



MARGAUX RESOURCES LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE-MONTHS PERIODS ENDED
JUNE 30, 2019 AND 2018
EXPRESSED IN CANADIAN DOLLARS
(UNAUDITED)

Under National Instrument 51-102, Part 4, subsection 4.3(3)9(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 condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Margaux Resources Ltd. (“Financial Statements”) as of June 30, 2019, have been compiled by management and approved by the Audit Committee and the Board of Directors of the Corporation.

The Corporation’s independent auditors have not performed a review of these interim condensed financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim condensed financial statements by an entity’s auditors.

MARGAUX RESOURCES LTD.
Statements of Financial Position

As at	June 30, 2019	September 30, 2018
	\$	\$
ASSETS		
CURRENT		
Cash	653,103	323,923
GST receivables	31,901	45,047
Prepays	57,067	41,693
Deposit	55,800	50,300
TOTAL CURRENT ASSETS	797,871	460,963
NON-CURRENT		
PROPERTY AND EQUIPMENT (Note 5)	143,534	169,561
EXPLORATION AND EVALUATION ASSETS (Note 6)	2,393,786	1,886,608
TOTAL NON-CURRENT ASSETS	2,537,320	2,056,169
TOTAL ASSETS	3,335,191	2,517,132
LIABILITIES		
CURRENT		
Trade and other payables	180,906	305,265
Note Payable (Note 8)	214,200	-
Flow-through share liability (Note 7)	27,957	39,133
TOTAL CURRENT LIABILITIES	423,063	344,398
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 7)	15,348,066	15,874,073
CONTRIBUTED SURPLUS	8,469,861	5,996,645
DEFICIT	(20,905,799)	(19,697,984)
TOTAL SHAREHOLDERS' EQUITY	2,912,128	2,172,734
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,335,191	2,517,132
GOING CONCERN (Note 2)		
SUBSEQUENT EVENTS (Note 12)		

Approved by the Board of Directors:

“H. Tyler Rice”

H. Tyler Rice, Director

“James Letwin”

James Letwin, Director

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

MARGAUX RESOURCES LTD.

Statements of Net Loss and Comprehensive Loss

	<i>Three months</i>		<i>Nine months</i>	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Expenses				
Operating	18,970	16,942	59,072	318,337
General and administrative (Note 10)	261,891	243,673	747,250	1,029,018
Share-based payments (Note 7)	34,790	36,567	109,452	174,137
Depreciation (Note 5)	8,676	10,606	26,027	28,819
Total expenses	324,327	307,788	941,801	1,550,311
Interest on note payable (Note 8)	3,150	-	4,200	-
Flow through share premium (Note 7)	(67,668)	(102,513)	(106,801)	(196,781)
Impairment of assets (Note 6)	-	-	368,615	-
Net loss and comprehensive loss	259,809	205,275	1,207,815	1,353,530
Weighted average number of shares	80,578,940	60,282,181	75,657,578	57,377,357
Basic and diluted loss per common share	(0.00)	(0.00)	(0.01)	(0.02)

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

MARGAUX RESOURCES LTD.
Statements Changes in Shareholders' Equity

	Note	Share Capital \$	Contributed Surplus \$	Deficit \$	Total \$
Balance as at, September 30, 2018		15,874,073	5,996,645	(19,697,984)	2,172,734
Net loss and comprehensive loss		-	-	(1,207,815)	(1,207,815)
Common shares issued, net costs	7	816,003	-	-	816,003
Warrants issued	7	440,171	-	-	440,171
Warrants expired	7	(2,372,431)	2,372,431	-	-
Property option payments	7	40,250	(19,315)	-	20,935
Share-based payments	7	-	121,207	-	121,207
Capitalized share-based payments	7	-	10,648	-	10,648
Options forfeited	7	-	(11,755)	-	(11,775)
Shares to be issued	7	550,000	-	-	550,000
Balance as at, June 30, 2019		15,348,066	8,469,861	(20,905,799)	2,912,128
Balance as at, September 30, 2017		13,135,722	4,993,467	(11,984,553)	6,144,636
Net and comprehensive loss		-	-	(1,353,530)	(1,353,530)
Common shares issued, net costs	7	2,587,997	(25,955)	-	2,562,042
Warrants	7	262,726	-	-	262,726
Value attributed to expired warrants	7	-	94,708	-	94,708
Share-based payments	7	-	174,137	-	174,137
Capitalized share-based payments	7	-	19,032	-	19,032
Balance as at, June 30 2018		15,986,445	5,255,389	(13,338,083)	7,903,751

