

SPEARMINT RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

October 31, 2019

NOTICE OF NO AUDITOR REVIEW

The unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the periods ended October 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>	October 31, <u>2019</u>	January 31, <u>2019</u>
Current assets		
Cash and cash equivalents - Note 4	\$ 16,689	\$ 230,989
Receivables - Note 5	2,803	7,229
Prepaid expenses	-	135
Total current assets	19,492	238,353
Non-current assets		
Security deposits – Note 6	11,098	11,098
Exploration and evaluation assets – Note 6	1,539,807	1,642,214
Total assets	\$ 1,570,397	\$ 1,891,665
<u>LIABILITIES</u>		
Current liabilities		
Accounts payable and accrued liabilities - Notes 7 and 11	\$ 96,935	\$ 79,481
Flow-through share premium liability – Note 8	-	23,536
Total current liabilities	96,935	103,017
Non-current liabilities		
Long-term accounts payables – Note 7	374,990	374,990
	471,925	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	(3,866,437)	(3,551,251)
Total shareholders' equity	1,098,472	1,413,658
Total liabilities and shareholders' equity	\$ 1,570,397	\$ 1,891,665

Nature and Continuance of Operations – Note 1

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 October 31,		Nine months ended October 31,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Operating expenses				
Consulting fees	\$ 9,000	\$ 9,000	\$ 27,000	\$ 28,475
Corporate branding	-	6,810	-	115,521
Investor relations	-	3,000	7,500	3,000
Office and miscellaneous	7,153	7,856	28,294	28,660
Professional fees – Note 11	7,500	15,396	23,849	56,043
Share-based payments – Notes 9 and 11	-	127,829	-	419,148
Shareholder information	5,161	10,246	10,586	17,370
Transfer agent and filing fees	3,454	16,585	13,830	47,495
	<u>(32,268)</u>	<u>(196,722)</u>	<u>(111,059)</u>	<u>(715,712)</u>
Interest income	74	628	486	986
Other income on settlement of flow-through share premium – Note 8	6,546	10,151	23,536	16,623
Write-down of exploration and evaluation assets – Note 6	(466)	-	(228,149)	-
	<u>6,154</u>	<u>10,779</u>	<u>(204,127)</u>	<u>17,609</u>
Net comprehensive loss for the period	<u>\$ (26,114)</u>	<u>\$ (185,943)</u>	<u>\$ (315,186)</u>	<u>\$ (698,103)</u>
Loss per share - basic and diluted - Note 10	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>
Weighted average number of shares outstanding - basic and diluted - Note 10	<u>147,795,847</u>	<u>133,904,543</u>	<u>147,795,847</u>	<u>131,165,810</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)

	Nine months ended October 31,	
	<u>2019</u>	<u>2018</u>
Operating Activities		
Loss for the period	\$ (315,186)	\$ (698,103)
Adjustments for non-cash items:		
Other income on settlement of flow-through share premium liability	(23,536)	(16,623)
Share-based payments	-	419,148
Write-down of exploration and evaluation assets	228,149	-
Changes in non-cash working capital items:		
Receivables	4,426	-
Prepaid expenses	135	68,900
Accounts payable and accrued liabilities	7,809	(145,553)
Cash used in operating activities	<u>(98,203)</u>	<u>(372,231)</u>
Investing Activities		
Exploration and evaluation assets	(116,097)	(403,449)
Cash used in investing activities	<u>(116,097)</u>	<u>(403,449)</u>
Financing Activities		
Proceeds from issuance of share capital	-	329,500
Share issue costs	-	(29,431)
Cash provided by financing activities	<u>-</u>	<u>300,069</u>
Decrease in cash and cash equivalents during the period	(214,300)	(475,611)
Cash and cash equivalents, beginning of the period	230,989	842,236
Cash and cash equivalents, end of the period	<u>\$ 16,689</u>	<u>\$ 366,625</u>

