



AsiaBaseMetals Inc.

**INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED
MARCH 31, 2019 AND 2018**

(UNAUDITED – PREPARED BY MANAGEMENT)

ASIABASEMETALS INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim condensed financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

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

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

ASIABASEMETALS INC.**INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION****AS AT MARCH 31, 2019 AND SEPTEMBER 30, 2018**(Unaudited - Expressed in Canadian Dollars)

	March 31, 2019	September 30, 2018
ASSETS		
Current		
Cash	\$ 332,677	\$ 233,589
Amounts receivable	14,861	5,194
Prepaid expenses	25,043	31,276
	<hr/> 372,581	<hr/> 270,059
Exploration and evaluation assets (Note 3)	23,204	23,204
	<hr/> \$ 395,785	<hr/> \$ 293,263
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 52,520	\$ 31,045
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	3,346,444	2,994,736
Share-based payment reserves	903,253	761,555
Accumulated deficit	(3,906,432)	(3,494,073)
	<hr/> 343,265	<hr/> 262,218
	<hr/> \$ 395,785	<hr/> \$ 293,263

CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENTS (Note 9)

Approved by the Board on May 27, 2019:

"Raj Chowdhry"
Director

"Ioannis Tsitos"
Director

(The accompanying notes are an integral part of these interim condensed financial statements.)

ASIABASEMETALS INC.**INTERIM CONDENSED STATEMENTS OF COMPREHENSIVE LOSS****FOR THREE AND SIX MONTHS ENDED MARCH 31, 2019 AND 2018**(Unaudited - Expressed in Canadian Dollars)

	Three months ended March 31,		Six months ended March 31,	
	2019	2018	2019	2018
EXPENSES				
Exploration, net	\$ 427	\$ 402	\$ 19,745	\$ 22,459
Management fees	40,575	39,582	181,263	80,888
Professional fees	15,945	9,226	22,377	19,956
Regulatory and transfer agent fees	8,705	8,734	9,340	10,015
Travel	1,490	1,431	2,962	1,431
Office, administration and miscellaneous	21,394	10,515	32,631	13,212
Property investigation	1,284	-	1,916	-
Share-based payments (Note 5)	101,716	-	141,698	11,658
Interest and bank charges	289	292	398	443
Foreign exchange loss (gain)	62	(11)	29	(56)
LOSS FROM OPERATIONS	(191,887)	(70,171)	(412,359)	(160,006)
OTHER ITEMS				
Write-off of mineral property (Note 3)	-	-	-	9,201
COMPREHENSIVE LOSS FOR THE PERIOD	(191,887)	(70,171)	(412,359)	(169,207)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	37,180,856	36,298,028	38,072,013	36,007,109

(The accompanying notes are an integral part of these interim condensed financial statements.)

ASIABASEMETALS INC.**INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY****FOR THE SIX MONTHS ENDED MARCH 31, 2019 AND 2018**(Unaudited - Expressed in Canadian Dollars)

	Common Shares (Note 4)		Share-based Payments Reserves	Accumulated Deficit	Total
	Number of Common Shares	Amount			
Balances at October 1, 2017	36,200,528	\$ 2,809,669	\$ 664,891	\$ (3,052,317)	\$ 422,243
Private placement, net of issuance costs	97,500	14,753	-	-	14,753
Share-based payments	-	-	11,658	-	11,658
Loss and comprehensive loss	-	-	-	(169,207)	(169,207)
Balances at March 31, 2018	36,298,028	2,824,422	676,549	(3,221,524)	279,447
Balances at October 1, 2018	37,200,032	\$ 2,994,736	\$ 761,555	\$ (3,494,073)	\$ 262,218
Private placement, net of issuance costs	981,250	151,258	-	-	151,258
Share-based payments	-	-	141,698	-	141,698
Share subscription received	-	200,450	-	-	200,450
Loss and comprehensive loss	-	-	-	(412,359)	(412,359)
Balances at March 31, 2019	38,181,282	3,346,444	903,253	(3,906,432)	343,265

(The accompanying notes are an integral part of these interim condensed financial statements.)

