METALLIC MINERALS CORP.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED OCTOBER 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)

	Note	**October 31, 2019**	July 31, 2018
ASSETS		**$**	$
Current			
Cash and cash equivalents		**2,670,541**	813,348
Receivables	11(b)	**151,017**	113,905
Due from related party	11(b)	**133,532**	145,001
Prepaid expenses and deposits	4	**45,589**	41,106
		3,000,679	1,113,360
Non-Current			
Receivables		**30,000**	30,000
Equipment		**4,214**	4,724
Exploration and evaluation assets	3, 5	**1,735,633**	979,892
		4,770,526	2,127,976
LIABILITIES			
Current			
Accounts payable and accrued liabilities	11(b)	**160,827**	153,930
Loans payable		**22,000**	22,000
Flow-through share premium liability	6	**410,821**	12,030
		593,648	187,960
EQUITY			
Share capital	7	**18,706,537**	16,090,387
Share-based payment reserve	7	**1,710,484**	1,438,958
Accumulated deficit		**(16,240,143)**	(15,589,329)
		4,176,878	1,940,016
		4,770,526	2,127,976

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 MONTHS ENDED OCTOBER 31
(Unaudited - expressed in Canadian dollars)

	Note	**2019**	2018
		$	$
Expenses			
Consulting fees	11(a)	**97,629**	100,812
Depreciation		**510**	-
Exploration expenditures	5, 11(a)	**414,620**	791,766
Investor relations and corporate development		**80,327**	127,524
Office and administration	11(a)	**18,561**	25,013
Professional fees		**26,705**	9,021
Property evaluation		**27,411**	26,531
Share-based payment expense	7(d), 11(a)	**104,901**	33,233
Transfer agent, regulatory and filing fees		**30,625**	9,568
Travel and accommodation		**1,701**	1,815
		802,990	1,125,283
Other Items			
Other income	6	**(15,134)**	(94,360)
Interest income		**(1,781)**	(201)
		(16,915)	(94,561)
Total loss and comprehensive loss for the period		**(786,075)**	(1,030,722)
Basic and diluted loss per share		**$ (0.01)**	$ (0.02)
Basic and diluted weighted average number of shares outstanding		**86,609,130**	61,196,359

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)

	Note	Number of shares	Share capital	Share-based payment reserve	Share subscriptions received in advance	Accumulated deficit	Total
			$	$		$	$
Balance, July 31, 2018		**61,157,229**	**13,395,277**	**1,391,990**	**-**	**(13,293,854)**	**1,493,413**
Net loss for the period		-	-	-	-	(1,030,722)	(1,030,722)
Share subscriptions received in advance		-	-	-	158,867	-	158,867
Shares issued pursuant to exercise of warrants	7(b)	50,000	5,000	-	-	-	5,000
Share-based payment expense	7(d)	-	-	33,233	-	-	33,233
Balance, October 31, 2018		**61,207,229**	**13,400,277**	**1,425,223**	**158,867**	**(14,324,576)**	**659,791**
Net loss for the period		-	-	-	-	(1,485,523)	(1,485,523)
Private placements, net of share issue costs		4,038,075	836,010	59,066	-	-	895,076
Share subscriptions received in advance		-	-	-	(158,867)	-	(158,867)
Shares issued pursuant to exploration and evaluation asset acquisitions		250,000	52,500	-	-	-	52,500
Shares issued pursuant to exercise of warrants		18,016,000	1,801,600	-	-	-	1,801,600
Share-based payment expense		-	-	175,439	-	-	175,439
Reclass of expired warrants		-	-	(34,444)	-	34,444	-
Reclass of expired stock options		-	-	(186,326)	-	186,326	-
Balance, July 31, 2019		**83,511,304**	**16,090,387**	**1,438,958**	**-**	**(15,589,329)**	**1,940,016**
Net loss for the period		-	-	-	-	(786,075)	(786,075)
Private placement, net of share issue costs	7(b)	12,500,000	2,530,075	219,518	-	-	2,749,593
Amount allocated to flow-through share premium liability pursuant to flow-through private placement	7(b)	-	(413,925)	-	-	-	(413,925)
Shares issued pursuant to the acquisition of the La Plata property	3, 7(b)	2,500,000	500,000	-	-	-	500,000
Warrants issued pursuant to the acquisition of the La Plata property	3, 7(e)	-	-	82,368	-	-	82,368
Share-based payment expense	7(d)	-	-	104,901	-	-	104,901
Reclass of expired warrants	7(d)	-	-	(22,540)	-	22,540	-
Reclass of expired stock options	7(d)	-	-	(112,721)	-	112,721	-
Balance, October 31, 2019		**98,511,304**	**18,706,537**	**1,710,484**	**-**	**(16,240,143)**	**4,176,878**

See accompanying notes to the condensed consolidated interim financial statements.

