Condensed Consolidated Interim Financial Statements
(Unaudited – expressed in Canadian dollars)

AFTERMATH SILVER LTD.

(An Exploration Stage Company)

Six months ended November 30, 2018 and 2017

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed consolidated interim financial statements they must be accompanied by a notice indicating that these condensed consolidated interim financial statements have not been reviewed by the Company's auditors.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

AFTERMATH SILVER LTD.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited – expressed in Canadian dollars)

		November 30, 2018		May 31, 2018
Assets				
Current assets:				
Cash	$	6,652	$	232,902
Receivables		5,742		3,639
Prepaid expenses and advances (note 7)		10,872		56,984
		23,266		**293,525**
Deferred costs (note 4)		11,250		-
	$	**34,516**	**$**	**293,525**
Liabilities and Shareholders' Deficiency				
Current liabilities:				
Accounts payable and accrued liabilities	$	290,426	$	325,297
Due to related parties (note 7)		95,787		39,526
		386,213		**364,823**
Shareholders' deficiency:				
Share capital (note 5)		6,495,478		6,495,964
Subscriptions received in advance (note 5)		52,500		-
Share-based payments reserve (note 5(d))		708,430		708,430
Deficit		(7,608,105)		(7,275,692)
		(351,697)		**(71,298)**
	$	**34,516**	**$**	**293,525**

Nature of operations and going concern (note 1)
Contingencies (note 10)
Subsequent events (note 11)

See accompanying notes to condensed consolidated interim financial statements.

Approved on behalf of the Board:

"Sean Hurd" Director

"Michael J. Williams" Director

AFTERMATH SILVER LTD.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited – expressed in Canadian dollars)

	Three months ended		Six months ended	
	Nov 30, 2018	**Nov 30, 2017**	**Nov 30, 2018**	**Nov 30, 2017**
Expenses:				
Accounting and legal (note 7)	$ 26,578	$ 43,831	$ 37,078	$ 44,631
Consulting (note 7)	45,000	36,000	90,000	72,000
Corporate secretarial (note 7)	3,750	3,750	7,500	7,500
Directors' fees (note 7)	9,000	-	9,000	-
Foreign exchange	762	905	3,197	(1,564)
Listing and filing fees	4,649	3,959	6,762	6,220
Office and sundry (note 7)	16,222	11,337	37,963	16,784
Property investigation	9,239	-	51,547	-
Travel and meals	32,459	-	89,366	-
Loss and comprehensive loss for the period	**$ (147,659)**	**$ (99,782)**	**$ (332,413)**	**$ (145,571)**
Loss per share - basic and diluted	$ (0.01)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of shares outstanding	27,787,384	6,655,099	27,787,384	6,655,099

See accompanying notes to condensed consolidated interim financial statements.

AFTERMATH SILVER LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency
(Unaudited – expressed in Canadian dollars)

	Number of shares (note 6)	Share capital (note 6)	Subscriptions received in advance	Share-based payments reserve	Foreign currency translation reserve	Deficit	Total deficiency
May 31, 2017	**6,655,099**	**$ 5,089,506**	**-**	**$ 708,430**	**$ 1,084**	**$ (6,822,110)**	**$ (1,023,090)**
Share issuance costs	-	(3,500)	-	-	-	-	(3,500)
Subscriptions received in advance	-	-	305,014	-	-	-	305,014
Loss for the period	-	-	-	-	-	(145,571)	(145,571)
November 30, 2017	**6,655,099**	**5,086,006**	**305,014**	**708,430**	**1,084**	**(6,967,681)**	**(867,147)**
Private placement shares issued	14,000,280	700,014	-	-	-	-	700,014
Shares issued for debt	7,132,005	713,201		-	-	-	713,201
Share issuance costs	-	(3,257)	-	-	-	-	(3,257)
Subscriptions received in advance	-	-	(305,014)	-	-	-	(305,014)
Loss for the period	-	-	-	-	(1,084)	(308,011)	(309,095)
May 31, 2018	**27,787,384**	**6,495,964**	**-**	**708,430**	**-**	**(7,275,692)**	**(71,298)**
Share issuance costs	-	(486)	-	-	-	-	(486)
Subscriptions received in advance	-	-	52,500	-	-	-	52,500
Loss for the period	-	-	-	-	-	(332,413)	(332,413)
November 30, 2018	**27,787,384**	**$ 6,495,478**	**$ 52,500**	**$ 708,430**	**$ -**	**$ (7,608,105)**	**$ (351,697)**

See accompanying notes to condensed consolidated interim financial statements.