ASIABASEMETALS INC.**INTERIM CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31, 2019 AND 2018**

(Unaudited - Expressed in Canadian Dollars)

	Six months ended March 31,	
	2019	2018
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (412,359)	\$ (169,207)
Items not involving cash		
Share-based payments	141,698	11,658
Write down of mineral property	-	9,201
Change in non-cash working capital items		
Amounts receivable	(9,667)	(5,799)
Prepaid expenses	6,233	(4,000)
Accounts payable and accrued liabilities	21,475	(3,119)
Cash used in operating activities	(252,620)	(161,266)
INVESTING ACTIVITY		
Exploration and evaluation costs	-	(10,000)
Cash used in investing activities	-	(10,000)
FINANCING ACTIVITY		
Share subscriptions received	200,450	-
Private placement, net of issuance costs	151,258	14,753
Cash provided by financing activities	351,708	14,753
CHANGE IN CASH DURING THE PERIOD	99,088	(156,513)
CASH, BEGINNING OF PERIOD	233,589	422,768
CASH, END OF PERIOD	\$ 332,677	\$ 266,255

(The accompanying notes are an integral part of these interim condensed financial statements.)

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2019 AND 2018**

(Unaudited - Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS

AsiaBaseMetals Inc. (the "Company") was incorporated on August 11, 2009 under the laws of British Columbia. The Company's principal business activities include the acquisition, exploration and development of resource property. The address of the Company's corporate office and principal place of business is 6153 Glendalough Pl., Vancouver, British Columbia, V6N 1S5, Canada.

At March 31, 2019, the Company had not yet determined whether its property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the resource property. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These interim condensed financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES**a) Statement of compliance**

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including IAS 34 – *Interim Financial Reporting*. For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies applied in these interim condensed financial statements are consistent with those applied in the preparation of, and disclosed in, the Company's audited annual financial statements for the year ended September 30, 2018, except as discussed in Note 2(d).

b) Basis of presentation

The condensed interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

On July 7, 2018, the Board approved a split of the Company's issued and outstanding common shares on a 1 old for 1.5 new basis. The stock split was completed on July 13, 2018. All share capital and per share amounts in these financial statements have been adjusted to give retroactive effect to the share split.

c) Going Concern

These interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception, has working capital of \$320,061 and had an accumulated deficit of \$3,906,432 at March 31, 2019. Management has determined that the Company will be able to continue as a going concern for a reasonable period of time, and realize its assets and discharge its liabilities and commitments in the normal course of business.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Changes in accounting standards

During the period ended March 31, 2019, the Company has adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These include IFRS 9 and 15. The new standards and changes did not have any material impact on the Company's interim condensed financial statements.

Accounting standards issued but not yet effective

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after October 1, 2019:

IFRS 16 – Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23, Uncertainty over Income Tax Treatments, provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predicts of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainly based on the more likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The Company is currently evaluating the impact the adoption of these standards and interpretations may have on the financial statements but does not expect any significant changes as a result of adopting the new standards.

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2019 AND 2018**

(Unaudited - Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS**Gnome Zinc, B.C.**

On September 30, 2009, Sandfire Resources America Inc. (formerly Tintina Resources Inc.) ("Sandfire USA") transferred its interest in the Gnome Zinc project and \$500,000 in cash to the Company as part of its reorganization. Sandfire USA also transferred its right, title and interest in the Gnome Zinc project to purchase a 1% NSR royalty for \$2,000,000 up to the period ending on March 11, 2020. The transaction was recorded as a shareholder transfer at Sandfire USA's carrying value of the Gnome Zinc project of \$146,748 and an increase in cash of \$500,000.

During the year ended September 30, 2017, the Company forfeited 12 mineral claims and re-staked 11 mineral claims. As a result of the forfeited claims the Company recorded a write down of \$29,552 on the property during the year.

As at December 31, 2017, the Gnome Zinc Property consists of 11 mineral claims covering 5,237 hectares of land. On December 31, 2017, 10 of the 11 claims were dropped and subsequently re-staked on January 2, 2018.

As at March 31, 2019, the Gnome Zinc Property consists of 12 mineral claims covering 5,868 hectares of land.

Expenditure for the six months ended March 31, 2019 and the year ended September 30, 2018 is as follows:

	October 1, 2018	Acquisition Costs	Impairment	March 31, 2019
Gnome Zinc	\$ 11,688	\$ -	\$ -	\$ 11,688

	October 1, 2017	Acquisition Costs	Impairment	September 30, 2018
Gnome Zinc	\$ 9,814	\$ 11,075	\$ (9,201)	\$ 11,688

Jean Property, ON

On April 24, 2015, the Company entered into a purchase agreement (the "Agreement") with Great Lakes Resources Ltd. ("Great Lakes") to acquire an undivided 100% right, title and interest in the Jean Iron Ore Project ("Jean Property") from Great Lakes for 37,500 common shares. The Jean Property is an iron ore exploration property consisting of 17 claims totalling 1,824 hectares located in the Thunder Bay Mining District of Ontario. The Agreement was approved by the TSX Venture Exchange ("TSX.V") on May 12, 2015 and 37,500 common shares were issued to Great Lakes to complete the purchase.