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

MARGAUX RESOURCES LTD.
Statements of Cash Flows

	Three Months		Nine Months	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	(259,809)	(205,275)	(1,207,815)	(1,353,530)
Items not affecting cash:				
Share-based payments	34,790	36,567	109,452	174,137
Depreciation (Note 5)	8,676	10,606	26,027	28,819
Impairment of assets	-	-	368,615	-
Interest on note payable	3,150	-	4,200	-
Flow-through share premium	(67,668)	(102,513)	(106,801)	(196,781)
Change in non-cash working capital				
Trade and other receivables	(3,311)	92,671	13,146	(11,037)
Prepays	(11,054)	(40,522)	(15,374)	(1,849)
Deposits	(5,500)	-	(5,500)	(17,750)
Trade and other payables	34,407	155,136	(124,360)	(114,013)
Net cash used in operating Activities	(266,319)	(53,330)	(938,410)	(1,492,004)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share and warrant issuance, net of costs	434,950	-	1,351,798	3,065,552
Proceeds from note payables	-	-	210,000	-
Deferred proceeds for shares (Note 6)	550,000	-	550,000	-
Net cash generated from financing activities	984,950	-	2,111,798	3,065,552
CASH FLOWS FROM INVESTING ACTIVITIES				
Property and equipment	-	(20,000)	-	(41,572)
Exploration and evaluation	(283,370)	(614,305)	(844,208)	(1,857,088)
Net cash used in investing activities	(283,370)	(634,305)	(844,208)	(1,898,660)
(DECREASE) INCREASE IN CASH FOR THE PERIOD	435,261	(687,635)	329,180	(325,112)
CASH – BEGINNING OF PERIOD	217,842	1,386,910	323,923	1,024,387
CASH – END OF PERIOD	653,103	699,275	653,103	699,275

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

1. CORPORATE INFORMATION

Margaux Resources Ltd. (the “Corporation” or “Margaux”) was incorporated under the Alberta Business Corporations Act on August 5, 2009 and was a Capital Pool Company under Policy 2.4 of the TSX Venture Exchange (the “TSX-V”). In January 2011, the Corporation completed an initial public offering (“IPO”) and currently trades on the TSX-V and the OTCQB Venture Market under the trading symbols “MRL” and “MARFF” respectively. The registered address of the Corporation is 15th Floor, Bankers Court, 850 – 2nd St. SW, Calgary, Alberta, T2P 0R8.

The Corporation is a mineral acquisition and exploration company focused on gold exploration within British Columbia. The Corporation has two important assets, the Cassiar Gold Project and the Sheep Creek Gold District. Both are orogenic gold projects.

2. GOING CONCERN

These Financial Statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Corporation be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

The Corporation is in the process of acquiring and exploring mineral properties in British Columbia. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon:

- the existence of economically recoverable reserves;
- the ability of the Corporation to obtain financing in order to secure and maintain title and beneficial interest in its properties;
- the ability to complete the development of the properties; and,
- the ability to achieve future profitable production from the properties or obtain proceeds from the sale of properties.

During the nine-months period ended June 30, 2019, the Corporation terminated the option agreements on the Jersey-Emerald property, Ore Hill Property, Aspenex Property and Canex Property. All associated exploration and evaluation costs have been written off and impaired. Going forward, the Corporation will continue gold exploration at target identified on properties that have been amassed outside of the optioned impaired properties (note 6).

Certain conditions exist that may cast significant doubt on the validity of this assumption. The Corporation incurred a net loss of \$259,809 and \$1,207,815 for the three and nine-months periods ended June 30, 2019 (2018 - \$205,275 and \$1,353,530) and had negative cash flows from operating activities of \$266,319 and \$938,410 (2018 - \$53,330 and \$1,492,004). The Corporation had working capital of \$374,808 (September 30, 2018 - \$116,565). These Financial Statements do not reflect the adjustments or reclassification of assets and liabilities which would be necessary if the Corporation were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business and potentially at amounts materially different from those recorded in these financial statements. The Corporation intends to raise the required funds through the issuance of equity, by securing strategic partners or assuming debt.