AFTERMATH SILVER LTD.

Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – expressed in Canadian dollars)

	Three months ended		Six months ended	
	Nov 30, 2018	**Nov 30, 2017**	**Nov 30, 2018**	**Nov 30, 2017**
Cash flows from operating activities:				
Loss for the period	$ (147,659)	$ (99,782)	$ (332,413)	$ (145,571)
Items not affected by cash:				
Interest expense	-	549	-	1,565
	(147,659)	(99,233)	(332,413)	(144,006)
Changes in non-cash working capital:				
Accounts receivable	(1,867)	10,274	(2,103)	8,824
Prepaid expenses	12,286	-	34,862	-
Accounts payable and accrued liabilities	1,416	11,345	(34,871)	12,077
Due to related parties	27,184	(32,654)	56,261	12,819
Cash used in operating activities	**(108,640)**	**(110,268)**	**(278,264)**	**(110,286)**
Cash flows from financing activities:				
Share issuance costs	-	-	(486)	-
Subscriptions received in advance	31,500	305,014	52,500	305,014
Loan from related party	-	(44,000)	-	(44,000)
Cash provided from financing activities	**31,500**	**261,014**	**52,014**	**261,014**
Change in cash	**(77,140)**	**150,746**	**(226,250)**	**150,728**
Cash, beginning of period	83,792	524	232,902	542
Cash, end of period	**$ 6,652**	**$ 151,270**	**$ 6,652**	**$ 151,270**

There were no significant non-cash transactions during the six months ended November 30, 2018 and 2017.

See accompanying notes to condensed consolidated interim financial statements.

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1. Nature of operations and going concern:

Aftermath Silver Ltd. ("the Company" or "Aftermath") was incorporated under the laws of British Columbia on January 27, 2011 as a wholly-owned subsidiary of Full Metal Minerals Ltd. ("FMM"). Its principal business activity is the acquisition, exploration and development of mineral properties. The Company's shares are traded on the NEX under the symbol AAG.H. The Company's registered and records address is: Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Company is in the exploration stage and engages principally in the acquisition and exploration of mineral properties. The recoverability of the amounts shown for mineral properties is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the mineral properties, obtaining necessary financing to explore and develop the mineral properties, entering into agreements with others to explore and develop the mineral properties, and upon future profitable production or proceeds from disposition of the mineral properties.

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The Company has no operating revenue and has a history of losses. As at November 30, 2018, the Company has a net working capital deficiency. Management has forecasted that the Company's current working capital will not be sufficient to execute its planned expenditures for the coming year. These conditions are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations.

These condensed consolidated interim financial statements do not reflect adjustments, which could be material to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

2. Significant accounting policies:

(a) Basis of presentation:

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Unless otherwise stated, amounts are expressed in Canadian dollars.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on January 29, 2019.

2. Significant accounting policies (continued):

(b) Basis of consolidation:

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Minera ISP S. R.L. de C.V. Intercompany balances and transactions, including any unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

(c) Cash:

Cash consists of amounts held in bank accounts and highly liquid investments.

(d) Financial Instruments:

Financial Assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. The Company has no financial assets classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income or loss except for losses in value that provide objective evidence of impairment, which are recognized in profit or loss. The Company's cash and receivables are classified as loans and receivables.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated present value of the future cash flows of the financial assets are less than their carrying values.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, amounts due to related parties, and short-term loans are classified as other financial liabilities.

2. Significant accounting policies (continued):

(d) Financial Instruments (continued):

Financial liabilities (continued)

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including embedded derivatives, are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss. The Company has no financial liabilities classified as FVTPL.

(e) Exploration and evaluation expenditures:

Exploration and evaluation expenditures are recognized in profit or loss. Costs incurred before the Company has obtained legal rights to explore areas of interest are also recognized in profit or loss. Expenditures incurred by the Company in connection with the development of mineral resources after the technical feasibility and commercial viability of extracting a mineral resource are demonstrable are capitalized. Acquisition costs of mineral properties, such as cash and share consideration and option payments, are capitalized on an individual prospect basis. Amounts received for the sale of mineral properties and for option payments are treated as reductions of the cost of the property, with payments in excess of capitalized costs recognized in income. The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. Subsequent recovery of the resulting carrying value depends on successful development or sale of the mineral property. If a mineral property does not prove viable, all unrecoverable costs associated with the project net of any impairment provisions are written off.