As part of the Agreement the Company and Great Lakes terminated the previous option agreement entered into on August 25, 2014 and approved by the TSX.V on November 12, 2014 under which Great Lakes had granted the Company an option to acquire the Jean Property. Consideration under the terminated option agreement was 9,375 common shares (issued on November 13, 2014) and a total exploration work permit of \$160,000 on or before September 30, 2016.

On March 14, 2017, the Company staked three additional claims covering 16 hectares of land. On April 9, 2018, the Ontario Ministry of Northern Development of Mines altered their numbering method and size of claims and thus the Company's 16 outstanding old mineral claims were converted to 108 new claims. During the year ended September 30, 2018, the Company forfeited 20 claims covering approximately 272 hectares of land.

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2019 AND 2018**

(Unaudited - Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)**Jean Property, ON (continued)**

As at March 31, 2019, the Jean Property consists of 88 mineral claims covering 1,584 hectares of land.

Expenditure for the six months ended March 31, 2019 and the year ended September 30, 2018 is as follows:

	October 1, 2018	Acquisition Costs	March 31, 2019
Jean Iron Ore	\$ 11,516	\$ -	\$ 11,516

	October 1, 2017	Acquisition Costs	September 30, 2018
Jean Iron Ore	\$ 11,516	\$ -	\$ 11,516

Thazi Property, Myanmar

During February 2019, the Company made an application for an exploration permit for the Thazi Mineral Claims from the Myanmar's mining ministry; further to the Company earlier having received registration from The Directorate of Investment and Company Administration, which handles company registrations for foreign businesses and serves as a secretary to the Myanmar Investment Commission, the responsible body for investment applications

4. SHARE CAPITAL

- a) Authorized: The Company is authorized to issue an unlimited number of common shares without par value.
- b) Issued and outstanding as at March 31, 2019: 38,181,282 (March 31, 2018 – 36,298,028) common shares.
 - i. On October 24, 2017, the Company closed a non-brokered private placement of 65,000 flow-through shares at a price of \$0.30 per share, raising gross proceeds of \$19,500. The Company incurred share issuance costs of \$2,681. The shares are subject to a 4 month hold which expires on February 25, 2018.
 - ii. On May 16, 2018, the Company closed a non-brokered private placement of 97,500 flow-through shares at a price of \$0.20 per shares, raising gross proceeds of \$80,000. The Company incurred share issuance costs of \$4,632. The shares were subject to a four month hold period which expired on September 17, 2018.
 - iii. On August 16, 2018, the Company closed a non-brokered private placement of 185,000 flow-through common shares at a price of \$0.285 per share and 87,000 non-flow-through common shares at a price of \$0.285 per share, raising gross proceeds of \$77,250. The company incurred share issuance costs of \$74. The shares were subject to a four month hold period which expired December 17, 2018.
 - iv. On September 9, 2018, the Company issued 150,000 common shares on the exercise of warrants for proceeds of \$17,500.

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2019 AND 2018**

(Unaudited - Expressed in Canadian Dollars)

4. SHARE CAPITAL (continued)

b) Issued and outstanding as at March 31, 2019: 38,181,282 (March 31, 2018 – 36,298,028) common shares. (continued)

v. On January 11, 2019, the Company closed a non-brokered private placement of 625,000 flow-through common shares at a price of \$0.16 per share and 356,250 non-flow-through common shares at a price of \$0.16 per share, raising gross proceeds of \$157,000. The Company incurred share issuance costs of \$5,742. The shares were subject to a four month hold period with expired on May 12, 2019.

5. STOCK OPTION PLAN AND SHARE- BASED PAYMENTS

The Company adopted a rolling stock option plan (the “Plan”) to grant options to directors, senior officers, employees, independent contractors and consultants of the Company. The Plan reserves for issuance up to 10% of the issued and outstanding share capital of the Company from time to time, and provides that it is solely within the discretion of the Board or, if the Board so elects, by a committee consisting of not less than two of its members appointed by the Board, to determine who should receive options and in what amounts.