3. BASIS OF PREPARATION

These Financial Statements are unaudited and have been prepared in accordance with IAS 34, *Interim Financial Reporting*. These Financial Statements are presented in Canadian dollars which is the Company's functional currency. In preparing these Financial Statements, the accounting policies, methods of computation and significant judgements made by management in applying the Company's accounting policies and key sources of estimation of uncertainty were the same as those that applied to the audited financial statements as at and for the year ended September 30, 2018.

The disclosures herein are incremental to those included with the audited annual financial statements as at and for the year ended September 30, 2018 and should be read in conjunction with the annual financial statements as at and for the year ended September 30, 2018.

These Financial Statements were authorized for issue by the board of directors on August 22, 2019.

4. SIGNIFICANT ACCOUNTING POLICIES

These Financial Statements follow the same accounting principles and methods of application as those disclosed in note 4 of the Corporation's annual Financial Statements as at and for the year ended September 30, 2018, with the exception of 'Leases' policy which is amended below.

IFRS 16 – Leases

Effective January 1, 2019, the Corporation adopted IFRS 16 – Leases (IFRS 16) using the modified retrospective approach. IFRS 16 requires entities to recognize asset and lease obligation on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements and may continue to be treated as operating leases. Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue and what assets would be recorded. The Company has lease obligations that expire within 12 month and are therefore exempt from this requirement. As a result, the adoption of this standard had no effect on the Company's Financial Statements.

5. PROPERTY AND EQUIPMENT

	Computers, Equipment & Vehicles \$
Cost	
Balance as at September 30, 2018	260,286
Additions	-
Balance as at June 30, 2019	260,286
Accumulated Depreciation	
Balance as at September 30, 2018	90,725
Charge for the period	26,027
Balance as at June 30, 2019	116,752
Net book value	
September 30, 2018	169,561
June 30, 2019	143,534

6. EXPLORATION AND EVALUATION ASSETS

	Jackpot Project	Sheep Creek Gold District	Tungsten Tailings Project	Old Timer Project	Cassiar Gold Project	Total
Balance at September 30, 2018	\$ 500,135	\$ 1,193,563	\$ 192,910	\$ -	\$ -	\$ 1,886,608
Cash option payments	60,000	160,000	-	5,000	-	225,000
Share option payments	3,481	15,709	-	1,745	-	20,935
Exploration costs	107,931	149,100	-	31,186	341,641	629,858
Impairment	(175,705)	-	(192,910)	-	-	(368,615)
Balance at June 30, 2019	\$ 495,842	\$ 1,518,372	\$ -	\$ 37,931	\$ 341,641	\$ 2,393,786

Exploration and Evaluation ("E&E") assets consist of costs expended on the Corporation's projects which are pending determination of technical feasibility and commercial viability.

Jersey Emerald Property

During the nine-months period ended June 30, 2019, the Corporation terminated the Jersey-Emerald Option Agreement. As a result, management impaired the full value of the Jersey-Emerald asset in the amount of \$6,064,657. The \$200,000 in prepaid royalty and \$25,700 of deposits made on the Jersey-Emerald were also impaired for an aggregate total of \$6,290,357 which was reflected on the Corporation's annual financial statements as at and for the year ended September 30, 2018.

Jackpot Project (formerly Kootenay Arc Zinc Project)

During the three and nine-months periods ended June 30, 2019, the Corporation paid \$60,000 (2018 - \$30,000) cash in option payments and issued 150,000 shares (2018 - 50,000). The shares were valued at \$5,250 less a discount of \$1,769 (2017 - \$43,500 less a discount of \$9,489) which has been applied due to a resale restriction on the shares (note 7).

The Corporation incurred \$107,931 of E&E costs on the property during the nine-months period ended (2018 - \$82,974) relating to exploration activity.

During nine-months period ended June 30, 2019, the Corporation terminated the Ore Hill Option Agreement and Aspenex Purchase Agreement. As a result, management impaired the full value of the Ore Hill asset in the amount of \$101,280 and the full value of the Aspenex asset of \$74,425 for a total of \$175,705.

The Jackpot Project now consists of only the Jackpot Property.

Sheep Creek Gold District

During nine-months period ended June 30, 2019, the Corporation paid \$160,000 (2018 - \$55,000) cash in option payments and issued 450,000 shares (2018 - 150,000). The shares were valued \$31,500 less a discount of \$15,791 (2018 - 42,750 less a discount of \$6,633) which has been applied due to a resale restriction on the shares (note 7).

The Corporation incurred \$149,100 of E&E costs on the Sheep Creek Gold District during the nine-months period ended June 30, 2019 (2018 - \$380,969) relating to exploration activity.

