LUCKY MINERALS INC.

CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED DECEMBER 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE TO READER

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of the condensed interim financial statements and are in accordance with IAS 34 – *Interim Financial Reporting*.

The Company's independent auditor has not performed a review of these unaudited condensed interim financial statements in accordance with standards established by the Canadian Chartered Professional Accountants for a review of interim financial statements by an entity's auditor.

LUCKY MINERALS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(expressed in Canadian dollars)

	Note		**December 31, 2018**		**September 30, 2018**
ASSETS					
Current assets					
Cash		$	207,974	$	906
Loans receivable	5		-		1,157,521
Subscription receivable			45,737		-
Prepaid and other receivables			375,765		103,932
			635,954		1,262,359
Non-current assets					
Deposit	6		-		250,000
Equipment	7		5,899		6,382
Mineral property interest	4,8		5,043,525		868,328
		$	**5,678,900**	**$**	**2,387,069**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	9	$	355,983	$	1,033,942
Due to related parties	14		364,633		331,334
Loan payable	10		-		622,058
			72,616		1,987,334
Non-current liabilities					
Convertible debentures	15		1,197,449		-
			1,918,065		1,987,334
Shareholders' equity					
Share Capital	11		9,419,990		4,700,215
Share Subscriptions			-		224,650
Shares to be issued			-		60,000
Reserves			2,422,534		1,542,218
Deficit			(8,092,939)		(6,127,348)
			3,749,585		399,735
		$	**5,678,900**	**$**	**2,387,069**

Events after reporting period (Note 18)

Approved on behalf of the Board:

"John Mears" Director

"Robert Rosner" Director

The accompanying notes are an integral part of these financial statements

LUCKY MINERALS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE THREE MONTH ENDED DECEMBER 31, 2018
(Unaudited - Expressed in Canadian dollars)

	Note	Three months ended December 31, 2018	2017
		$	$
Expenses			
Advertising and promotion		218,638	245,686
Amortization		483	308
Bank charges and interest		3,126	4,234
Consulting		666,716	223,464
Directors' fees		43,500	–
Foreign exchange loss (gain)		585	(5,561)
Insurance		4,474	–
Stakeholder relations		–	99,039
Management		12,275	36,314
Office and administration		16,967	14,640
Rent		26,949	10,690
Professional fees		64,145	15,902
Property investigation		1,278	–
Exploration and Evaluation		224,325	–
Share based compensation		481,900	–
Transfer agent and regulatory fees		37,708	18,068
Travel		111,116	46,358
(Loss) before other items:		(1,914,185)	(709,142)
Accretion and interest expense		(132,523)	–
Interest income		3,602	–
Net loss		(2,043,106)	(709,142)
Other comprehensive income			
Translation adjustment		77,515	–
Net loss and comprehensive Loss		(1,965,591)	(709,142)
Loss per share, basic and diluted		(0.02)	(0.00)
Weighted average number of outstanding shares		102,870,328	71,901,526

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

LUCKY MINERALS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS PERIOD ENDED DECEMBER 31, 2018
(Unaudited - Expressed in Canadian dollars)

	Three months ended December 31, 2018	2017
Operating activities		
Loss for the period	$ (2,043,106)	$ (709,142)
Adjustments for non-cash items		
Share based compensation	481,900	–
Accretion expense	120,719	–
Accrued interest income	(3,602)	–
Amortization	483	308
Unrealized foreign exchange (gain) loss	–	(4,178)
	(1,443,606)	(713,012)
Changes in non-cash operating working capital		
Sales taxes receivable	(279,033)	(57,833)
Prepaid expenses	–	(26,977)
Accounts payable and accrued liabilities	(814,472)	(3,117)
Due to related parties	44,549	61,815
Cash used in operating activities	(2,492,562)	(739,124)
Investing activities		
Purchase of equipment	–	(5,870)
Option payment for mining interests	(65,745)	(53,668)
Exploration and evaluation asset expenditures	(170,441)	(142,657)
Cash used in financing activities	(236,186)	(202,195)
Financing activites		
Proceeds from common shares issuance net of issuance costs	1,025,350	2,165,400
Proceeds from convertible debentures issuance	2,500,746	(17,446)
Proceeds from share subscription received in advance	(45,737)	–
Repayment of loan payable	(622,058)	–
Cash provided by financing activities	2,858,301	2,147,954
Effect of foreign exchange	77,515	4,178
Change in cash	207,068	1,210,813
Cash, beginning of the year	906	80,715
Cash, end of the period	$ 207,974	$ 1,291,528

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

LUCKY MINERALS INC.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited - Expressed in Canadian dollars except for number of shares)

