METALLIC MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED JANUARY 31, 2019

(Stated in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW

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

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

METALLIC MINERALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - expressed in Canadian dollars)

	January 31, 2019	July 31, 2018
ASSETS	**$**	$
Current		
Cash	**258,525**	1,367,132
Receivables (Note 11)	**248,316**	73,834
Prepaid expenses and deposits (Note 3)	**116,145**	151,164
	622,986	1,592,130
Non-Current		
Receivables (Note 11)	**-**	310,869
Equipment	**24,249**	6,749
Exploration and evaluation assets (Notes 4 and 5)	**945,928**	892,373
	1,593,163	2,802,121
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 11)	**521,454**	1,099,996
Loans payable	**22,000**	22,000
Flow-through share premium liability (Note 6)	**80,697**	186,712
	624,151	1,308,708
EQUITY		
Share capital (Note 7)	**14,318,873**	13,395,277
Share subscriptions received in advance (Note 7)	**62,500**	-
Share-based payment reserve (Note 7)	**1,508,157**	1,391,990
Accumulated deficit	**(14,920,518)**	(13,293,854)
	969,012	1,493,413
	1,593,163	2,802,121

Approved on behalf of the Board:
*"Stephen Pearce"* , Director
*"Greg Johnson"* , Director

METALLIC MINERALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE AND SIX MONTHS ENDED JANUARY 31
(Unaudited - expressed in Canadian dollars)

	Three months ended January 31,		Six months ended January 31,	
	2019	2018	**2019**	2018
	$	$	**$**	$
Expenses				
Consulting fees (Note 11)	**144,419**	154,598	**245,231**	279,740
Exploration expenditures (Notes 5 and 11)	**257,547**	90,175	**1,049,313**	1,260,270
Investor relations and corporate development	**163,784**	91,156	**291,308**	224,832
Office and administration	**20,516**	23,932	**45,529**	48,546
Professional fees	**13,738**	6,688	**22,759**	17,049
Property evaluation	**(3,410)**	1,300	**23,121**	13,158
Share-based payment expense (Notes 7 and 11)	**23,868**	178,731	**57,101**	362,851
Transfer agent, regulatory and filing fees	**12,290**	5,591	**21,858**	10,505
Travel and accomodation	**50**	2,359	**1,865**	7,022
	632,802	554,530	**1,758,085**	2,223,973
Other Items				
Other income (Note 6)	**(36,569)**	(28,808)	**(130,929)**	(94,857)
Interest income	**(291)**	(1,994)	**(492)**	(7,378)
	(36,860)	(30,802)	**(131,421)**	(102,235)
Total loss and comprehensive loss for the period	**(595,942)**	(523,728)	**(1,626,664)**	(2,121,738)
Basic and diluted loss per share	**$ (0.01)**	$ (0.01)	**$ (0.03)**	$ (0.04)
Basic and diluted weighted average number of shares outstanding	**64,367,462**	50,719,419	**62,781,911**	48,141,511

See accompanying notes to the condensed consolidated interim financial statements.

METALLIC MINERALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(Unaudited - expressed in Canadian dollars)