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
Balance, January 31, 2018	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	-	-	-	419,148	-	419,148
For exploration and evaluation assets	18,000,000	540,000	-	-	-	540,000
Loss for the period	-	-	-	-	(698,103)	(698,103)
Balance, October 31, 2018	147,795,847	4,318,138	-	644,478	(3,480,778)	1,481,838
Stock options issued	-	-	-	2,293	-	2,293
Loss for the period	-	-	-	-	(70,473)	(70,473)
Balance, January 31, 2019	147,795,847	4,318,138	-	646,771	(3,551,251)	1,413,658
Loss for the period	-	-	-	-	(315,186)	(315,186)
Balance, October 31, 2019	147,795,847	\$ 4,318,138	\$ -	\$ 646,771	\$ (3,866,437)	\$ 1,098,472

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)
October 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 October 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 October 31, 2019, the Company had not yet achieved profitable operations, incurred a net loss of \$315,186 during the nine months ended October 31, 2019 and has an accumulated deficit of \$3,866,437 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 December 18, 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 October 31, 2019 are as follows:

Name of subsidiary	Place of Incorporation	Ownership Interest October 31, 2019	Ownership Interest January 31, 2019
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.

SPEARMINT RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian Dollars)

October 31, 2019 – Page 3

4. CASH AND CASH EQUIVALENTS

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

	October 31, <u>2019</u>	January 31, <u>2019</u>
Cash at bank	\$ 16,689	\$ 110,989
Short-term deposits	-	120,000
	<u>\$ 16,689</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.

	October 31, <u>2019</u>	January 31, <u>2019</u>
GST recoverable	\$ 2,803	\$ 6,310
Other receivables	-	919
Total receivables	<u>\$ 2,803</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)
October 31, 2019 – Page 4

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	QC Perron E.Gold Prospect	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	746	-	-	-	546	-	-	3,527	-	-	457	1,372	-	6,648
Deferred exploration expenditures														
Assay	-	-	-	631	542	-	-	-	-	-	-	-	-	1,173
Claim maintenance fees	-	-	-	-	-	-	-	-	-	-	3,850	-	13,749	17,599
Field supplies & equipment	-	-	-	-	105	-	-	-	-	-	-	-	-	105
Geological consulting	-	-	-	-	-	-	-	-	-	-	10,311	-	-	10,311
Geological report	-	-	-	2,928	1,250	-	-	-	-	-	2,855	-	-	7,033
Sampling	-	-	24,576	16,890	5,000	-	-	32,130	-	-	-	-	-	78,596
Travel	-	-	-	1,200	3,037	-	-	-	-	-	40	-	-	4,277
Write-down of E&E assets	(17,455)	(180,000)	(651)	-	-	(3,481)	(5,963)	(5,120)	-	-	(15,479)	-	-	(228,149)
Balance, October 31, 2019	\$ 3,547	\$ -	\$ 227,073	\$ 28,030	\$ 14,120	\$ -	\$ -	\$ 234,020	\$ -	\$ -	\$ 96,651	\$ 1,372	\$ 934,994	\$ 1,539,807

6. EXPLORATION AND EVALUATION ASSETS (continued)

BC EL North 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. During the nine months ended October 31, 2019, the Company decided to drop these claims. Accordingly, previous acquisition costs of \$2,892 and exploration costs of \$14,563 were written off.

In March and September 2019, the Company acquired a 100% interest in certain mineral claims (the “EL North 3 Nickel-Copper Prospects” and the “EL North 1 Nickel-Copper Prospects”) located in the Golden Triangle of British Columbia for staking costs of \$280 and 466, respectively.

As at October 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. During the nine months ended October 31, 2019, the Company decided to drop these claims. Accordingly, previous staking costs of \$651 were written off.

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 October 31, 2019, the Company had incurred a total of \$44,911 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.

As at October 31, 2019, the Company had incurred a total of \$21,649 in exploration costs on this property.

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 October 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 nine months ended October 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 October 31, 2019, the Company had incurred a total of \$48,226 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 nine months ended October 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 October 31, 2019, the Company had incurred a total of \$89,382 in exploration costs on this property.

QC Perron-East Gold Prospects - Staking

In September 2019, the Company acquired a 100% interest in certain mineral claims (the "Perron-East Gold Prospects"), all located in the Abitibi greenstone belt of northwestern Quebec for staking costs of \$1,372.

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 an NSR of 3.75% on the McGee claims.

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

As at October 31, 2019, the Company had incurred a total of \$13,560 in claim maintenance fees on the Elon Property and \$382,133 in exploration costs on the McGee Property, respectively.

