Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

Nine Months Ended April 30, 2019

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NOTICE TO READERS

Under National Instrument 51-102, Part 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 financial statements of Zadar Ventures Ltd. for the nine months ended April 30, 2019 have been prepared in accordance with International Accounting Standard 34 for Interim Financial Reporting under International Financial Reporting Standards. These interim financial statements are the responsibility of the Company's management and have been approved by the Board of Directors. The Company's independent auditors have not performed an audit or review of these interim financial statements.

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

		As at April 30, 2019		As at July 31, 2018
Assets				
Current				
Cash	**$**	**80,460**	$	206,831
Amounts receivable (Note 4)		**83,804**		90,040
Investment (Note 5)		**29,569**		98,212
Goods and services tax recoverable		**4,110**		46,076
Due from related parties (Note 10)		**1,533**		1,533
Prepaid expenses		**22,009**		15,394
		221,485		458,086
Exploration and evaluation assets (Note 6)		**193,000**		28,000
	$	**414,485**	$	486,086
Liabilities				
Current				
Accounts payable and accrued liabilities	**$**	**97,583**	$	51,019
Loans payable (Note 11)		**67,844**		85,528
Due to related parties (Note 10)		**26,828**		12,653
		192,255		149,200
Shareholders' Equity				
Share capital (Note 7)		**8,211,054**		8,041,054
Subscriptions received in advance		**65,000**		-
Subscriptions receivable		**-**		(10,000)
Contributed surplus		**672,064**		672,064
Deficit		**(8,725,888)**		(8,366,232)
		222,230		336,886
	$	**414,485**	$	486,086

Nature of operations and going concern (Note 1)
Commitments (Note 13)
Subsequent event (Note 14)

On behalf of the board:

__________________________, Director   ______________________, Director

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian Dollars)

	For the Three Months Ended April 30,		For the Nine Months Ended April 30,	
	2019	2018	**2019**	2018
Administrative expenses				
Accounting and audit	**$ 2,501**	$ 3,680	**$ 33,508**	$ 36,935
Bank charges and interest	**78**	475	**767**	1,035
Consulting (Note 10)	**-**	7,500	**48,997**	174,156
Legal	**-**	583	**484**	4,278
Listing and filing fees	**32,224**	24,578	**41,506**	35,295
Management fees (Note 10)	**23,500**	24,500	**86,500**	79,000
Office and sundry	**17,830**	13,111	**66,628**	65,404
Promotion and travel	**819**	44,870	**1,578**	55,623
Write-down of exploration and evaluation assets	**-**	-	**11,349**	-
	(76,952)	(119,297)	**(291,317)**	(451,726)
Interest income	**-**	1,119	**304**	1,317
Reversal of accounts payable	**-**	-	**-**	29,340
Unrealized gain (loss) on investment (Note 5)	**(5,408)**	(7,255)	**(68,643)**	(30,617)
Net loss and comprehensive loss	**$ (82,360)**	$ (125,433)	**$ (359,656)**	$ (451,686)
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)	**$ (0.04)**	$ (0.05)
Basic and diluted weighted average shares outstanding	**10,179,134**	9,682,290	**10,090,709**	9,247,242

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statement of Changes in Equity

(Expressed in Canadian Dollars)