		Common shares		Share subscriptions Received	Shares to be issued	Reserves				
	Note	Number	Amount			Options	Warrants	Conversion Rights	Deficit	Shareholders' Equity
			$			$	$		$	$
Balance, September 30, 2017		65,350,083	2,651,010	–	–	589,942	466,000	–	(3,070,153)	636,799
Exercise of share purchase warrants	11	125,000	12,500	–	–	–	–	–	-	12,500
Shares issuance on private placement net	11	17,551,700	2,058,296	–	–	94,604	–	–	-	2,152,900
Net loss and comprehensive loss		–	–	–	–	–	–	–	(709,142)	(709,142)
Balance, December 31, 2017		83,026,783	4,721,806	–	–	684,546	466,000	–	(3,779,295)	2,093,057
Balance, September 30, 2018		83,076,783	4,700,215	224,650	60,000	1,076,218	466,000	–	(6,127,348)	399,735
Exercise of share purchase warrants	11	–	–			–	–	–	–	–
Shares issuance on private placement net	11	8,333,300	1,250,000	(224,650)	–	–	–	–	–	1,025,350
Shares issuance for acquisition of mineral property interest	8	15,970,489	2,527,888	–	–	–	–	–	–	2,527,888
Fair value of broker's warrants for convertible debenture transaction costs		–	–	–	–	–	294,688	–	–	294,688
Conversion rights initial recognition upon issuance of convertible debenture	15	–	–	–	–	–	–	150,615	–	150,615
Shares issued on conversion of convertible debentures	15	5,966,666	941,887	–	–	–	–	(46,887)	–	895,000
Service paid in cash instead of shares issuance		–	–	–	(60,000)	–	–	–	–	(60,000)
Share-based compensations		–	–	–	–	481,900	–	–	–	481,900
Net loss and comprehensive loss		–	–	–	–	–	–	–	(1,965,591)	(1,965,591)
Balance, December 31, 2018		113,347,238	9,419,990	-	-	1,558,118	760,688	103,728	(8,092,939)	3,749,585

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Lucky Minerals Inc. (the "Company") was incorporated under the *British Columbia Business Corporations Act* on May 7, 2007. The Company is in the business of acquiring, exploring and evaluating mineral resource properties.

The Company's common shares are listed for trading on the TSX Venture Exchange under the symbol "LKY". The Company also trades on the Frankfurt Stock Exchange under symbol "8LM", and in the United States on the OTCQB under the symbol "LKMNF." The Company's head office and principal business address is Suite 1015, 789 West Pender, Vancouver, British Columbia V6C 2X1.

These financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful identification of an exploration and evaluation asset, its ability to raise equity capital, to obtain loans from related parties, and to attain profitable operations to generate funds and meet current and future obligations. As at September 30, 2018, the Company had not advanced any exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from related parties and/or private placement of common shares.

These condensed consolidated interim financial statements for three months ended December 31, 2018, together with the comparative figures herein have been prepared in accordance with International Accounting Standards ("IAS") 34 "Interim Financial Reporting" ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated condensed interim financial statements do not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that these condensed interim financial statements be read in conjunction with the audited annual financial statements of the Company for the most recent year ended September 30, 2018.

2. BASIS OF PREPARATION

Statement of compliance
These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were authorized for issue by the Board of Directors on March 1, 2019.

Basis of measurement

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars, which is also the Company's functional currency, unless otherwise indicated. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

Basis of Consolidation
These consolidated financial statements included the accounts of the Company and its wholly owned subsidiary, Lucky Minerals Montana, Inc ("LMMI") and Goldmindex S.A. ("GDM"). The results of LMMI and GDM are included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions are eliminated upon consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant estimates and assumptions
The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.
Estimates where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and the fair value of inventory.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- *the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.*

New Accounting standards issued but not yet applied

At the date of the approval of the consolidated financial statements, a number of standards and interpretations were in issue but not yet effective. The Company considers that these new standards and interpretations are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

4. ACQUISITION OF GOLDMINDEX S.A.

On October 26, 2018, the Company issued 15,970,489 common shares ("Shares Consideration") to Monterra in exchange for 100% of the outstanding common shares of Goldmindex S.A. ("GMD"). As a result, Goldmindex became a wholly owned subsidiary of the Company effective October 26, 2018. GMD owns the rights of Fortuna Concession in Ecuador.

The fair value of the Share Consideration on October 26, 2018 was $2,527,888. The book value of GMD on October 26, 2018 was $237,071. The excess of the fair value of the Share Consideration over the book value in the amount of $2,290,817 was included as the acquisition costs of the exploration and evaluation assets pertaining to Fortuna Concession in Ecuador.