From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Due to the fact that options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as mineral property costs or recoveries when the payments are made or received.

(f) Impairment of non-financial assets:

At the end of each reporting period the carrying amounts of the Company’s long-lived assets, being mineral property interests and property, plant and equipment, are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm’s length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. Significant accounting policies (continued):

(f) Impairment of non-financial assets (continued):

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(g) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a reduction of equity, net of any tax effects. Share capital issued for non-monetary consideration is recorded at fair value, being the quoted share price at the time of issuance.

(h) Related party transactions:

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(i) Significant accounting estimates and judgments:

The preparation of financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reported periods. The Company reviews its estimates and assumptions regularly; however, actual results could differ from those estimates. Significant judgments are used in the Company's assessment of its ability to continue as a going concern which is described in note 1, and the determination of functional currency of subsidiary entities.

Significant accounting estimates are used in the valuation of deferred income taxes. Key estimates made by management with respect to these areas have been described in the notes to these financial statements as appropriate.

(j) Foreign currency transactions:

The presentation currency and functional currency of the Company is the Canadian dollar. The functional currency of the Company's subsidiary is the Mexican peso. Transactions of the Company denominated in other currencies are translated into the relevant functional currency using the exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that date and the related foreign exchange gains or losses are recognized in profit or loss.

2. Significant accounting policies (continued):

(j) Foreign currency transactions (continued):

The results and financial position of the subsidiary that has a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date
- Income and expenses are translated at average exchange rates for the period
- All resulting exchange differences are recognized in other comprehensive income as cumulative translation adjustments.

On consolidation, exchange differences arising from the translation of the results and financial position of the subsidiary are taken to the foreign currency translation reserve (a component of other comprehensive income).

When a foreign operation is sold, such exchange differences are recognized in the condensed consolidated interim statement of loss as part of the gain or loss on sale.

(k) Loss per share:

Basic loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the year.

The computation of the diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of outstanding options and warrants and their equivalents assumes that the proceeds on exercise would be used to purchase common shares at the average market price during the year.

Since the Company has losses, the effect of outstanding warrants and stock options has not been included in this calculation as it would be anti-dilutive.

(l) Income taxes:

Income tax expense comprises current and deferred income taxes. Current and deferred income taxes are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2. Significant accounting policies (continued):

(l) Income taxes (continued):

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(m) Share-based payments:

The Company has a stock option plan. The cost of stock options granted to employees and directors for services received is measured using the estimated fair value at the date of the grant determined using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. Expected volatility is estimated with reference to the historical volatility of the share price of the Company. These estimates involve inherent uncertainties and the application of management judgment. The costs are recognized over the vesting period of the option. The total amount recognized as an expense is adjusted to reflect the number of options expected to vest at each reporting date. The corresponding credit for these costs is recognized in the share-based payment reserve in shareholders' deficiency.

Share based compensation arrangements in which the Company receives other goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

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2. Significant accounting policies (continued):

(n) Accounting standards adopted in the current period:

On June 1, 2018, the Company adopted IFRS 9, Financial Instruments ("IFRS 9") which replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities. Prior periods were not restated and no material changes resulted from adopting this new standard. The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings.

3. New standards and interpretations yet to be adopted:

Certain pronouncements were issued by the IASB or IFRS Interpretations Committee that are not mandatory for accounting periods beginning on or after June 1, 2018 or later periods. They have not been early adopted in these financial statements, and they are not expected to have a significant affect other than increased disclosure. In all cases the Company intends to apply these standards from application date as indicated below:

IFRS 16, Leases, is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. Mineral properties:

Cachinal Property Acquisition

On June 25, 2018, the Company entered into a definitive agreement with Apogee Opportunities Inc. ("Apogee") to purchase its holding in the Cachinal De La Sierra silver-gold project (the "Cachinal property") in Chile through the purchase of Apogee's shares in the Chilean holding company Minera Cachinal SA, representing 80% ownership. In consideration for 80% ownership of Minera Cachinal SA, the Company will pay Apogee $1,500,000 cash and assume certain debts. The remaining 20% of Minera Cachinal SA is held by SSR Mining Inc. The Company has agreed to pay a finder's fee of $107,000, payable in cash and shares. In the event that either the Company or Apogee fails to complete the transaction as a result of failure to obtain applicable shareholder approval (the "defaulting party"), a termination fee of $100,000 is payable by the defaulting party to the other party. The transaction is subject to any applicable shareholder and regulatory approval. In connection with the transaction, the Company has incurred $11,250 in deferred costs as at November 30, 2018, and $35,966 in property investigation costs during the six months ended November 30, 2018.