Options granted under the Plan for a term not to exceed 10 years from the date of their grant and are exercisable at a price not less than the discounted market price (which is the market price less a discount of 25% for a closing price of up to \$0.33, a discount of 20% for a closing price of \$0.34 to \$1.33, and a discount of 15% for a closing price above \$1.34, subject to a minimum of \$0.07).

On October 23, 2017, the Company granted a board member 75,000 stock options exercisable at a price of \$0.24 per share for a period of 2 years. All options vest on grant date.

On July 23, 2018, the Company granted directors and advisory board members 1,112,500 stock options exercisable at \$0.30 per share for a period of 2 years. The options are subject to vesting conditions with 50% of the options vesting on the grant date, 25% vesting on January 23, 2019 and the remaining 25% vesting on July 23, 2019.

On September 10, 2018, the Company granted a consultant 150,000 stock options exercisable at a price of \$0.39 per share for a period of 2 years. The options are subject to vesting conditions with 50% of the options vesting on the grant date, 25% vesting on March 10, 2019 and the remaining 25% vesting on September 10, 2019.

On February 11, 2019, the Company granted to directors and advisory board members 1,312,500 stock options exercisable at a price of \$0.30 per share for a period of 2 years. The options are subject to vesting conditions with 50% of the options vesting on the grant date, 25% vesting on August 11, 2019 and the remaining 25% vesting on February 11, 2020.

The Company uses the Black-Scholes option valuation model to value stock options. The Black-Scholes model estimates the fair value of stock options that have no vesting restrictions and are fully transferable. For purposes of the calculations, the following weighted average assumptions were used under the Black-Scholes model:

	2019	2018
Exercise price	\$0.30	\$ 0.24 – 0.39
Share price at grant date	\$0.235	\$ 0.22 – 0.36
Risk free interest rate	1.81%	1.45 – 2.09%
Expected dividend yield	0%	0%
Expected forfeiture rate	0%	0%
Expected stock price volatility	93%	100 - 115%
Expected life of options	2 years	2 years

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2019 AND 2018**

(Unaudited - Expressed in Canadian Dollars)

5. STOCK OPTION PLAN AND SHARE- BASED PAYMENTS (continued)

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Balance at September 30, 2017	2,475,000	\$ 0.21
Issued	1,337,500	\$ 0.31
Expired	(975,000)	\$ 0.20
Balance at September 30, 2018	2,837,500	\$ 0.26
Issued	1,312,500	\$ 0.30
Expired	(1,050,000)	\$ 0.21
Balance at March 31, 2019	3,100,000	\$ 0.32

The following table summarizes stock options outstanding and exercisable at March 31, 2019:

Exercise Price	Options Outstanding			Options Exercisable		
	Number of Options	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	
\$ 0.23	150,000	0.16	0.23	150,000	0.23	
0.23	150,000	0.22	0.23	150,000	0.23	
0.24	150,000	0.42	0.24	150,000	0.24	
0.24	75,000	0.56	0.24	75,000	0.24	
0.30	1,112,500	1.32	0.30	834,375	0.30	
0.39	150,000	1.45	0.39	112,500	0.39	
0.30	1,312,500	1.87	0.30	656,250	0.30	
	3,100,000	0.86	0.26	2,128,125	0.32	

The stock options outstanding at March 31, 2019 will expire on May 29, 2019, June 19, 2019, August 31, 2019, October 23, 2019, July 23, 2020, September 10, 2020 and February 11, 2021.

Warrant transactions are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance at September 30, 2017	512,145	\$ 0.11
Exercised	(150,000)	\$ 0.12
Balance at September 30, 2018 and March 31, 2019	362,145	\$ 0.10

The warrants issued during the year ended September 30, 2016 expire on April 13, 2021 and have an exercise price of \$0.03. The warrants issued during the year ended September 30, 2017 expire on November 18, 2021 and have an exercise price of \$0.12. The balance of unexercised warrants as at March 31, 2019 is composed of 75,000 warrants at \$0.03 that expire on April 13, 2021 and 287,145 warrants with an exercise price of \$0.12 that expire on November 18, 2021. No warrants were issued during the year ended September 30, 2018 or the six month period ended March 31, 2019.