	Number of shares	Share capital	Share subscriptions received in advance	Share-based payment reserve	Accumulated deficit	Total
		$	$	$	$	$
Balance, July 31, 2017	**45,314,419**	**9,967,634**	**-**	**826,149**	**(8,886,324)**	**1,907,459**
Net loss for the period	-	-	-	-	(2,121,738)	(2,121,738)
Private placements, net of share issue costs	3,450,000	1,273,315	-	15,978	-	1,289,293
Shares issued pursuant to exploration and evaluation asset acquisitions (Note 7(b))	505,000	155,600	-	-	-	155,600
Warrants issued pursuant to exploration and evaluation asset acquisitions	-	-	-	22,540	-	22,540
Shares issued pursuant to exercise of w arrants (Note 7(b))	7,000,000	700,000	-	-	-	700,000
Share-based payment expense (Note 7(d))	-	-	-	362,851	-	362,851
Balance, January 31, 2018	**56,269,419**	**12,096,549**	**-**	**1,227,518**	**(11,008,062)**	**2,316,005**
Net loss for the period	-	-	-	-	(2,285,792)	(2,285,792)
Private placements, net of share issue costs	3,602,810	945,878	-	3,395	-	949,273
Private placement, bonus shares	865,000	250,850				250,850
Shares issued pursuant to exploration and evaluation asset acquisitions	200,000	80,000	-	-	-	80,000
Shares issued pursuant to exercise of w arrants	220,000	22,000	-	-	-	22,000
Share-based payment expense	-	-	-	161,077	-	161,077
Balance, July 31, 2018	**61,157,229**	**13,395,277**	**-**	**1,391,990**	**(13,293,854)**	**1,493,413**
Net loss for the period	-	-	-	-	(1,626,664)	(1,626,664)
Private placements, net of share issue costs	4,038,075	811,096	-	59,066	-	870,162
Shares issued pursuant to exploration and evaluation asset acquisitions (Note 7(b))	250,000	52,500	-	-	-	52,500
Share subscriptions received in advance (Note 7(b))	-	-	62,500	-	-	62,500
Shares issued pursuant to exercise of w arrants (Note 7(b))	600,000	60,000	-	-	-	60,000
Share-based payment expense (Note 7(d))	-	-	-	57,101	-	57,101
Balance, January 31, 2019	**66,045,304**	**14,318,873**	**62,500**	**1,508,157**	**(14,920,518)**	**969,012**

See accompanying notes to the condensed consolidated interim financial statements.

METALLIC MINERALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JANUARY 31
(Unaudited - expressed in Canadian dollars)

	2019	2018
Operating Activities		
Net loss for the period	**(1,626,664)**	(2,121,738)
Items not involving cash:		
Other income (Note 6)	**(130,929)**	(94,857)
Share-based payment expense (Note 7(d))	**57,101**	362,851
	(1,700,492)	(1,853,744)
Net change in non-cash working capital (Note 8)	**(407,136)**	206,460
Cash used in operating activities	**(2,107,628)**	(1,647,284)
Investing Activities		
Purchase of equipment	**(17,500)**	-
Acquisition of exploration and evaluation assets (Note 5)	**(1,055)**	(126,217)
Cash used in investing activities	**(18,555)**	(126,217)
Financing Activities		
Proceeds received pursuant to private placements (Note 7(b))	**900,834**	1,285,000
Share issue costs (Note 7(b))	**(5,758)**	(90,707)
Subscriptions received in advance (Note 7(b)(iv)	**62,500**	-
Proceeds pursuant to exercise of warrants (Note 7(b))	**60,000**	700,000
Cash provided by financing activities	**1,017,576**	1,894,293
Net increase (decrease) in cash	**(1,108,607)**	120,792
Cash, beginning of period	**1,367,132**	1,533,023
Cash, end of period	**258,525**	1,653,815

Supplemental cash flow information (Note 8)

1. NATURE OF OPERATIONS AND GOING CONCERN

Metallic Minerals Corp. (the "**Company**") is a publicly listed company on the TSX Venture Exchange, incorporated under the laws of British Columbia on May 3, 2007. The Company was registered as an extra-territorial corporation under the Business Corporations Act (Yukon) on July 10, 2009. The Company is involved in activities that include the acquisition and exploration of mineral properties.

The Company's head office is located at 904 - 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

These condensed consolidated interim financial statements have been prepared on the going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company realized a net loss of $1,626,664 for the six months ended January 31, 2019. As at January 31, 2019, the Company had an accumulated deficit of $14,920,518 (2018: $13,293,854). In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period.

While the Company has been successful in obtaining the necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of operations, and at amounts different from those in these condensed consolidated interim financial statements.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* ("**IAS 34**") as issued by the International Accounting Standards Board ("**IASB**") using accounting principles consistent with International Financial Reporting Standards ("**IFRS**") as issued by the IASB.

These condensed consolidated interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2018 which include the accounting policies used in the preparation of these condensed interim financial statements.

These condensed consolidated interim financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the "**Board**") approved these financial statements on April 1, 2019.