	Shares of common stock	Share capital	Subscriptions receivable	Subscriptions received	Contributed surplus	Deficit	Total
July 31, 2017	8,767,434	$ 7,475,686	$ (3,100)	$ -	$ 672,064	$ (6,948,488)	$ 1,196,162
Issued for debt	131,700	105,368	-	-	-	-	105,368
Issued for property	100,000	50,000	-	-	-	-	50,000
Exercise of warrants	820,000	410,000	(10,000)	-	-	-	400,000
Recovery of subscriptions receivable	-	-	(29,340)	-	-	-	(29,340)
Settlement of debt	-	-	32,440	-	-	-	32,440
Net loss	-	-	-	-	-	(451,686)	(451,686)
April 30, 2018	9,819,134	8,041,054	(10,000)	-	672,064	(7,400,174)	1,302,944
Net loss	-	-	-	-	-	(966,058)	(966,058)
July 31, 2018	9,819,134	8,041,054	(10,000)	-	672,064	(8,366,232)	336,886
Issued for property	310,000	145,000	-	-	-	-	145,000
Exercise of warrants	50,000	25,000	-	-	-	-	25,000
Settlement of debt	-	-	10,000	-	-	-	10,000
Subscriptions received	-	-	-	65,000	-	-	65,000
Net loss	-	-	-	-	-	(359,656)	(359,656)
April 30, 2019	**10,179,134**	**$ 8,211,054**	**$ -**	**$ 65,000**	**$ 672,064**	**$ (8,725,888)**	**$ 222,230**

Zadar Ventures Ltd.

(an Exploration Stage Enterprise)

Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

For the Nine Months Ended April 30,		**2019**		2018
Cash flows used in operating activities				
Net loss	**$**	**(359,656)**	$	(451,686)
Adjustments for:				
Unrealized loss on investment		**68,643**		30,617
Recovery of subscriptions receivable		**-**		(29,340)
Write-down of exploration and evaluation assets		**11,349**		-
Changes in non-cash working capital				
Goods and services tax recoverable		**41,966**		(12,641)
Prepaid expenses		**(6,615)**		(15,121)
Accounts payable and accrued liabilities		**56,564**		26,224
		(187,749)		(451,947)
Cash flows used in investing activities				
Exploration and evaluation expenditures		**(31,349)**		(73,053)
Amounts receivable		**6,236**		(28,374)
		(25,113)		(101,427)
Cash flows from financing activities				
Proceeds from issuance of common stock, net of issue costs		**25,000**		335,000
Advances (to) from related parties		**14,175**		63,917
Subscriptions received in advance		**65,000**		15,000
Loans received (repaid)		**(17,684)**		(11,750)
		86,491		402,167
Increase (decrease) in cash		**(126,371)**		(151,207)
Cash at beginning of the period		**206,831**		456,742
Cash at end of the period	**$**	**80,460**	$	305,535

Supplemental disclosure with respect to cash flows				
Interest paid	**$**	**-**	$	-
Income taxes paid	**$**	**-**	$	-
Non cash investing and financing activities				
Settlement of debt against subscriptions receivable	**$**	**10,000**	$	32,440
Shares issued for debt	**$**	**-**	$	105,368
Shares issued for exploration and evaluation expenditures	**$**	**145,000**	$	50,000

1. Nature of Operations and Going Concern

Zadar Ventures Ltd. ("Zadar" or the "Company") was incorporated on August 6, 2008 under the Business Corporations Act of British Columbia and its principal activity is the exploration of mineral properties. Zadar is a public company with shares listed on the TSX Venture Exchange ("TSX-V"). The head office, principal address and records office of the Company are located at Suite 908 – 510 Burrard Street, Vancouver, B.C. V6C 3A8.

Going concern of operations
These financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred $8,725,888 of losses since its inception and the ability of the Company to continue as going-concern depends on its ability to raise adequate financing and to develop profitable operations. This creates a material uncertainty and raises significant doubt about the Company's ability to continue as a going concern.

Management is actively targeting sources of additional financing. Although the Company has been successful in past financings, there is no assurance that future financings will be successful. As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property.

2. Basis of Preparation

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The interim financial statements should be read in conjunction with the annual financial statements for the year ended July 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies adopted are consistent with those of the previous financial year. The interim financial statements were approved by the Board of Directors on June 27, 2019.

All dollar amounts are presented in Canadian dollars unless otherwise specified.

3. Significant Accounting Policies

(a) Significant Accounting Estimates and Judgments

The preparation of the financial statements, in conformity with IFRS 1, requires estimates and assumptions that affect the amounts reported in the financial statements. Significant areas where judgment is applied include realization of deferred income taxes, assessment of impairment on exploration and evaluation assets and assessment of the Company's ability to continue as a going concern.