Tungsten Tailings Project

During the nine-months periods ended June 30, 2019, the Corporation terminated the CANEX Option Agreement it signed on January 19, 2017. As a result, management impaired the full value of the CANEX asset in the amount of \$192,910.

Old Timer Project

During the nine-months period ended June 30, 2019, the Corporation entered into an Option Agreement with a third party to option the Old Timer gold property, near Salmo in southern British Columbia. Terms of the Option Agreement include staged payments totalling \$50,000 and 500,000 common shares ("Shares") of the Corporation over a 4-year period, for the Corporation to acquire a 100% interest in the Property.

During the nine-months period ended June 30, 2019 the Corporation paid \$5,000 cash in option payments and issued 50,000 shares. The shares were valued at \$3,500 less a discount of \$1,755 which has been applied to a resale restriction on the shares (note 7). The Corporation incurred \$31,186 of E&E costs on the Old Timer Project relating to exploration activity during the nine-months period ended June 30, 2019.

Cassiar Gold Project

On March 25, 2019 the Corporation entered into an Option Agreement with Wildsky Resources Inc. for an option to acquire a 100% interest in the Cassiar Gold Project (“Cassiar Gold Option Agreement”) by way of an all-share agreement. Terms of the definitive agreement can be found on the Corporations Management Discussion and Analysis for the three and nine-months periods ended June 30, 2019.

During the nine-months period ended June 30, 2019, the Corporation incurred \$341,641 of E&E costs on the Cassiar Gold Project.

7. SHARE CAPITAL, WARRANT RESERVE AND STOCK OPTIONS

Authorized

Unlimited number of common shares

The common shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued by the Corporation.

	Number of common shares	Share capital
Balance at September 30, 2018	61,718,201	\$12,897,443
Shares issued (a)(b)(f)(g)	20,608,011	1,427,822
Share option payments (c)(d)(e)	650,000	40,250
Share issue costs		(76,023)
Warrant Allocation		(440,171)
Flow through share discount		(95,625)
Shares to be issued (h)		550,000
Balance at June 30, 2019	82,976,212	\$14,303,696

Warrants

	Number of warrants	Share capital
Balance at September 30, 2018	14,068,627	2,976,630
Warrants issued (b)(f)(g)	10,583,100	440,171
Warrants expired	(10,449,823)	(2,372,431)
Balance at June 30, 2019	14,201,904	\$1,044,370

Total share capital at September 30, 2018	\$15,874,073
Total share capital at June 30, 2019	\$15,348,066

- (a) On October 16, 2018, the Corporation closed on a non-brokered private placement of 7,033,100 units of the Corporation at a purchase price of \$0.08 per unit and 2,379,566 common shares issued on a “CEE flow-through” basis at a purchase price of \$0.10 per unit for total proceeds of \$800,605 (\$316,957 was received in the year ended September 30, 2018). Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of \$0.15 per warrant for a period of two years from October 16, 2018 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds \$0.20 per share.
- (b) On December 5, 2018, the Corporation closed on a non-brokered private placement of 3,550,000 units of the Corporation at a purchase price of \$0.08 per unit and 250,000 common shares issued on a “CEE flow-through” basis at a purchase price of \$0.10 per unit for total proceeds of \$309,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each whole warrant will be exercisable by the holder at a price of \$0.15 per warrant for a period of two years from December 5, 2018 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds \$0.20 per share.

As part of the non-flow through units issued on October 16, 2018 and December 5, 2018 subscribers received one warrant per unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.15 for a period of 24 months from the date of closing. All warrants vest immediately. A value of \$185,744 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	1.91% – 2.33%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	96% - 105%
Weighted-average fair value	\$0.01 - \$0.02
Expected Life	2 years

- (c) On December 1, 2018, the Corporation issued 150,000 common shares valued at a market price of \$0.04 per common share as per the Jackpot/Oxide Property option agreement signed on October 12, 2016. The shares carry a resale restriction that expire on April 1, 2019.
- (d) On February 6, 2019, the Corporation issued 450,000 common shares valued at a market price of \$0.07 per common shares as per the Bayonne and Sheep Creek Property option agreement signed on December 23, 2016. The shares carry a resale restriction that expire on June 6, 2019.
- (e) On February 6, 2019, the Corporation issued 50,000 common shares valued at a market price of \$0.07 per common shares as per the Old Timer option agreement signed on December 23, 2016 and as per TSX-V approval received on February 6, 2019. The shares carry a resale restriction that expire on June 6, 2019.
- (f) On April 15, 2019, the Corporation closed on a non-brokered private placement of 2,375,000 units of the Corporation at a purchase price of \$0.08 per unit and 3,000,000 Flow-Through units at a purchase price of \$0.10 per unit for total proceeds of \$490,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each flow-through unit consists of one common share issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) and one-half of one common share purchase warrant. Each whole warrant will be exercisable by the holder at a price of \$0.12 per warrant for a period of two years from December 5, 2018 subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds \$0.20 per share.