The results of GMD from date of acquisition of control by the Company on October 26, 2018 to December 31, 2018 were consolidated by the Company.

5. LOANS RECEIVABLE

On February 8, 2018, the Company entered into a Letter of Intent (the "LOI") to acquire 100% of Goldmindex S.A. ("GMD" referred in previous section), a private Ecuadorian company. Pursuant to the LOI, the Company will acquire the issued and outstanding shares of Goldmindex in exchange for common shares (the "Transaction").

Under the terms of the LOI, the Company agreed to advance an amount of $409,203 to GMD. The Company also agreed to advance an amount of USD$558,100 (CDN$748,318) (the "Second Loan"). The Second Loan is secured by way of a pledge granted on the shares of Goldmindex. Should the Company decide not to complete the Transaction, Goldmindex will have 45 days to repay the Second Loan. Failure to do so will result in the Company receiving the Goldmindex shares that are currently being held in a trust. The Second loan bears interest at 7% and is due 12 months from the date of the loan agreement on March 27, 2018. As of September 30, 2018, the Company accrued USD$20,015 (CDN$25,179) interest income related to the advance and Second Loan.

Due to the 100% acquisition of control of GMD by the Company on October 26, 2018, these loans receivable by the Company from GMD as an wholly own subsidiary were eliminated upon consolidation of both the Company and GMD's results during the quarter ended December 31, 2018.

6. DEPOSIT

During the year ended September 30, 2018, the Company entered into a consulting agreement in relation to the acquisition of Goldmindex and its Fortuna concessions. The Company agreed to pay bonus of $250,000 upon approval of the acquisition of Goldmindex from TSX Venture Exchange. On September 11, 2018, the Company obtained approval from TSX Venture Exchange and paid the bonus of $250,000. On October 26, 2018, the transaction was completed and the amount were charged to the acquisition costs for Fortuna during the current quarter.

(Unaudited - Expressed in Canadian dollars)

7. EQUIPMENT

		Computer		Vehicle		Total
Cost						
Balance, September 30, 2018	$	8,464	$	14,050	$	22,514
Additions		-		-		-
Balance, December 31, 2018		8,464		14,050		22,514
Accumulated Depreciation						
Balance, September 30, 2018		2,782		13,350		16,132
Charge for the period		430		53		483
Balance, December 31, 2018		3,212		13,403		16,615
Net Carrying Amount						
December 31, 2018	**$**	**5,252**	**$**	**647**	**$**	**5,899**
December 31, 2017	**$**	**5,779**	**$**	**925**	**$**	**6,704**

8. MINERAL PROPERTY INTERESTS

		Fortuna	Emigrant		St. Julien		Total
Balance, September 30, 2017	**$**	**-**	**575,554**	**$**	**90,879**	**$**	**666,434**
Acquisition		-	-		53,668		53,668
Exploration		-	133,924		8,733		142,657
Balance, December 31, 2017		**-**	**709,478**		**153,280**		**862,758**
Balance, September 30, 2018	**$**	**-**	**717,473**	**$**	**150,855**	**$**	**868,328**
Acquisition		2,540,817	-		65,746		2,606,563
Exploration		1,427,559	141,075		-		1,568,634
Balance, September 30, 2018	**$**	**3,968,376**	**858,548**	**$**	**216,601**	**$**	**5,043,525**

(Unaudited - Expressed in Canadian dollars)

8. MINERAL PROPERTY INTERESTS (continued)

Emigrant Project, USA

Emigrant Claims

On June 15, 2014, the Company entered into an agreement to have an option agreement assigned (the "Assignment Agreement"). Pursuant to the Assignment Agreement, the Company has an option to acquire a 100% interest in certain claims in Montana USA. On June 14, 2017, the right, title and interest to the claims in Montana USA were released to the Company. However, the option to acquire a 100% interest in the claims in Montana USA in order 100% acquire the claims is still outstanding, for the following consideration:

Date Due	USD $
June 1, 2013	5,000 (paid)
October 1, 2013	5,000 (paid)
June 1, 2014	15,000 (paid)
June 1, 2015	20,000 (paid)
June 1, 2016	25,000 (paid)
June 1, 2017	30,000 (paid $10,000)
June 1, 2018	35,000 (paid $12,000)
June 1, 2019	40,000
June 1, 2020	45,000
Every year thereafter until total consideration is $1,000,000	50,000

In May 2016, the Company negotiated with the optionor to amend the above payment schedule to USD$10,000 per year commencing from June 1, 2016 until such time that the Company has received permission to drill and explore the property, after which the original payment schedule is resumed until the option price is paid in full. In accordance with the amended payment schedule, the Company paid USD$10,000 to the optionor during the year ended September 30, 2017. In June 2018, the option agreement was amended whereby the Company paid USD$12,000 to the optionor during the year ended September 30, 2018.