(Unaudited - expressed in Canadian dollars)

3. PREPAID EXPENSES AND DEPOSITS

	January 31, 2019	July 31, 2018
	$	$
Prepaid expenses	91,756	122,755
Deposits	24,389	28,409
	116,145	151,164

At January 31, 2019 and July 31, 2018, prepaid expenses included various prepaid amounts for advertising, marketing and upcoming conference events.

4. MINERAL PROPERTY ACQUISITIONS

a) *Australia Creek Property*

On September 7, 2017, and amended on December 29, 2017, the Company completed an option agreement to acquire a 100% interest from underlying claim holders (the "**Vendors**") in approximately 26 miles (42 kilometres ("**km**")) of mining rights and 18 miles (29 kms) of bench claims along the Australia Creek drainage (the "**Australia Creek Property**"), a tributary to the Indian River, in the Klondike gold district near Dawson City, Yukon.

In connection with this acquisition, the Company entered into a production royalty agreement with respect to an approximate 2 mile portion of the Australia Creek Property ("**Lower Australia Creek**"). Under the production royalty agreement, the Company has given an arms-length alluvial mining operator (the "**Operator**") an exclusive right to mine Lower Australia Creek, in exchange for a 12% royalty on all gold production payable to the Company.

In order to earn a 100% interest in the underlying Australia Creek Property, the Company has the following remaining commitments:

- In December 2018, an amount of $25,000 is to be paid to one of the Vendors (outstanding);
- In December 2019, a final payment of $25,000 is to be paid to one of the Vendors; and
- In December 2019, the Company is to issue a total of 275,000 common shares to the Vendors, based on continued mining on the Australia Creek Property with gold royalty production or a new mining lease agreement with another operator on additional claims.

Under the Australia Creek option agreement, the Vendors will receive a 4% royalty on all alluvial gold production from the Company and the Company has the ability to buy back the royalty.

One of the Vendors is a related party as a director of the Company.

In October 2018, the Company entered into a production royalty agreement covering four additional miles of valley bottom and bench alluvial claims in two blocks of its Australia Creek Property with an experienced alluvial mining operator in exchange for a 10% royalty on all gold production. This portion of the property is fully permitted for full scale production mining allowing for production to proceed following completion of test work.

4. MINERAL PROPERTY ACQUISITIONS (continued)

b) *Formo and Keno Summit Leases*

On September 18, 2017, the Company acquired a 100% interest in 16 mining leases in the Keno Hill Silver District (Formo Property) and three leases on the Keno Summit Property, from Independence Gold Corp. ("**Independence**") in exchange for 200,000 units. Each unit consisted of one common share of the Company and one non-transferable share purchase warrant, with each warrant entitling Independence to acquire one common share at a price of $0.45 with an expiry of September 18, 2019. The claims are subject to a 2% Net Smelter Royalty ("**NSR**") for precious metals and a 1% NSR for base metals to Independence. The Company has an option to buy back the NSR from Independence.

c) *McKay Hill and Keno Summit Properties*

On September 18, 2017, the Company acquired a 100% interest in five mining claims on the McKay Hill and Keno Summit Properties from an arms-length private party in exchange for 55,000 common shares of the Company.

In October 2017 and September 2018 the Company staked an additional 26 and 42 claims, respectively, on its McKay Hill Property, expanding its claim holdings to 44 square kilometres ("**km^2**").

d) *Dominion Creek Property*

On September 25, 2017, the Company completed an option agreement to acquire a 100% interest in mining rights from an arms-length party consisting of 10 claims along a bench of Dominion Creek, a tributary to the Indian River, in the Klondike Gold District near Dawson City, Yukon. To earn the 100% interest, the Company made cash payments totaling $50,000 and issued 75,000 flow-through common shares valued at $30,000 to the vendor.

The Company also entered into a production royalty agreement with respect to these claims under which the Company has granted exclusive mining rights to the Operator in exchange for a 15% royalty on all gold production.

In January 2017, the Company acquired the following three new properties in the Keno Hill Silver District in Canada's Yukon Territory, which are included as part of its Keno Silver Project.

e) *Silver Queen Property*

The Company entered into an option to acquire 27 claims and two mining leases, of which seven claims and the two mining leases are in the Keno Summit area, from an arm's-length private party (the "**Option Agreement**"). In consideration, the Company acquired a 100% interest in the Silver Queen Property by making cash payments totalling $75,000 and issuing 100,000 common shares of the Company to the seller.