Significant estimates include the carrying value and recoverability of exploration and evaluation expenditures and provisions for site restoration. Actual results could differ from our estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

(b) Changes in Accounting Policies

IFRS 9 – Financial Instruments

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its financial statements beginning January 1, 2018. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and lost ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company's financial statements.

3. Significant Accounting Policies (continued)

(b) Changes in Accounting Policies (continued)

IFRS 15 – Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations.

The adoption of IFRS 15 did not impact the cumulated revenue recognized or the related assets and liabilities on the transition date.

(c) New Standards and Interpretations not yet Adopted

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 Leases which specifies how a lease will be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged for its predecessor, IAS 17. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019 and a lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognize the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. Early adoption is permitted if IFRS 15 has also been adopted. The Company is currently assessing the impact of the adoption of IFRS 16.

4. Amounts Receivable

Amounts receivable as at April 30, 2019 are due from former officers and/or former directors of the Company and companies controlled by them. The balance, as at April 30, 2019 are non-interest bearing, unsecured and due on demand.

(Expressed in Canadian Dollars)

5. Investment

		April 30, 2019		July 31, 2018
Cost	**$**	**1,248,000**	$	1,248,000
Fair value adjustment		**(1,218,431)**		(1,149,788)
Total	**$**	**29,569**	$	98,212

On January 21, 2014, the Company acquired 676,129 shares of Global Resources Investment Trust ("GRIT") valued at £1.00 each, in consideration for 4,160,000 shares of the Company valued at $0.30 each. The GRIT shares trade through the facilities of the London Stock Exchange.

On acquisition, the GRIT shares were valued at $1,248,000. The GRIT shares have been designated as FVTPL, with unrealized gains and losses recognized in profit or loss. At April 30, 2019, the fair value of the GRIT shares is $29,569.

The fair value of GRIT has been determined by reference to published price quotations in an active market.

While the Company will seek to maximize the proceeds it receives from the sale of its GRIT shares on the London Stock Exchange, there is no assurance as to the timing of disposition or the amount that will be realized. Funds realized from the sale of the GRIT shares will be used by the Company for working capital and general corporate purposes.

6. Exploration and Evaluation Assets

Whiskey Gap

The Company entered into an option agreement with 1177129 Alberta Ltd. (the "Optionor"), a company controlled by a former officer, in April 2010, subsequently amended on May 30, 2011, September 30, 2011, June 1, 2012, November 19, 2014, November 28, 2015 and November 23, 2017 and November 17, 2018 to acquire up to a 100% interest in certain mineral interests located in Alberta, known as the Whiskey Gap Project.

6. Exploration and Evaluation Assets (continued)

Whiskey Gap (continued)

To earn a 60% interest, the Company must make payments and issue shares as follows:

- $12,500 (paid) and issue and allot to the Optionor 10,000 shares of the Company (issued);
- on or before the first anniversary of the execution of the Agreement, a further $12,500 (paid) and issue and allot to the Optionor a further 20,000 shares (issued);
- on or before the second anniversary of the execution of the Agreement, a further $25,000 (paid) and issue and allot to the Optionor a further 30,000 shares (issued);
- on or before September 30, 2010, the Company shall expend not less than $100,000 on Exploration Expenditures on the Property; (incurred)
- on or before June 30, 2012, the Company shall pay $100,000 to the Optionor (paid);
- on or before December 31, 2012, the Company shall pay a further $50,000 (paid) and issue and allot to the Optionor a further 50,000 shares (issued).

The Company has a further option to acquire the remaining 40% interest in the Property by paying the Optionor $100,000, which was extended by the Optionor until June 30, 2020, and by issuing the Optionor an additional 100,000 shares (issued, fair value of $250,000).

Upon earning a 60% interest by making the cash payments, issuing the shares, and incurring the exploration expenditures as set out above and electing not to acquire any further interests after earning 60%, the Company and the Optionor will form a joint venture with standard dilution clauses.