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

	Note	2019	2018
Operating Activities			
Net loss for the period		**(786,075)**	(1,030,722)
Items not involving cash:			
Depreciation		**510**	-
Other income	6	**(15,134)**	(94,360)
Share-based payment expense	7(d)	**104,901**	33,233
		(695,798)	(1,091,849)
Net change in non-cash working capital	8	**(34,698)**	(119,774)
Cash used in operating activities		**(730,496)**	(1,211,623)
Investing Activity			
Acquisition of exploration and evaluation assets	5	**(173,373)**	-
Cash used in investing activities		**(173,373)**	-
Financing Activities			
Proceeds received pursuant to private placements	7(b)	**2,750,000**	-
Share issue costs	7(b)	**(407)**	-
Net receipts from related parties		**11,469**	-
Proceeds pursuant to exercise of warrants	7(b)	**-**	5,000
Subscriptions received in advance, net		**-**	158,867
Cash provided by financing activities		**2,761,062**	163,867
Net increase (decrease) in cash and cash equivalents		**1,857,193**	(1,047,756)
Cash, beginning of period		**813,348**	1,367,132
Cash and cash equivalents, end of period		**2,670,541**	319,376
Cash and cash equivalents is comprised of:			
Guaranteed Investment Certificates		**2,500,000**	-
Cash		**170,541**	319,376
		2,670,541	319,376

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 ("**TSX-V**"), 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 $786,075 for the three months ended October 31, 2019 (2018: $1,030,722). At October 31, 2019, the Company had an accumulated deficit of $16,240,143 (July 31, 2019: $15,589,329). 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, the exercise of warrants 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, 2019 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.

During the three months ended October 31, 2019, the Company incorporated two additional wholly-owned subsidiaries, 1219166 B.C. Ltd. and Metallic Minerals USA Inc. All intercompany transactions and balances have been eliminated upon consolidation.

The Board of Directors (the "**Board**") approved these financial statements on December 27, 2019.

(Unaudited - expressed in Canadian dollars)

3. MINERAL PROPERTY ACQUISITION

On September 10, 2019, the Company entered into an option agreement to acquire a 100% interest in the La Plata silver-gold-copper property in southwest Colorado from two arms-length vendors. The La Plata property, which is approximately 26 kilometers ("**km**") northwest of Durango, Colorado, covers approximately 33km^2 in the historic high-grade La Plata mining district. In consideration, the Company will issue a total of 10,000,000 units and US$500,000 to the vendors over a period of four years upon the achievement of certain milestones.

Upon issuance, each of the units will comprise of one common share and one-half of a share purchase warrant, with each full warrant exercisable into one common share of the Company for a period of 36 months from issuance at an exercise price equal to 120% of the 20-day volume weighted average trading price of the Company's common shares on the TSX-V on the business day immediately preceding the date of issuance.

In connection with the La Plata property acquisition, a total of 2,500,000 units, consisting of 2,500,000 common shares and 1,250,000 share purchase warrants, were issued on September 26, 2019, with each warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.24 with an expiry of September 26, 2022.

The La Plata property will be subject to a 2% NSR and the Company will have the ability to buy down the NSR to 1.5%.

4. PREPAID EXPENSES AND DEPOSITS

	October 31, 2019	July 31, 2019
	$	$
Prepaid expenses	21,200	16,717
Deposits	24,389	24,389
	45,589	41,106

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

5. EXPLORATION AND EVALUATION ASSETS

The Company's exploration and evaluation assets consist of four main project areas.

<u>KENO SILVER PROJECT</u>

The Company's core 100% owned Keno silver project, located in the Keno Hill silver district of Canada's Yukon Territory, comprises 166 square km ("**km^2**") including the Keno-Lightning, Keno Summit, Gram, Keno-East, Cobalt Hill, Duncan Creek, Formo and Silver Queen properties.

Keno Lightning Property

The Company has a 100% interest in the Keno-Lightning property, which includes Homestake. The property is subject to a 3% Net Smelter Royalty ("**NSR**") with an option to buy back up to 2%.

5. EXPLORATION AND EVALUATION ASSETS (continued)

KENO SILVER PROJECT (continued)

Keno Summit and Gram Properties

The Company has a 100% interest in 17 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.

Nine of the Keno Summit and Gram claims 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.