4. Mineral properties (continued):

Challacollo Property Acquisition

On August 1, 2018, the Company entered into a non-binding letter of intent with Mandalay Resources Corp. ("Mandalay"), pursuant to which the Company will acquire Minera Mandalay Challacollo Limitada ("MMC"), which currently owns the Challacollo silver-gold project in Chile. In consideration, the Company will pay Mandalay a total of $11,625,000, consisting of staged cash payments totaling $3,750,000, and a final payment of $7,875,000 no later than November 30, 2019 in cash and/or shares. In connection with the transaction, the Company will assume Mandalay's existing contingent share and silver delivery payment obligations with respect to the Challacollo project under the terms of a share purchase agreement dated December 19, 2013 among Mandalay and various third parties, and other existing royalties. The Company has also agreed to pay a finder's fee at applicable TSX rates, payable in cash and shares. The transaction is subject to any applicable shareholder and regulatory approval.

In addition, the Company and Mandalay will enter into an investor rights agreement pursuant to which Mandalay will have the right to participate in future equity offerings by the Company in order to maintain its pro rata ownership interest, and, for as long as Mandalay owns at least 10% of the Company's outstanding shares, to nominate one member of the Company's board of directors. The Company will retain a right of first refusal to purchase any shares of the Company that Mandalay proposes to sell for as long as Mandalay owns at least 20% of the Company's outstanding shares.

In connection with the transaction, the Company has incurred $12,342 in property investigation costs during the six months ended November 30, 2018.

5. Share capital:

(a) Authorized share capital:

Unlimited number of voting common shares without par value.

(b) Issued share capital:

The Company did not complete any share issuances during the six months ended November 30, 2018.

As at November 30, 2018, the Company has received $52,500 in advance subscriptions.

During the year ended May 31, 2018:

On December 1, 2017, the Company closed a non-brokered private placement, issuing 14,000,280 common shares at a price of $0.05 per share, for total gross proceeds of $700,014, and incurred related share issuance costs of $6,757.

On May 7, 2018, the Company issued 7,132,005 common shares at a price of $0.10 to settle debt of $713,201 (Note 6).

(c) Warrants:

The Company did not have any warrants outstanding as at November 30, 2018 and May 31, 2018.

5. Share capital (continued):

(d) Stock options:

The Board of Directors may grant options to purchase shares from time to time, subject to the aggregate number of common shares of the Company issuable under all outstanding stock options of the Company not exceeding 10% of the issued and outstanding common shares of the Company at the time of the grant.

The options are exercisable over periods of up to ten years to buy shares of the Company at a price not less than the closing market price prevailing on the date the option is granted, less a discount of up to 25%, the amount of the discount varying with market price in accordance with the policies of the TSX Venture Exchange. All option issuances vest over 12 months.

On September 4, 2018, the Company announced a non-brokered financing of up to 3,333,333 shares at $0.105 per share for total gross proceeds of up to $350,000; the Company has received $52,500 in funds towards the financing.

On September 17, 2018, the Company cancelled 47,500 stock options exercisable at $2.65 until July 19, 2021, and 177,500 stock options exercisable at $1.50 until April 30, 2019

As at November 30, 2018 the Company has no options outstanding.

6. Related party balances and transactions:

Key management personnel consist of directors and senior management including the Executive Chairman, President and Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

During the six months ended November 30, 2018 and 2017, the Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Six months ended November 30, 2018	Six months ended November 30, 2017
Accounting and legal	$ 21,000	$ -
Consulting	90,000	72,000
Corporate secretarial	7,500	7,500
Directors fees	9,000	7,500

In addition, payments to companies with common directors and officers for rent, office, and administration totaled $21,490 (2017 - $10,545).