In 2015, management wrote down the costs accumulated on the property to $18,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitates a write down at this time in line with the Company’s accounting policy for exploration and evaluation assets.

6. Exploration and Evaluation Assets (continued)

Pasfield Lake Project

On September 25, 2013, the Company entered into an agreement to acquire a 100% interest in certain mineral claims located in the Athabasca Basin, Saskatchewan, Canada, for consideration comprising $25,000 in cash (paid) and issuance of 174,500 shares of the Company (issued, fair value of $436,250).

During 2014, a fee of $50,000 was paid to extend the option period and a finder's fee of $6,000 was paid in 2013.

The vendor will retain a Net Smelter Return ("NSR") of 2%, of which 1% may be purchased by the Company for $1,000,000.

In 2015, management wrote down the costs accumulated on the Pasfield Lake property to $10,000 as an asset impairment. While management still believes that the property is of merit and warrants continued development, lack of activity due to market conditions, and difficulty obtaining financing, necessitates a write down at this time in line with the Company's accounting policy for exploration and evaluation assets.

WSP/CR Claims

On February 25, 2016, the Company entered into an option agreement with GeoXplor Corp. ("GeoXplor") to acquire a 100% interest in two prospective lithium projects in Nevada, USA, known as the WSP and CR claims.

In order to exercise the option to earn the 100% interest, Zadar must issue 500,000 of its common shares and pay US$450,000 in cash payments, in addition to US$21,000 non-refundable deposit (paid) to GeoXplor.

On April 26, 2018, the Company paid US$25,000 to GeoXplor to amend the terms of the option agreement as follows:

- US$50,000 on the effective date (paid);
- 100,000 common shares on TSX-V approval (issued);
- US$50,000 on or before March 25, 2016 (paid);
- 100,000 common shares on each of February 25, 2017 (issued), December 1, 2018 (issued), December 1, 2019 and December 1, 2020 (Note 7);
- US$75,000 on each of February 25, 2017 (paid) and December 1, 2018; and
- US$100,000 on each of December 1, 2019 and December 1, 2020.

6. Exploration and Evaluation Assets (continued)

WSP/CR Claims (continued)

Zadar will be required to make exploration expenditures of US$123,000 on the property in year one (US$100,000 paid), a further US$118,000 on the WSP claims by December 1, 2018, a further US$250,000 on the CR claims by December 1, 2018, a further US$500,000 on the property by December 1, 2019 and a further US$1,500,000 on the property by December 1, 2020. On the fifth anniversary of the effective date, and annually thereafter, Zadar shall pay minimum advanced annual royalties payments of US$100,000.

Upon completion of an inferred resource calculation that confirms either of the properties having a minimum presence of 100,000 tons lithium carbonate equivalent grading at no lower than 28 parts per million lithium grade average, Zadar shall pay GeoXplor US$1,000,000 in cash or Zadar Shares, or a combination thereof at Zadar's election.

Upon Completion of an Economic Study, as defined in the option agreement, on either of the properties on or before the 10th anniversary of the effective date, Zadar shall pay to GeoXplor US$2,000,000 in cash or Zadar Shares, or a combination thereof at GeoXplor's election.

GeoXplor will maintain 3% gross value royalty return of which 2% can be purchased by Zadar at any time for US$5,000,000.

During the year ended July 31, 2018, the Company wrote-down $883,677 related to the WSP/CR claims as a result of lack of activity on the property, due to ongoing water rights issues, and a lack of investor confidence in Clayton Valley as a whole.

During the nine months ended April 30, 2019, the Company wrote-down $11,349 related to the WSP/CR claims.

East Boundary Mineral Claims

On August 21, 2018, the Company entered into an option agreement with a private staking syndicate to purchase the East Boundary Mineral Claims which consists of 1,888 hectares in Northern B.C.

On September 28, 2018, the Company received TSX-V approval related to the acquisition of the East Boundary Mineral Claims.