BC Nickel N. Property - Purchase Agreement

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

6. EXPLORATION AND EVALUATION ASSETS (continued)

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.

During the nine months ended October 31, 2019, the Company decided to drop this property. Accordingly, previous staking costs of \$3,481 were written off.

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.

During the nine months ended October 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.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	October 31, <u>2019</u>	January 31, <u>2019</u>
Trade payables	\$ 471,925	\$ 434,971
Accrued liabilities	-	19,500
Total payables	<u>\$ 471,925</u>	<u>\$ 454,471</u>
Current trade payables and accrued liabilities	96,935	79,481
Non-current trade payables	374,990	374,990
Total payables	<u>\$ 471,925</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

Balance at January 31, 2018	\$ 57,508
Liability derecognized due to exploration expenditures renounced to shareholders	(33,972)
Balance at January 31, 2019	23,536
Liability derecognized due to exploration expenditures renounced to shareholders	(23,536)
Balance at October 31, 2019	\$ -

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.

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 nine months ended October 31, 2019, the Company renounced and incurred the exploration expenditures. Accordingly, the Company derecognized the flow-through share premium liability of \$23,536 and recognized it as other income.

9. SHARE CAPITAL AND RESERVES

Authorized: Unlimited common shares, without par value

Issued and outstanding as at October 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 October 31, 2019:

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

As of October 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>		

9. SHARE CAPITAL AND RESERVES (continued)

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.

The following is a summary of changes in share purchase options from January 31, 2018 to October 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	(9,750,000)	\$0.08
Forfeited	(300,000)	\$0.05
Balance, October 31, 2019	<u>2,050,000</u>	<u>\$0.05</u>

As of October 31, 2019, 2,050,000 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
1,400,000	\$0.05	May 24, 2021
400,000	\$0.05	May 30, 2021
<u>250,000</u>	\$0.05	March 13, 2022
<u><u>2,050,000</u></u>		

During the nine months ended October 31, 2019, Nil stock options had been exercised. During the nine months ended October 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.

9. SHARE CAPITAL AND RESERVES (continued)

Share-based payments (continued)

During the nine months ended October 31, 2019, the Company did not grant any stock options. During the nine months ended October 31, 2018, the Company granted 10,000,000 stock options with exercise prices ranging from \$0.05 to \$0.11 per share and expiry dates ranging from February 16, 2019 to October 15, 2019. The weighted average fair value of the options issued in the nine months ended October 31, 2018 was estimated at \$0.04 per option at the grant date using the Black-Scholes option pricing model with the following assumptions:

	Nine months ended October 31,	
	<u>2019</u>	<u>2018</u>
Weighted average expected dividend yield	N/A	0.00%
Weighted average expected volatility*	N/A	169.03%
Weighted average risk-free interest rate	N/A	2%
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 nine months ended October 31, 2019 was \$Nil (nine months ended October 31, 2018: \$419,148).

10. LOSS PER SHARE

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

	Nine months ended October 31,	
	<u>2019</u>	<u>2018</u>
Net loss	\$ 315,186	\$ 698,103
Weighted average number of common shares for the purpose of basic and diluted loss per share	147,795,847	131,165,810

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 nine months ended October 31, 2019 and 2018.

The loss per share for the nine months ended October 31, 2019 was \$0.00 (nine months ended October 31, 2018: \$ \$0.01).

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:

	Nine months ended October 31,	
	2018	2018
Professional fees	\$ 22,500	\$ 22,500
Share-based payments*	-	89,118
	<u>\$ 22,500</u>	<u>\$ 111,618</u>

*Share-based payments are the fair value of options granted to key management personnel as at the grant date.

Related party balances

At October 31, 2019, accounts payable and accrued liabilities include \$16,500 (January 31, 2019: \$18,055) payable to three directors and a former director of the Company 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:

	October 31,	January 31,
	<u>2019</u>	<u>2019</u>
Canada	\$ 604,813	\$ 720,969
U.S.A.	934,994	921,245
	<u>\$ 1,539,807</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 nine months ended October 31, 2019:

- i. Included in accounts payable and accrued liabilities was \$12,986 for exploration and evaluation assets.

During the nine months ended October 31, 2018:

- ii. Included in accounts payable and accrued liabilities was \$9,949 for exploration and evaluation assets.