Subscribers received one warrant per unit purchased and one-half one one warrant per Flow-Through unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.12 for a period of 24 months from the date of closing. All warrants vest immediately. A value of \$171,567 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	1.51%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	150%
Weighted-average fair value	\$0.04
Expected Life	2 years

- (g) On May 30, 2019, the Corporation closed on a non-brokered private placement of 1,645,345 units of the Corporation at a purchase price of \$0.07 per unit and 375,000 Flow-Through units at a purchase price of \$0.08 per unit for total proceeds of \$145,174. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each flow-through unit consists of one common share issued on a "CEE flow-through" basis pursuant to the Income Tax Act (Canada) and one common shares purchase warrant. Each whole warrant will be exercisable by the holder at a price of \$0.12 per warrant for a period of two years from December 5, 2018 subject

to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds \$0.20 per share.

Subscribers received one warrant per unit and Flow-Through unit purchased. Each whole warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.12 for a period of 24 months from the date of closing. All warrants vest immediately. A value of \$82,860 has been attributed to the warrants issued based on the Black-Scholes pricing model and has been credited to warrants within shareholders' equity. The fair value of these warrants were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	1.53%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	152%
Weighted-average fair value	\$0.04
Expected Life	2 years

(h) As at June 30, 2019, an aggregate \$550,000 was raised on financings which closed subsequent to the period ended (see Subsequent Events).

Flow-through shares

During the nine-months periods ended June 30, 2019, the Corporation raised \$592,957 on a CEE flow-through share basis and was required to incur a net total of \$592,957 of qualifying expenditures to renounce the tax deductions to investors. As at June 30, 2019, \$488,517 of qualifying expenditures were incurred. The Corporation still needs to incur an additional \$104,440 to meet its flow through share commitment. A flow-through share premium liability of \$27,957 was recognized as the Corporation has not met its flow-through share commitment by incurring sufficient qualifying expenditures as at June 30, 2019. The accumulated flow-through share premium of \$67,668 will be amortized until the remaining expenditures are incurred.

Stock option plan

The Corporation has adopted an incentive stock option plan in accordance with the policies of the TSX-V (the "Stock Option Plan") which provides that the Board of Directors of the Corporation may from time to time, at its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding common shares exercisable for the period of up to ten (10) years. In addition, the number of common shares reserved for issuance to any one person shall not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding common shares. The Board of Directors determines the price per common share and the number of common shares which may be allocated to each director, officer, employee and consultant and all other terms and conditions of the option, subject to the rules of TSX-V.

All options expire in five years and vest one-third immediately and one-third on the first and second anniversaries on the grant date respectively.

A summary of the Corporation's stock option plan activity is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at September 30, 2018	5,743,333	\$0.24
Issued during the period	3,975,000	\$0.10
Forfeited during the period	(558,333)	\$0.21
Expired during the period	(900,000)	\$0.10
Exercisable as at June 30, 2019	4,668,320	\$0.22
Outstanding at June 30, 2019	8,260,000	\$0.19

At June 30, 2019, the weighted-average life of the options outstanding was 3.1 years (2018 – 3.7 years).

On June 25, 2019, the Corporation issued 3,975,000 stock options to Directors, officers, advisory committee members and consultants with the Corporation in accordance with the Corporation's shareholder approved stock option plan. The options are exercisable at \$0.10 per share, expire in five years and vest as to one-third immediately and one-third on the first and second anniversaries of the grant date.

The fair value of these options were estimated using the Black-Scholes option pricing model based on the date of grant and using the following assumptions:

Risk-free rate	1.34%
Weighted-average life	2 years
Dividend yield	nil
Annualized Volatility	179%
Weighted-average fair value	\$0.08
Expected Life	2 years

Share-based payments expense of \$34,790 and \$109,452 for the three and nine-months periods ended June 30, 2019 (2018 – \$36,567 and \$174,137) was recognized based on the estimated fair value of the options on the grant date in accordance with the fair value method of accounting for share-based payments and recorded over the vesting period of the options. Share-based payments of \$3,550 and \$10,648 for the three and nine-months periods ended June 30, 2019 (2018 - \$6,344 and 19,032) were capitalized to E&E.