Under the terms of the agreement, the Company can earn 100% interest in the property by issuing an aggregate of 100,000 common shares to various arms length vendors within five days of TSX-V approval (issued) and an additional issuance of 200,000 common shares on or before October 31, 2018 (the "Expiry Date") (issued) (Note 7). A 2% NSR shall be granted to Carl Alexander Von Einseidel, of which 1.5% can be repurchased by the Company for $1,500,000.

A finder's fee on the East Boundary agreement was paid in the form of 10,000 shares issued to a third party.

(Expressed in Canadian Dollars)

6. Exploration and Evaluation Assets (continued)

Exploration and Evaluation Expenditures

Details of exploration and evaluation expenditures for the nine months ended April 30, 2019 and for the year ended July 31, 2018 are as follows:

	Acquisition Costs April 30, 2019	Exploration Costs April 30, 2019	Total April 30, 2019	Total July 31, 2018
Whisky Gap				
Balance, beginning of period	$ 18,000	$ -	$ 18,000	$ 18,000
Balance, end of period	18,000	-	18,000	18,000
Pasfield Lake				
Balance, beginning of period	10,000	-	10,000	10,000
Balance, end of period	10,000	-	10,000	10,000
WSP/CR Claims				
Acquisition costs - cash	11,349	-	11,349	32,173
Acquisition costs - shares	-	-	-	50,000
Geophysics	-	-	-	23,551
Permit	-	-	-	17,329
Mineral property costs for the period	11,349	-	11,349	123,053
Balance, beginning of period	-	-	-	760,624
Write-down	(11,349)	-	(11,349)	(883,677)
Balance, end of period	-	-	-	-
East Boundary				
Acquisition costs - shares	145,000	-	145,000	-
Property maintenance	-	20,000	20,000	-
Mineral property costs for the period	145,000	20,000	165,000	-
Balance, beginning of period	-	-	-	-
Balance, end of period	145,000	20,000	165,000	-
Total	$ 173,000	$ 20,000	$ 193,000	$ 28,000

7. Share Capital

(a) Authorized share capital

Unlimited common shares without par value.

(b) Share issuances

Between September 19, 2017 to September 29, 2017, the Company issued a total of 205,000 common shares in the capital of the Company for gross proceeds of $102,500 upon exercise of share purchase warrants at a price of $0.05 per share.

Between December 4, 2017 to January 22, 2018, the Company issued a total of 555,000 common shares in the capital of the Company for gross proceeds of $277,500 upon exercise of share purchase warrants at a price of $0.05 per share.

On April 4, 2018, the Company issued a total of 60,000 common shares in the capital of the Company for gross proceeds of $30,000 upon exercise of share purchase warrants at a price of $0.05 per share.

On April 25, 2018, the Company issued 100,000 common shares in the capital of the Company valued at $50,000 in connection with the WSP/CR Claims (Note 6).

During fiscal 2018 the Company offset subscriptions receivable of $29,340, which had been allowed for in fiscal 2017, against accounts payable for services received from the same party.

On September 18, 2018, the Company issued a total of 50,000 common shares in the capital of the Company for gross proceeds of $25,000 upon exercise of share purchase warrants at a price of $0.05 per share.

On September 28, 2018, the Company issued 110,000 common shares in the capital of the Company valued at $55,000 in connection with the East Boundary Mineral Claims (Note 6).

On October 15, 2018, the Company issued 200,000 common shares in the capital of the Company valued at $90,000 in connection with the East Boundary Mineral Claims (Note 6).

(c) Share purchase options

The Company has an incentive stock option plan (the “Plan”), whereby the Company may grant stock options to directors, officers, employees or consultants. Under the Plan, options are exercisable up to a maximum of 10 years and vest as determined by the Board of Directors and are required to have an exercise price no less than the closing market price of the Company's shares on the trading day immediately preceeding the day on which the Company announces the grant of options. The Plan provides for the issuance of up to 10% of the Company’s issued common shares at the date of the grant. Options awarded under the Plan are equity settled.