The property is subject to a 2% NSR and the Company has the option to buy back the full NSR.

(Unaudited - expressed in Canadian dollars)

4. MINERAL PROPERTY ACQUISITIONS (continued)

f) *Keno Summit and Gram Properties*

The Company acquired 9 claims in the Keno Summit area and an 8.7 km^2 area (42 claims) contiguous with the east side of the Keno-Lighting Property from Strategic Metals Ltd. ("**Strategic**"). In consideration, the Company agreed to issue units to Strategic in two tranches.

In January 2017 the first tranche was completed with the Company issuing 50,000 units which were comprised of one common share and one non-transferable common share purchase warrant, with each warrant entitling Strategic to acquire one common share of the Company at a price of $0.65 for a period of two years. The value of the common shares was $22,500 and the fair value of the warrants was $7,418 using the Black-Scholes option pricing model.

In February 2017 the Company completed the acquisition by issuing 187,500 units comprising one common share and one non-transferable common share purchase warrant, with each warrant entitling Strategic to acquire one common share of the Company at a price of $0.52 for a period of two years. The total value of the units was determined to be $75,000, with the entire amount allocated to the common shares based on the residual value method.

The Keno Summit and Gram Properties are subject to a 2% NSR for precious metals and a 1% NSR for base metals and the Company has the option to buy back the full NSR.

g) *Duncan Creek Property*

In January 2017, the Company staked 30.2 km^2 of new claims in the Keno Hill District, including an area called Duncan Creek. Total staking costs were $36,254, which were capitalized as exploration and evaluation assets.

5. EXPLORATION AND EVALUATION ASSETS

A summary of the changes in exploration and evaluation assets is presented below:

	Keno Silver Project	McKay Hill Project	Australia Creek	Dominion Creek	Total
	$	$	$	$	$
Balance, July 31, 2018	494,741	25,449	292,183	80,000	892,373
Licensing costs	1,055	-	-	-	1,055
Shares issued	-	-	52,500	-	52,500
Balance, January 31, 2019	495,796	25,449	344,683	80,000	945,928

Included in the Keno Silver Project expenditures are amounts spent on the Formo and Keno Summit, Silver Queen, Keno Summit and Gram, and Duncan Creek projects.

(Unaudited - expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

A summary of the exploration and evaluation expenditures incurred for the six months ended January 31, 2019 is presented below:

	Keno Silver Project	McKay Hill Project	Australia Creek	Dominion Creek	Klondike	Total
	$	$	$	$	$	$
Analysis	42,116	21,364	-	-	-	63,480
Camp costs	161,606	4,344	600	600	600	167,750
Community consultation and permitting	12,225	8,871	-	-	-	21,096
Consulting - geological	49,997	50	63	13	25	50,148
Consulting - other	17,229	1,571	4,400	-	-	23,200
Drilling	374,108	-	-	-	-	374,108
Equipment and communication	6,519	5,491	1,000	-	-	13,010
Fuel	2,170	11,986	1,095	219	-	15,470
Salaries and benefits	137,719	50,765	10,870	304	2,654	202,312
Transportation and travel	79,605	34,700	481	53	3,900	118,739
	883,294	139,142	18,509	1,189	7,179	1,049,313

6. FLOW-THROUGH SHARE PREMIUM LIABILITY

On issuance, the Company allocates flow-through shares into i) a flow-through share premium, equal to the estimated premium, if any, that investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being incurred, the Company derecognizes the flow-through share premium liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

A summary of the changes in the Company's flow-through share premium liability was as follows:

	$
Balance, July 31, 2018	186,712
Flow-through share premium liability on the issuance of flow-through common shares (Note 7(b)(i))	24,914
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(130,929)
Balance, January 31, 2019	80,697

7. SHARE CAPITAL

a) Authorized

An unlimited number of no par value common shares, issuable in series.