8. NOTE PAYABLE

On March 1, 2019, the Corporation issued a demand promissory note ("Note") to an arm's length third party. Pursuant to the Note, the Corporation borrowed \$210,000. The Note bears interest at a rate of 6% per annum, calculated monthly, payable on the last day of every month. Interest of \$3,150 and \$4,200 has been accrued for the three and nine-months periods June 30, 2019 (2018 - \$nil). The Note does not have fixed repayment terms and is due on demand.

9. SHORT-TERM LEASES

The Corporation has the following leases that expire within 12 months and are therefore classified as short-term operating leases.

(a) Vehicle Operating Leases

The Corporation has a lease for a vehicle which expires October 2019. The following is a schedule, by year, of the future minimum lease payments under the operating lease agreements:

2019 - \$2,547
2020 - \$849

(b) Office Lease

The Corporation has a lease for office space which expires November 2019. The following is a schedule, by year, of the future minimum lease payments under the lease agreements:

2019 - \$5,250
2020 - \$3,500

10. GENERAL AND ADMINISTRATIVE

General and administrative details for the three and nine-months periods ended June 30, 2019:

	3 Months		9 Months	
	2019	2018	2019	2018
Consulting	\$ 172,947	\$ 149,097	\$ 464,628	\$ 424,225
Travel & Meals	11,433	17,027	38,332	84,773
Office & Administrative	5,280	11,800	17,972	48,322
Marketing	31,378	48,836	111,795	358,204
Professional Fees	40,853	16,913	114,523	113,494
Total	\$ 261,891	\$ 243,673	\$ 747,250	\$ 1,029,018

11. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere, all related party transactions are in the normal course of operations.

As at June 30, 2019, the Corporation had an amount of \$44,738 (2018 - \$28,485) due to directors and officers included in trade and other payables.

During the three and nine-months periods ended June 30, 2019 the Corporation paid \$37,500 and \$112,500 (2018 - \$35,000 and \$103,500) to an officer for compensation as Vice President Exploration of the Corporation. The total amounts have been capitalized as exploration cost.

The Corporation also incurred professional services in the amount of \$nil (2018 - \$nil and \$25,000) provided by a Company controlled by a director of the Corporation. These fees have been reflected in general and administrative expenses.

The Corporation purchased vehicles in the amount of \$nil (2018 - \$10,250) from a director and officer of the Corporation. These amounts were capitalized to Property and Equipment on the statement of financial position.

An aggregate of \$22,500 and \$60,000 (2018 - \$38,062 and \$71,812) in consulting fees was paid to a corporation owned by an officer of the Corporation for compensation as CFO.

An aggregate of \$60,000 and \$182,500 (2018 - \$67,500 and \$182,500) in consulting fees were paid to a corporation owned by a director and officer of the Corporation for compensation as CEO of the Corporation. Costs associated with various administrative support costs of \$nil and \$235 (2018 - \$1,278 and \$14,075) was reimbursed to a director and officer of the Corporation and was recorded in general and administrative expenses on the net loss and comprehensive loss.

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year were as follows:

	June 30, 2019	June 30, 2018
	\$	\$
Short-term compensation	355,000	357,812
Share-based payments	121,207	174,137
Capitalized share-based payments	10,648	19,032
Total	486,855	550,981

12. SUBSEQUENT EVENTS

On July 9, 2019, the Corporation closed the second tranche of its non-brokered private placement of 7,857,144 units of the Corporation at a purchase price of \$0.07 per unit and 2,000,000 Flow-Through units at a purchase price of \$0.08 per unit for total proceeds of \$710,000. Each unit consists of one common share of the Corporation and one common share purchase warrant in the Corporation. Each flow-through unit consisted of one common share issued on a “CEE flow-through” basis pursuant to the Income Tax Act (Canada) and one common share purchase Warrant. Each whole warrant will be exercisable by the holder at a price of \$0.12 per warrant for a period of two years subject to accelerated expiry, if the 20-day Volume Weighted Average Price of the Common Shares on the TSX Venture Exchange exceeds \$0.20 per share.