As at April 30, 2019, the Company had no stock options oustanding.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

(d) Share purchase warrants

	Number of warrants	Weighted average exercise price $
Warrants outstanding at July 31, 2017	2,673,478	1.30
Exercised	(820,000)	0.50
Expired	(276,000)	2.50
Warrants outstanding at July 31, 2018	1,577,478	1.50
Exercised	(50,000)	0.50
Expired	(1,527,478)	1.50
Warrants outstanding at April 30, 2019	-	-

(e) Subscriptions received in advance

As at April 30, 2019, the Company received $65,000 (July 31, 2018 – $Nil) in advance related to a private placement that closed subsequent to April 30, 2019 (Note 14).

8. Financial Instruments and Risk Management

Fair Values

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

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and

Level 3 – Inputs that are not based on observable market data.

Investments are carried at level 1 fair value measurement.

The carrying values of cash, amounts receivable, due from/to related parties, accounts payable and accrued liabilities and loans payable approximate their fair value due to the short-term nature of these instruments.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash, amounts receivable and due from related parties are subject to credit risk. The Company manages credit risk by placing cash with major Canadian financial institutions. The Company's exposure to credit risk from amounts due from related parties is limited as management determines the parties to be financially sound. Management believes that credit risk related to these amounts is nominal.

Liquidity risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's approach to managing liquidity risk is to try to have sufficient liquidity to meet liabilities when due. As at April 30, 2019, the Company had a cash balance of $80,460 (July 31, 2018 - $206,831) to settle current liabilities of $192,255 (July 31, 2018 - $149,200). All of the Company's accounts payable and accrued liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. To maintain liquidity, the Company is currently investigating financing opportunities. Management intends to continue to finance its activities by raising funds by private equity investments. While the Company has been successful in obtaining its required funding in the past there is no assurance that this financing will be extended or that any additional future financing will be available. The Company is exposed to risk that it will encounter difficulty in satisfying its liabilities. The Company may mitigate this risk by selling its investment to cover its current liabilities.

8. Financial Instruments and Risk Management (continued)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk is not material.

Foreign currency risk

Foreign currency risk is the risk that the future cash flows or fair value of the Company's financial instruments that are denominated in a currency that is not the Company's functional currency will fluctuate due to the change in foreign exchange rate.

The functional currency of the Company is the Canadian dollar. The Company holds an investment that is denominated in British Pounds. As such, it is subject to fluctuations in the exchange rates for the Canadian dollar and British Pound. As at April 30, 2019, the Company has a held for trading investment with a fair value of $29,569. Each 10% change in the Canadian dollar versus the British Pound will result in a gain/loss of approximately $3,000.

Other price risk

Other price risk is the risk that changes in market prices including commodity or equity prices will have an effect on the fair value or future cash flows associated with financial instruments.

The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors metals prices to determine the appropriate course of action to be taken by the Company.

The equity price risk associated with the Company's current held for trading investment primarily relates to the change in the market prices of the investments in GRIT common shares. As at April 30, 2019, the Company owns 676,129 GRIT common shares with each common share valued at £0.025 or $0.0437. Management believes there is price risk related to this investment. A 10% change in the price of the GRIT common shares would result in a change in profit or loss by approximately $3,000.

(Expressed in Canadian Dollars)

9. Capital Management

The Company includes cash and equity, comprising issued common shares, contributed surplus and deficit in the definition of capital.

The Company manages its capital to ensure it will be able to continue as a going concern largely through equity financing. These stock issues depend on numerous factors including a positive mineral exploration environment, positive stock market conditions, a company's track record, and the experience of management. The Company is not exposed to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended April 30, 2019.

10. Related Party Transactions

Certain of the Company's officers and directors render services to the Company through companies in which they are an officer or director.

