	January 31, <u>2019</u>
Trade payables	\$ 500,156	\$ 434,971
Accrued liabilities	-	19,500
Total payables	<u>\$ 500,156</u>	<u>\$ 454,471</u>
Current trade payables and accrued liabilities	125,166	79,481
Non-current trade payables	374,990	374,990
Total payables	<u>\$ 500,156</u>	<u>\$ 454,471</u>

In July 2018, the Company entered into agreements with certain non-related vendors to extend the payment dates to July 1, 2020. Accordingly, the Company reclassified these payables to long-term accounts payables.

**8. FLOW-THROUGH SHARE PREMIUM LIABILITY**

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Balance at January 31, 2018	\$ 57,508
Liability derecognized due to exploration expenditures renounced to shareholders	(33,972)
Balance at January 31, 2019	<u>23,536</u>
Liability derecognized due to exploration expenditures renounced to shareholders	(16,990)
Balance at July 31, 2019	<u>\$ 6,546</u>

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In January 2018, the Company issued 3,833,845 flow-through units (the "FT Units") at \$0.065 per unit for gross proceeds of \$249,200. Each FT Unit consisted of one flow-through common share and one share purchase warrant. The premium received on the flow-through shares issued was determined to be \$57,508 and was recorded as a share capital reduction. An equivalent premium liability was also recorded.

**8. FLOW-THROUGH SHARE PREMIUM LIABILITY (continued)**

During the year ended January 31, 2019, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of \$33,972 and recognized it as other income.

During the six months ended July 31, 2019, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of \$16,990 and recognized it as other income.

**9. SHARE CAPITAL AND RESERVES**

**Authorized:** Unlimited common shares, without par value

Issued and outstanding as at July 31, 2019 – 147,795,847 (January 31, 2019: 147,795,847)

**Share purchase warrants**

The following is a summary of changes in share purchase warrants from January 31, 2018 to July 31, 2019:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 31, 2018, January 31, 2019 and July 31	21,967,753	\$0.08

As of July 31, 2019, the Company had 21,967,753 share purchase warrants outstanding. Each warrant entitles the holder the right to purchase one common share as follows:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
4,567,753	\$0.10	January 29, 2020
15,000,000	\$0.08	January 29, 2021
<u>2,400,000</u>	\$0.05	September 21, 2021
<u>21,967,753</u>		

**Share-based payments**

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of grant. The exercise price of each option granted under the plan may not be less than the market price of the Company's stock as calculated on the date of grant less the applicable discount, subject to a minimum exercise price of \$0.05. Options may be granted for a maximum term of five years and vesting periods are determined by the Board of Directors. Pursuant to the regulations of the CSE, stock options may be granted outside of the stock option plan.

**9. SHARE CAPITAL AND RESERVES (continued)**

**Share-based payments (continued)**

The following is a summary of changes in share purchase options from January 31, 2018 to July 31, 2019:

	Number of Options	Weighted Average Exercise Price
Balance, January 31, 2018	4,075,000	\$0.05
Granted	10,000,000	\$0.08
Exercised	(200,000)	\$0.05
Expired	(1,775,000)	\$0.05
Balance, January 31, 2019	12,100,000	\$0.07
Expired	(5,050,000)	\$0.11
Forfeited	(300,000)	\$0.05
Balance, July 31, 2019	6,750,000	\$0.05

As of July 31, 2019, 6,750,000 share purchase options were outstanding entitling the holders thereof the right to purchase one common share of the Company for each option held as follows:

Number Outstanding	Exercise Price	Expiry Date	
2,000,000	\$0.05	August 10, 2019	(Note 14)
1,500,000	\$0.05	October 11, 2019	
1,200,000	\$0.05	October 15, 2019	
1,400,000	\$0.05	May 24, 2021	
400,000	\$0.05	May 30, 2021	
250,000	\$0.05	March 13, 2022	
<u>6,750,000</u>			

During the six months ended July 31, 2019, Nil stock options had been exercised. During the six months ended July 31, 2018, 200,000 stock options were exercised at a price of \$0.05 per share for total proceeds of \$10,000. The previously recognized share-based payment expense relating to these stock options were reclassified from share-based payment reserve to share capital in the amount of \$7,349.

During the six months ended July 31, 2019, the Company did not grant any stock options. During the six months ended July 31, 2018, the Company granted 5,000,000 stock options with an exercise price of \$0.11 per share and an expiry date of February 16, 2019. The weighted average fair value of the options issued in the six months ended July 31, 2018 was estimated at \$0.06 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:



**9. SHARE CAPITAL AND RESERVES (continued)**

**Share-based payments (continued)**

	Six months ended July 31,	
	<u>2019</u>	<u>2018</u>
Weighted average expected dividend yield	N/A	0.00%
Weighted average expected volatility*	N/A	167.69%
Weighted average risk-free interest rate	N/A	1.82%
Weighted average expected term	N/A	1 year

\* Expected volatility has been based on historical volatility of the Company's publicly traded shares.

Total expenses arising from share-based payment transactions recognized during the six months ended July 31, 2019 was \$Nil (six months ended July 31, 2018: \$291,319).

**10. LOSS PER SHARE**

The calculation of basic and diluted loss per share was based on the following data:

	Six months ended July 31,	
	<u>2019</u>	<u>2018</u>
Net loss	\$ 289,072	\$ 512,160
Weighted average number of common shares for the purpose of basic and diluted loss per share	147,795,847	129,773,348

The basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution of common share equivalents, such as stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the stock options and share purchase warrants currently issued (see Note 9) were anti-dilutive for the six months ended July 31, 2019 and 2018.

The loss per share for the six months ended July 31, 2019 was \$0.00 (six months ended July 31, 2018: \$ \$0.00).

**11. RELATED PARTY TRANSACTIONS**

*Key management personnel compensation*

Key management of the Company are directors and officers of the Company and their remuneration includes the following:

	Six months ended July 31,	
	<u>2019</u>	<u>2018</u>
Professional fees	\$ 15,000	\$ 15,000

**11. RELATED PARTY TRANSACTIONS (continued)**

*Related party balances*

At July 31, 2019, accounts payable and accrued liabilities includes \$22,926 (January 31, 2019: \$18,055) payable to three directors and a former director of the Company, and a public company with common directors for unpaid fees. These amounts are unsecured, non-interest bearing and payable on demand.

**12. SEGMENTAL REPORTING**

The Company operates in one business segment, being the acquisition and exploration of mineral properties. The Company's exploration and evaluation assets are distributed by geographic locations as below:

	July 31, <u>2019</u>	January 31, <u>2019</u>
Canada	\$ 575,455	\$ 720,969
U.S.A.	921,245	921,245
	<u>\$ 1,496,700</u>	<u>\$ 1,642,214</u>

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

Investing and financing activities that do not have a direct impact on cash flows are excluded from the statement of cash flows.

*During the six months ended July 31, 2019:*

- i. Included in accounts payable and accrued liabilities was \$50,195 for exploration and evaluation assets.

*During the six months ended July 31, 2018:*

- ii. Included in accounts payable and accrued liabilities was \$5,653 for exploration and evaluation assets.

**14. SUBSEQUENT EVENTS**

Subsequent to July 31, 2019, 2,000,000 options at an exercise price of \$0.05 per share expired unexercised.