Formo and Keno Summit Leases

The Company has a 100% interest in the Formo property and 3 leases on the Keno Summit, which it earned by issuing 200,000 units of the Company to an arms-length party in September 2017. Each unit consisted of one common share of the Company and one share purchase warrant, with each warrant to acquire one common share at a price of $0.45 for 2 years. During the three months ended October 31, 2019, these warrants expired unexercised.

The claims are subject to a 2% NSR for precious metals and a 1% NSR for base metals. The Company has an option to buy back the NSR.

Duncan Creek and Keno East Properties

The Company has a 100% interest in the Duncan Creek and Keno East claim blocks within the Keno Hill silver district with no NSR or earn in requirements.

Silver Queen Property

The Company has a 100% interest in the Silver Queen property, consisting of 27 claims and two mining leases, of which seven claims and the two mining leases are in the Keno Summit area with the others at the west end of the district.

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

MCKAY HILL PROJECT

The Company has a 100% interest in the McKay Hill project, which covers approximately 44km^2 and is located northeast of the Keno silver project in the Yukon Territory.

The property is subject to a 3% NSR and the Company has the option to buy back up to 2% of this NSR.

Silver Hill Project

The Company owns a 100% interest in 10.7 km^2 of claims 15 km north of the McKay Hill property. The property is not subject to any NSR or earn in requirements.

5. EXPLORATION AND EVALUATION ASSETS (continued)

KLONDIKE GOLD PROJECT – ROYALTY PORTFOLIO

The Company's alluvial properties are tributaries of the Indian River in the Klondike Gold District near Dawson City, Yukon and are comprised of Australia Creek, Dominion Creek, Melba Creek, California Creek and McKim Creek.

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 in approximately 26 miles (42km) of mining rights and 18 miles (29km) 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.

Under a production royalty agreement with respect to an approximate 2 mile portion of the Australia Creek Property ("**Lower Australia Creek**"), 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.

Dominion Creek Property

The Company has a 100% interest in 10 claims of mining rights along a bench of Dominion Creek, a tributary to the Indian River, in the Klondike Gold District near Dawson City, Yukon.

The Company has 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.

(Unaudited - expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)

LA PLATA PROJECT

The Company has an option agreement whereby it can earn a 100% interest in approximately 33km^2 of claims in the historic high-grade La Plata mining district in southwest Colorado, USA.

In order to earn a 100% interest in the La Plata project, and after taking into account the 2,500,000 unit issuance noted in Note 3, the Company has the following remaining commitments, upon the achievement of certain milestones:

- Over a four year period, issue a total of 7,500,000 units to the vendors; and
- Over a four year period, pay the vendors a total of US$500,000.

The La Plata project is subject to a 2% NSR and the Company has the option to buy back up to 0.5% of this NSR.

Capitalized Exploration and Evaluation Acquisition Costs

A summary of the changes in capitalized exploration and evaluation acquisition costs is presented below:

	Keno Silver Project	McKay Hill Project	Klondike Gold Project	La Plata Project	Total
	$	$	$		$
Balance, July 31, 2019	495,796	25,449	458,647	-	979,892
Licensing costs	2,738	-	-	170,635	173,373
Shares issued	-	-	-	500,000	500,000
Warrants issued	-	-	-	82,368	82,368
Balance, October 31, 2019	498,534	25,449	458,647	753,003	1,735,633

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

	Keno Silver Project	McKay Hill Project	La Plata Project	Total
	$	$	$	$
Analysis	11,134	6,449	-	17,583
Camp costs	15,346	1,957	5,145	22,448
Community consultation and permitting	3,050	480	-	3,530
Consulting	87,441	13,984	107,151	208,576
Equipment and communication	7,682	-	7,310	14,992
Fuel	24,337	52	286	24,675
Geophysics	17,386	-	-	17,386
Helicopter	74,853	18,568	-	93,421
Transportation and travel	4,282	613	7,114	12,009
	245,511	42,103	127,006	414,620

(Unaudited - expressed in Canadian dollars)

6. FLOW-THROUGH SHARE PREMIUM LIABILITY

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

	$
Balance, July 31, 2019	12,030
Flow-through share premium liability on the issuance of flow-through common shares	413,925
Settlement of flow-through share premium liability pursuant to incurring qualified expenditures	(15,134)
Balance, October 31, 2019	410,821

7. SHARE CAPITAL

a) Authorized

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

b) Share issuance details

Three months ended October 31, 2019

- On October 17, 2019, the Company completed a non-brokered private placement for gross proceeds of $2,750,000 through the issuance of 12,500,000 units at a price of $0.22 per unit. Each unit consisted of one flow-through ("**FT**") common share and one-half of one common share purchase warrant, with each whole warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.25 with an expiry of October 17, 2021.