As at November 30, 2018, due to related parties included $95,787 (May 31, 2018 - $39,526) due to key management personnel. During the year ended May 31, 2018, key management assigned $549,830 of debt to third parties, which was subsequently settled, along with $129,849 owing to key management personnel (Note 6). Amounts due to related parties are unsecured with no specific terms of repayment.

As at November 30, 2018, prepaid expenses included $nil (May 31, 2018 - $32,526) of advances to directors.

7. Financial instruments, fair values and risks:

IFRS 7, Financial Instruments: Disclosures ("IFRS 7") establishes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

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

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial instruments recognized at fair value. The carrying values of cash, receivables, accounts payable and accrued liabilities, due to related parties, and short-term loan approximate their fair values due to their short terms to maturity.

(a) Financial instrument risk exposure and risk management:

Credit risk

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The carrying value of these instruments represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. There is minimal credit risk with respect to GST receivable as this amount is recoverable from Canadian governmental agencies. At November 30, 2018, the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company is exposed to liquidity risk and manages it through the management of its capital structure, as outlined in note 8 of these condensed consolidated interim financial statements.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no interest-bearing financial assets as at November 30, 2018.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign currency rates. The Company's functional and reporting currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity.

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7. Financial instruments, fair values and risks (continued):

(a) Financial instrument risk exposure and risk management (continued):

Foreign currency risk (continued)

The Company's main risks are associated with fluctuations in the US dollar ("US") and assets and liabilities are translated based on the foreign currency translated method described in note 2(j). The Company does not enter into any foreign exchange hedging contracts. In order to mitigate this risk, the Company maintains a portion of its cash in US dollar denominated bank accounts. As at November 30, 2018, the Company had amounts payable totaling approximately US$31,000. The Company has determined that a 10% increase or decrease in the US dollar against the Canadian dollar on these instruments, as at November 30, 2018, would result in a $4,122 change to profit or loss for the period.

8. Capital management:

The Company's objectives of capital management are intended to safeguard the entity's ability to acquire mineral properties. The capital of the Company consists of the items included in shareholders' deficiency. The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. Notwithstanding the risks described in note 1 of the condensed consolidated interim financial statements, the Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

9. Segmented information:

The Company operates in one segment being the acquisition and exploration of mineral properties. Geographical information can be found in note 4.

10. Contingencies:

The Company may be involved in legal proceedings from time to time, arising in the ordinary course of its business. Management of the Company is not currently aware of any claims or actions that would materially affect the Company's reported financial position or results from operations.

11. Subsequent events:

Cachinal Property Acquisition

Subsequent to November 30, 2018, the Company amended the terms of the definitive agreement with Halo Labs Inc. (formerly Apogee), with respect to the Cachinal property acquisition (Note 4). Under the amended agreement, the Company will pay $500,000 in cash on closing (no later than February 28, 2019), $500,000 in cash on or before 12 months following closing, and $500,000 in cash on or before 18 months following closing. At any time, Apogee will have the right to convert any remaining unpaid purchase price into common shares of the Company at a price of $0.20 per share. The transaction remains subject to any applicable shareholder and regulatory approval.

11. Subsequent events (continued):

Challacollo Property Acquisition

Subsequent to November 30, 2018, the Company amended the terms of a non-binding letter of intent ("LOI") with Mandalay with respect to the Challacollo property acquisition (Note 4). Under the amended LOI, the Company may acquire MMC by paying a total of $7,500,000 as follows: $1,000,000 in cash on or before February 28, 2019, $1,000,000 in cash on or before September 30, 2020, and $5,500,000 on or before February 28, 2021; the final payment of $5,500,000 may, at Mandalay's option, be paid in common shares of the Company up to a value of $2,750,000 (provided that in no event shall the number of common shares issued represent more than 49% of the Company's outstanding shares following such payment) and the balance in cash. Mandalay retains a 3% net smelter return royalty on production, up to a maximum of $3,000,000. The Company shall have the right, by making an additional $500,000 payment, to vary the final payment of $5,500,000 such that $3,000,000 will be paid on or before February 28, 2021 and $3,000,000 will be paid on or before February 28, 2022; in each case, the Company will have the option to pay up to 50% in common shares, subject to Mandalay holding no more than 49% of the Company's outstanding shares following each such payment. The transaction remains subject to any applicable shareholder and regulatory approval.