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2019 AND 2018**

(Unaudited - Expressed in Canadian Dollars)

6. RELATED PARTY BALANCES AND TRANSACTIONS

During the periods ended March 31, 2019 and 2018, the following amounts were incurred or paid to officers and directors and/or their related companies:

- i) The Company incurred \$6,263 (2018 - \$5,888) for consulting fees payable to the former Chief Financial Officer ("CFO").
- ii) The Company incurred \$175,000 (2018 - \$75,000) for management fees and bonus to a company controlled by the Chief Executive Officer ("CEO").

As at March 31, 2019 and 2018, the following balances were due to officers and directors and/or related companies:

- i) Included in accounts payable and accrued liabilities is \$3,075 owed to the former CFO (2018 \$1,669) and \$Nil (2018: \$Nil) due to a company controlled by the CEO. These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

On April 1, 2015 the Company entered into an agreement with a contractor to provide CEO services at a rate of \$12,500 per month (\$150,000 per year) for an indefinite term. The agreement can be terminated without cause by the Company with a fourteen (14) month cash payment in the amount of \$175,000.

Key management personnel compensation:

Key management personnel include the Chief Executive Officer ("CEO"), Chief Financial Officer, and directors of the Company.

The remuneration of directors and officers of the Company is as follows:

	Six months ended March 31,	
	2019	2018
Management fees	\$ 175,000	\$ 75,000
CFO Fees	6,263	5,888
Share-based payments	62,700	-
Total remuneration	\$ 243,963	\$ 80,888

Key management personnel receive compensation in the form of short-term employee benefits and share-based payments. Short-term benefits include management fees paid to the CEO and the interim CFO of the Company for their services in their roles.

A bonus was paid to the CEO during the period ended December 31, 2018. The bonus was paid to reflect current and past efforts of the director and CEO. In order to determine the bonus, the directors reviewed the past performance and also noted that there had not been any increase in the fees since inception of the agreement. The services provided by the director and CEO included, assisting the Company to identify business opportunities, maintain and advance current assets, together with financing projects, especially under recent economic and financial market environments; as the Company continued the execution of its envisioned business plan to continue to build and enhance shareholder value.

ASIABASEMETALS INC.**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MARCH 31, 2019 AND 2018**

(Unaudited - Expressed in Canadian Dollars)

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject to.

The Company considers the aggregate of its equity as capital. As at March 31, 2019, the Company had capital resources consisting of cash and amounts receivable. 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. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from operations.

The Company expects its current capital resources will be sufficient to carry its exploration plans and operations through its current operating year.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK*Financial Instruments and Fair Value Measurements*

IFRS 13 – *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as of March 31, 2019 as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash	\$ 332,677	\$ –	\$ –	\$ 332,677

*Financial Risk***(i) Credit Risk**

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's maximum credit risk is primarily attributable to its cash. The Company limits its exposure to credit loss for cash by placing such instruments with high credit quality financial institutions.

As at March 31, 2019, the Company's maximum exposure to credit risk is the carrying value of cash of \$332,677.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(ii) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at March 31, 2019, the Company had working capital of \$320,061. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(iii) Interest Rate Risk

In management's opinion, the Company's interest rate risk is minimal as the Company does not have any bank indebtedness or loans payable that bear interest at fixed or variable rates.

(iv) Foreign Currency Risk

The Company is exposed to currency fluctuations in the acquisition of foreign currencies. The Company holds balance in cash in foreign currencies (US dollars) and is therefore exposed to gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar could have an effect on the Company's results of operations, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations.

As at March 31, 2019 and 2018, a change of 10%+/- in US dollar would not result in a significant impact to the statements of loss and comprehensive loss.

(v) Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities.

9. SUBSEQUENT EVENT

On April 24, 2019, the Company completed a non-brokered private placement for aggregate proceeds of C\$200,450. The Company issued 1,909,045 units at a price of \$0.105 per Unit. Each Unit comprised of one common share of the Company and one transferrable common share purchase warrant, with each Warrant entitling the holder to purchase an additional Share at an exercise price of \$0.14 per Share for a period of two years from the date of issuance. All securities issued under the Private Placement are subject to a four month hold period that will expire on August 25, 2019.

On May 21, 2019, the Company granted to directors and advisory board members 150,000 stock options exercisable at a price of \$0.30 per share for a period of 2 years. The options are subject to vesting conditions with 50% of the options vesting on the grant dated, 25% vesting on November 21, 2019 and the remaining 25% vesting on May 21, 2020.