  The Company's share price was $0.17 per share on the date of completion and as a result, the Company allocated $2,125,000 of the gross proceeds from the FT private placement to share capital, $211,075 of the gross proceeds to warrant reserve and the remaining $413,925 of the gross proceeds to flow-through share premium liability using the residual value method.

  The Company paid a finder's fee of 500,000 units under the same terms and conditions as the private placement units. Total share issue costs were $118,850 including the finder units.

- On September 26, 2019, the Company issued 2,500,000 common shares valued at $500,000 pursuant to the purchase of the La Plata property (see Note 3).

Three months ended October 31, 2018

- The Company issued 50,000 common shares pursuant to the exercise of 50,000 share purchase warrants with a weighted average exercise price of $0.10 per share.

(Unaudited - expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

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	7,200,000	0.31
Granted	1,700,000	0.18
Cancelled	(450,000)	0.44
Balance, October 31, 2019	8,450,000	0.28

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

Outstanding	Exercisable	Weighted average exercise price	Expiry date	Weighted average remaining life (in years)
		$		
2,300,000	2,300,000	0.44	September 19, 2021	2.14
1,950,000	1,950,000	0.30	August 24, 2022	3.07
2,500,000	833,333	0.18	February 24, 2024	4.57
1,700,000	-	0.18	August 8, 2024	4.78
8,450,000	5,083,333	0.28		3.24

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

d) Share-based payment expense and reserve

The fair value on grant date of the options granted during the three months ended October 31, 2019 was $174,401 (2018: $Nil), or $0.12 per option. Pursuant to vesting schedules, a portion of the fair value will be expensed in future periods.

(Unaudited - expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

d) Share-based payment expense and reserve (continued)

The share-based payment expense for the three months ended October 31, 2019 was $104,901 (2018: $33,233) and was recorded in profit or loss. The fair value of the stock options that were granted during the three months ended October 31, 2019 was calculated using the Black-Scholes option pricing model with the weighted average assumptions:

Risk-free interest rate	1.23%
Expected stock price volatility	76%
Expected dividend yield	0.0%
Expected option life in years	5.0
Spot price on date of grant	$0.17

Expected volatility is based on historical price volatility of the Company since July 2016, which is when the Company was recapitalized, changed its name and appointed a new management team.

During the three months ended October 31, 2019, the Company reclassified $112,721 (2018: $Nil) from share-based payments reserve to deficit with respect to options that were cancelled during the period and $22,540 (2018: $Nil) from share-based payments reserve to deficit with respect to warrants that expired during the period.

e) Share purchase warrants

A summary of the changes in warrants is presented below:

	Number of warrants	Weighted average exercise price
		$
Balance, July 31, 2019	4,025,947	0.45
Issued pursuant to private placement	6,250,000	0.25
Issued as finder's fee	250,000	0.25
Issued pursuant to the purchase of the La Plata property	1,250,000	0.24
Expired	(200,000)	0.45
Balance, October 31, 2019	11,575,947	0.32

The fair values of the warrants that were issued as part of private placements, as finder’s fees or for mineral property acquisitions during the three months ended October 31, 2019 and 2018 were calculated using the Black-Scholes option pricing model. Expected volatility for warrants issued was based on the Company’s price volatility.

(Unaudited - expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

e) Share purchase warrants (continued)

Three months ended October 31, 2019

The fair values of the 6,250,000 warrants and 250,000 finder's warrants issued in conjunction with the FT private placement completed on October 17, 2019 were $211,075 and $8,443, respectively and were recorded in reserves. The weighted average assumptions for both sets of warrants were as follows:

Risk-free interest rate	1.59%
Expected annual stock price volatility	57%
Expected dividend yield	0.0%
Expected warrant life in years	2.0
Spot price	$0.17

The fair value of the 1,250,000 warrants issued as an option payment pursuant to the purchase of the La Plata property was $82,368 using the following weighted average assumptions:

Risk-free interest rate	1.59%
Expected annual stock price volatility	56%
Expected dividend yield	0.0%
Expected warrant life in years	3.0
Spot price	$0.20

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

Outstanding	Exercisable	Weighted average exercise price	Expiry date
		$	
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
6,500,000	6,500,000	0.25	October 17, 2021
2,019,031	2,019,031	0.33	November 21, 2021
1,250,000	1,250,000	0.24	September 26, 2022
11,575,947	11,575,947	0.32	