7. SHARE CAPITAL (continued)

b) Share issuance details

Six months ended January 31, 2019

(i) On November 21, 2018 the Company closed two concurrent, non-brokered private placements resulting in total gross proceeds to the Company of $900,834 through the issuance of 4,038,075 units. The Company issued 3,415,221 non-flow-through units at a price of $0.22 per unit for total gross proceeds of $751,350, where each non-flow-through unit consists of one common share of the Company and one-half share purchase warrant. The Company also issued 622,854 flow-through units at a price of $0.24 per unit for gross total proceeds of $149,485, where each flow-through unit consists of one flow-through common share ("**FT Share**") of the Company and one-half non-flow through share purchase warrant. Each whole warrant entitles the holder to acquire one common share of the Company at an exercise price of $0.33 with an expiry of November 21, 2021. In connection with the financing, the Company paid finder's fees of $5,758.

The Company's share price was $0.21 per share on the date of completion and as a result, the Company allocated $717,917 of the gross proceeds from the non-flow-through private placement to share capital and the remaining $34,152 of the gross proceeds to warrant reserve using the residual value method.

The Company allocated $99,657 of the gross proceeds from the flow-through private placement to share capital and the remaining $49,828 was allocated as follows: $24,914 to warrant reserve using the Black-Scholes pricing model and $24,914 allocated to the flow-through share premium liability;

(ii) The Company issued 600,000 common shares pursuant to the exercise of 600,000 share purchase warrants with a weighted average exercise price of $0.10 per share;

(iii) On December 31, 2018, the Company issued 250,000 common shares valued at $52,500 pursuant to the purchase of the Australia Creek Property (Note 4(a));

(iv) The Company received $62,500 of share subscriptions in advance for the exercise of warrants.

Six months ended January 31, 2018

(v) On December 28, 2017, the Company completed a private placement of 3,450,000 FT Shares at a price of $0.40 per FT Share totaling $1,380,000. The Company issued 125,000 and 75,000 of the FT Shares as payment towards its Australia Creek and Dominion Creek Properties, respectively, and as a result, the Company did not receive cash for these FT Shares. In addition, $15,000 of the proceeds was outstanding at January 31, 2018 and was included in receivables in the condensed consolidated interim statement of financial position. The proceeds were received subsequent to January 31, 2018.

In connection with this private placement, the Company paid finders' fees of 6% on a portion of the gross proceeds, paid $5,000 to cover a finder's due diligence fees related to this private placement and issued 80,250 finders' warrants, with each warrant entitling the holder to purchase one common share of the Company at a price of $0.45, with an expiry of December 28, 2019. The fair value of the finders' warrants was $15,978 which was recorded as share issue costs.

(Unaudited - expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

b) Share issuance details (continued)

Six months ended January 31, 2018 (continued)

The Company's share price was $0.45 per share on the date of completion and as a result, the Company did not allocate any gross proceeds to flow-through share premium liability.

(vi) On November 28, 2017, the Company issued 250,000 common shares valued at $70,000 pursuant to the purchase of the Australia Creek Property (Note 4(a)).

(vii) On September 27, 2017, the Company issued 55,000 common shares valued at $17,600 pursuant to the purchase of the McKay Hill and Keno Summit Properties (Note 4(c)).

(viii) On September 18, 2017, the Company issued 200,000 common shares to Independence valued at $68,000 pursuant to the purchase of the Formo and Keno Summit Properties (Note 4(b)).

(ix) During the six months ended January 31, 2018, the Company issued 7,000,000 common shares pursuant to the exercise of 7,000,000 share purchase warrants with a weighted average exercise price of $0.10 per share.

c) Stock options

The Company has a fixed Long-Term Performance Incentive Plan (the "**LTIP**") whereby the Company may grant certain awards to directors, officers, employees and consultants, including stock options, to a maximum of 9,000,000 common shares. The exercise price, term and vesting period of each award are determined by the Board within regulatory guidelines.