Party	Transactions
622738 BC Ltd.	Management fees
0868143 BC Ltd.	Consulting fees
GRW Inc.	Management fees

The Company incurred the following fees and expenses in the normal course of operations with related parties.

Nine Months Ended April 30,		2019		2018
Management fees	$	41,500	$	34,000
Consulting fees		-		27,000
	$	41,500	$	61,000

Amounts due from related parties comprise $1,533 (July 31, 2018 - $1,533) in advances to companies controlled by officers and directors. Such amounts are unsecured, non-interest bearing and without specific repayment terms.

Amounts due to related parties comprise $26,828 (July 31, 2018 - $12,653) in advances from companies with officers in common. The advances are unsecured, non-interest bearing and without specific repayment terms.

11. Loans Payable

Loans payable as at April 30, 2019 are due to former officers and/or former directors of the Company and companies controlled by them. The balances as at April 30, 2019 are non-interest bearing, unsecured and due on demand.

12. Memorandums of Understanding

Petrobrine MOU

In February 2017, the Company entered into a memorandum of understanding ("MOU") with a private Alberta company to purchase certain claims in Manitoba ("Petrobrine MOU"). In May 2017, the Company paid an initial non-refundable $15,000 for the Petrobrine MOU. The Company will pay an additional $25,000 and 100,000 shares on TSX-V approval; $100,000 within 6 months of TSX-V approval; $100,000 and 100,000 shares on the first anniversary of the Petrobrine MOU; and $150,000 on the second anniversary of the Petrobrine MOU. The MOU also includes a $2,000,000 work commitment over 4 years. A purchase agreement has not yet been executed and accordingly, the $15,000 has been expensed during fiscal 2017.

FlowBack MOU

In March 2017, the Company entered into a MOU with 0984767 BC Ltd. (dba Flowback Solutionz, "FlowBack"), a Canadian oil well waste and water treatment company, to test FlowBack's innovative and proprietary waste water treatment technology for the purpose of lithium extraction from Petrobrines from the Company's Manitoba Petrobrine projects ("FlowBack MOU"). In May 2017, the Company paid an initial $26,750 for the FlowBack MOU.

Upon signing a purchase agreement and obtaining TSX-V approval, the Company was to pay $50,000 and issue 75,000 common shares. Further commitments, dependent on successful completion of certain trials, tests and commercial operations and production, include funding of a larger scale commercial tests, include paying an additional $1,700,000 and issuing an additional 250,000 shares. The Company was to have an option to purchase a royalty from FlowBack for $1,000,000 at any time. A purchase agreement was not executed and accordingly, the $26,750 has been expensed during fiscal 2017. The Company is no longer pursuing the FlowBack MOU.

South Hector MOU

In January 2018, the Company entered into a MOU to acquire the South Hector Lithium project located in Southern California, from MDS Lithium LLC ("MDS"), a private Utah Company specializing in membrane separation technology for the mining industry ("South Hector MOU").

Under the terms of the South Hector MOU, the Company will spend US$100,000 on confirmation drilling to acquire the option to purchase a 100% interest in the South Hector Lithium project. MDS in turn will license their proprietary membrane separation technology to recover lithium from clays for a 3% Gross Overriding Royalties ("GOR") and a 10% carried interest in the South Hector Lithium Project. The Company is no longer pursuing the South Hector MOU.

(Expressed in Canadian Dollars)

13. Commitments

The Company has entered into an operating lease contract for office space. The future minimum payments under the lease as at April 30, 2019 are as follows:

2019	$	11,191
2020		44,763
2021		44,763
2022		7,461
	$	108,178

14. Subsequent Events

Effective April 9, 2019, the Company consolidated its common shares on the basis of one post-consolidation common share for every 10 pre-consolidation common shares. Unless otherwise indicated, all figures have been retrospectively adjusted in these financial statements.

On May 23, 2019, the Company closed a non-brokered private placement of 7,500,000 units at $0.065 per unit for gross proceeds of $487,500. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one share at a price of $0.085 per share for a period of three years from the date of issue.