8. SUPPLEMENTAL CASH FLOW INFORMATION

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

	2019	2018
	$	$
Receivables	(37,112)	3,565
Prepaid expenses	(4,483)	(22)
Accounts payable and accrued liabilities	6,897	(123,317)
	(34,698)	(119,774)

8. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

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

- Issuing 2,500,000 units, comprised of 2,500,000 common shares valued at $500,000 and 1,250,000 warrants valued at $82,368 pursuant to the purchase of the La Plata property; and

- Issuing 500,000 units, comprised of 500,000 common shares valued at $110,000 and 250,000 warrants valued at $8,443 pursuant to the FT private placement completed on October 17, 2019.

There were no non-cash financing or investing activities during the three months ended October 31, 2018.

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) Fair value of financial instruments

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The fair values of the Company's receivables, amounts due from related party, accounts payable and accrued liabilities and loans payable approximate the carrying amounts, due to the short-term nature of these financial instruments, or the inclusion of market rates of interest thereon. The Company's cash is presented at fair value in accordance with level 1 of the fair value hierarchy.

b) 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.

9. FINANCIAL INSTRUMENTS (continued)

c) 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 and cash equivalents balance at October 31, 2019 of $2,670,541. Cash and cash equivalents are held at a chartered Canadian financial institution. Management has assessed credit risk as low.

d) 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 October 31, 2019, the Company had a total of $3,000,679 of current assets comprised of cash, receivables, due from related party and prepaid expenses and deposits, working capital of $2,407,031 and no long-term debt.

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 loans, 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, 2019.

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

Key management personnel are the Directors and Officers of the Company. Key management personnel, or their related parties, may hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and are reviewed and approved by the Company's Board. These transactions are in the normal course of operations and are measured at their exchange amount, which is the amount agreed upon by the transacting parties.

In addition to key management personnel, the Company transacted with the following related parties during the three months ended October 31, 2019 and 2018:

- TruePoint Exploration Inc. ("**TruePoint**"), a privately held geological consulting firm controlled by a group of individuals including Greg Johnson, the President and CEO of the Company, is a related party through its management contracts, which confer significant influence over operations. Charges are for exploration, management, accounting and office and administration.

(Unaudited - expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (continued)

- Midnight Mining Services Ltd. ("**Midnight Mining**") is a private company controlled by Bill Harris, a director of the Company.
- Foran Mining Corporation ("**Foran**"), a public company whose CFO, Tim Thiessen, is the CFO of the Company.

Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these consolidated financial statements, are described below.

a) Related Party Transactions

Related party transactions for the three months ended October 31, 2019 and 2018 were as follows:

		2019	2018
		$	$
Consulting fees	1	79,053	79,500
Share-based payment expense	2	56,141	33,233
Exploration and administrative support costs	3	534,787	-
		669,981	112,733

[1] Consulting fees for the three months ended October 31, 2019 and 2018 consisted of fees earned by key management personnel including the CEO, CFO, VP Exploration and Corporate Secretary.

[2] 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.

[3] Exploration and administrative support costs were charged by TruePoint and consisted of mineral exploration and evaluation costs, consulting fees, corporate advisory fees and office and administration costs.

b) Related Parties Balances

The Company's related party balances consisted of the following:

		October 31, 2019	July 31, 2019
Current asset		$	$
Due from TruePoint	1	133,532	-
Due from Greg Johnson	2	51,449	-

[1] This amount was the net of cash advances made to TruePoint, partially offset by charges from TruePoint for exploration, management, accounting, office and administration.

[2] This amount related to a warrant exercise completed in July 2019 and was included in receivables.

(Unaudited - expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS (continued)

b) Related Parties Balances (continued)

		October 31, 2019	July 31, 2019
Current liabilities		$	$
Due to Midnight Mining	1	22,170	26,994
Due to Greg Johnson	1	30,000	-
Due to Tim Thiessen, CFO	1	3,150	3,150
Due to Foran Mining	1	-	4,822
		55,320	34,966

1 These amounts were included in accounts payable and accrued liabilities.

12. SEGMENTED INFORMATION

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on the location:

	October 31, 2019	July 31, 2019
	$	$
Non-current assets by geographic segment		
Canada	982,630	979,892
United States	753,003	-
	1,735,633	979,892

13. COMMITMENT

As a result of the issuance of FT Shares on October 17, 2019, as at October 31, 2019, the Company had a commitment to incur approximately $2,730,000 in qualifying Canadian exploration expenditures on or before December 31, 2020.