A summary of the changes in stock options is presented below:

	Number of options	Weighted average exercise price
		$
Balance, July 31, 2018	5,350,000	0.39
Cancelled	(650,000)	0.39
Balance, January 31, 2018	4,700,000	0.38

The following stock options were outstanding as at January 31, 2019:

Outstanding	Exercisable	Weighted average Exercise Price	Expiry Date	Weighted average remaining life (in years)
		$		
2,800,000	2,800,000	0.44	September 19, 2021	2.64
1,900,000	1,266,667	0.30	August 24, 2022	3.56
4,700,000	4,066,667	0.38		3.01

The stock option vesting schedule is 33.3% at each of six, twelve and eighteen months from the date of grant.

(Unaudited - expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

d) Share-based payment expense and reserve

There were no options granted during the six months ended January 31, 2019. The fair value at grant date of the options granted during the six months ended January 31, 2018 was $427,292, or $0.19 per option. Pursuant to vesting schedules, a portion of the fair value will be expensed in future periods.

The share-based payment expense for the six months ended January 31, 2019 was $57,101 (2018: $362,851) and was recorded in profit or loss. The fair value of the stock options that were granted during the six months ended January 31, 2018 was calculated using the Black-Scholes option pricing model. The Company has estimated the volatility for options granted in the current period by using the historical volatility of public companies that the Company considers have comparable business activities. The weighted average assumptions are as follows:

Risk-free interest rate	1.39%
Expected stock price volatility	81%
Expected dividend yield	0.0%
Expected option life in years	5.0
Spot price on date of grant	$0.30

e) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, July 31, 2018	20,467,916	0.14
Issued pursuant to private placements (Note 7(b)(i))	2,019,031	0.33
Exercised (Note 7(b)(ii))	(600,000)	0.10
Expired	(125,000)	0.63
Balance, January 31, 2019	21,761,947	0.17

The following warrants were outstanding as at January 31, 2019:

Outstanding	Exercisable	Exercise Price	Expiry Date
		$	
187,500 [1]	187,500	0.52	February 15, 2019
82,500	82,500	0.50	June 22, 2019
17,466,000	17,466,000	0.10	July 30, 2019
200,000	200,000	0.45	September 27, 2019
80,250	80,250	0.45	December 29, 2019
1,666,666	1,666,666	0.60	March 23, 2020
60,000	60,000	0.37	July 31, 2020
2,019,031	2,019,031	0.33	November 21, 2021
21,761,947	21,761,947	0.17	

[1] These warrants expired unexercised subsequent to period end.

(Unaudited - expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

e) Share purchase warrants (continued)

The fair value of the warrants issued in conjunction with the flow-through private placement for the six months ended January 31, 2019 was $24,914 and was recorded in reserves. The fair value of the warrants that were issued was calculated using the Black-Scholes option pricing model. The Company has estimated the volatility for options granted in the current period by using the historical volatility of public companies that the Company considers have comparable business activities. The weighted average assumptions are as follows:

Risk-free interest rate	2.19%
Expected annual stock price volatility	80%
Expected dividend yield	0.0%
Expected warrant life in years	3.0
Spot price	$0.20

8. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the six months ended January 31 consisted of the following:

	2019	2018
	$	$
Accounts receivable	136,387	(71,398)
Prepaid expenses	35,019	334,400
Accounts payable and accrued liabilities	(578,542)	(56,542)
	(407,136)	206,460

The non-cash financing and investing transactions for the six months ended January 31, 2019 consisted of the Company:

- Issuing 250,000 common shares valued at $52,500 pursuant to the purchase of the Australia Creek Property.

The non-cash financing and investing transactions for the six months ended January 31, 2018 consisted of the Company:

- issuing 200,000 common shares to Independence valued at $68,000 pursuant to the purchase of the Formo and Keno Summit Properties (Note 4(b));
- issuing 55,000 common shares valued at $17,600 pursuant to the purchase of the McKay Hill and Keno Summit Properties (Note 4(c));
- issuing 200,000 warrants issued to Independence valued at $22,540 pursuant to the Formo and Keno Summit Properties acquisition (Note 4(b));
- Issuing 250,000 common shares valued at $70,000 pursuant to the purchase of the Australia Creek Property;
- Issuing 200,000 FT Shares valued at $80,000 as payment towards its Australia Creek and Dominion Creek Properties;
- Issuing 80,250 warrants as finders' warrants valued at $15,978 pursuant to the private placement noted in 7(b)(v); and
- Recording $15,000 of the private placement disclosed in Note 7(b)(v) as receivables.

9. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a number of financial instrument related risks. The fair values of the Company's financial assets and liabilities approximate the carrying amounts.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to short-term interest rates through the interest earned on cash. A 1% change in short-term rates would not have a material impact on profit or loss.

b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk with respect to its cash balance at January 31, 2019 of $258,525. Cash is held at a chartered Canadian financial institution. Management has assessed credit risk as low.

c) Liquidity risk

Liquidity risk arises from the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. At January 31, 2019, the Company had a total of $622,986 in cash, receivables and prepaid expenses and deposits, a working capital deficiency of $1,165 and no long-term debt. The Company has the right to accelerate the exercise of certain share purchase warrants that would bring in up to $1,746,600 in proceeds to the Company ahead of their July 30, 2019 expiry date. While the Company has been successful in obtaining necessary financing through the issuance of common shares and loans from related parties in the past, there is no assurance it will be able to raise funds in this manner in the future and there remain material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern. The Company's trade and other payables are due in the short term.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company's strategy remains unchanged from the year ended July 31, 2018.

The Company considers the items included in equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

11. RELATED PARTY TRANSACTIONS

The following is a summary of charges incurred by the Company with related parties and compensation paid to key management personnel. Key management personnel at the Company are the Directors and Officers of the Company.

(Unaudited - expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (continued)

The remuneration of key management personnel was as follows:

		Three months ended January 31,		Six months ended January 31,	
		2019	2018	2019	2018
		$	$	$	$
Consulting fees	1	101,868	126,638	191,606	234,538
Exploration and evaluation assets	2	26,250	35,000	26,250	60,000
Exploration expenditures	3	-	-	-	61,800
Share-based payment expense	4	23,868	129,737	57,101	275,116
		151,986	291,375	274,957	631,454

[1] Consulting fees for the three and six months ended January 31, 2019 and 2018 consisted of fees earned by key management personnel including the CEO, CFO, VP Government & Community Relations, VP Exploration and Corporate Secretary, and fees earned by Midnight Mining Services Ltd., a private company controlled by Bill Harris, a director of the Company.

[2] The amount of $26,250 for the six months ended January 31, 2019 consisted of the value of 125,000 common shares issued to a director of the Company in relation to the Australia Creek option agreement (Note 4). The amount of $60,000 for the six months ended January 31, 2018 consisted of a cash payment of $25,000 and 125,000 common shares valued at $35,000 issued to a director of the Company in relation to the Australia Creek option agreement.

[3] Exploration expenditures consisted of equipment rentals from Midnight Mining Services Ltd.

[4] Share-based payment expense is a non-cash item that consisted of the fair value of stock options that were granted to key management personnel.

Included in receivables at January 31, 2019 was an amount of $183,503 (July 31, 2018: $167,969) owed from Group Ten Metals Inc., a company that has three directors and one officer in common, for certain shared investor relations and corporate development expenses that the Company paid on behalf of both companies.

Included in receivables at January 31, 2019 was an amount of $8,056 (July 31, 2018: $112,900) owed from Granite Creek Copper Ltd., for certain shared investor relations and corporate development expenses that the Company paid on behalf of both companies.

Included in accounts payable and accrued liabilities at January 31, 2019 was an amount of $182,759 (July 31, 2018: $87,500) for CEO, CFO, VP Government & Community Relations, VP Exploration and Corporate Secretary fees.

These transactions were measured at the exchange amount, which is the amount agreed upon by the transacting parties.

12. COMMITMENT

As a result of the issuance of FT Shares on July 31, 2018 and November 21, 2018, the Company has a commitment to incur $713,915 in qualifying Canadian exploration expenditures on or before December 31, 2019.

13. SUBSEQUENT EVENT

In addition to subsequent events reported elsewhere in these condensed consolidated interim financial statements, the following event occurred after January 31, 2019:

The Company granted 2,500,000 incentive stock options to directors, officers, employees and consultants of the Company. Each option allows the holder to purchase one common share of the Company at a price of $0.18 per share, expiring on February 28, 2024. The options are subject to certain vesting requirements in accordance with the LTIP.