The optionor will retain a 2% net smelter royalty ("NSR"). The Company may acquire 1.8% of the NSR by paying $1,500,000 within 9 months of commercial production.

(Unaudited - Expressed in Canadian dollars)

8. MINERAL PROPERTY INTERESTS (continued)

St. Julian Claims

The Company entered into an Option Agreement ("Option") date effective November 1, 2015, with an arms-length party to acquire 100% interest of certain patented and unpatented mineral claims located in Montana, USA, known as "St. Julian" (the "St-Julian Claims"), on the following payment schedule:

Date Due	USD $
November 1, 2015	10,000 (paid)
February 1,2016	10,000 (paid)
November 1, 2016	30,000 (paid)
November 1, 2017	40,000 (paid)
November 1, 2018	50,000 (paid)
November 1, 2019	60,000
November 1, 2020	70,000
November 1, 2021	80,000
November 1, 2022	90,000
November 1, 2023	100,000
November 1, 2024	110,000
November 1, 2025	120,000
	770,000

The Company will pay a late charge of 5% for any payment related to the St-Julian Claims, which is not paid within 15 days of its due date.

The optionor will retain a 3% NSR. The Company may acquire 2% of the NSR by paying a one-time sum of USD $5,000,000 within 12 months of commercial production. The Company may acquire the remaining 1% of the NSR by paying a one-time sum of USD$2,500,000 within 24 months of commercial production.

On March 8, 2017, the Company issued 50,030 common shares with a fair value of $4,502 to the optionor of the St. Julien property as consideration for an extension of the property option payment.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		December 31, 2018		**September 30, 2018**
Accounts payable	$	312,530	$	738,997
Accrued liabilities		43,453		294,945
	$	355,983	$	1,033,942

10. LOANS PAYABLE

On October 11, 2017, the Company entered into an agreement for a $300,000 loan. The loan bore interest at 6% per annum, was unsecured and due on demand. During the year ended September 30, 2018, the Company recorded interest expense of $2,000 and repaid the principal and accrued interest in full.

On July 16, 2018, the Company entered into an agreement for a $255,205 loan. The loan bears interest at 8% per annum, is unsecured and due on the earlier date of the day the Company receives funds from next financing or 6 months. As at September 30, 2018, the principal and accrued interest is $243,644. The Company repaid the balance in full during the current quarter.

On August 21, 2018, the Company entered into an agreement for a $154,949 loan. In addition to the loan, the Company is to repay any additional expenses spent by the lender in regards to the business of the Company. The loan bears interest at 8% per annum, is unsecured and due on the earlier date of the day the Company receives funds from next financing or 6 months. As at September 30, 2018, the principal and accrued interest is $254,620. The Company repaid the balance in full during the current quarter.

On August 29, 2018, the Company entered into an agreement for a $123,794 loan. The loan bears no interest, is unsecured and due in 36 days. As at September 30, 2018, the principal and accrued interest is $123,794. On October 5, 2018, the Company repaid the principal in full.

11. SHARE CAPITAL

Authorized

Authorized share capital consists of an unlimited number of common shares without par value.

Share Issuances

On March 8, 2017, the Company issued 50,030 common shares with a fair value of $4,502 to the optionor of the St. Julien property as consideration for an extension of the property option payment.

On June 8, 2017, the Company closed a non-brokered private placement consisting of 10,000,000 units at a price of $0.075 per unit for proceeds of $750,000. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.10 per share for a period of two years. 333,333 of these shares were acquired by a company controlled by an individual who was a director at the time of the private placement.

On October 19, 2017, 50,000 share purchase warrants were exercised and 50,000 common shares were issued for gross proceeds of $5,000.

On November 27, 2017, the Company closed a bought deal offering for an issuance of 17,551,700 units for total proceeds of $2,031,705, net of share issuance costs. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of $0.20 per share until November 27, 2020.

(Unaudited - Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Share Issuances (continued)

On November 30, 2017, 75,000 share purchase warrants were exercised and 75,000 common shares were issued for gross proceeds of $7,500.

On August 22, 2018, 50,000 share purchase warrants were exercised and 50,000 common shares were issued for gross proceeds of $5,000.

On October 16, 2018, 7,375,612 units were issued at a price of $0.15 per unit for proceeds of $1,106,342. Each unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.22 for a period of 24 months following the closing date.

On October 26, 2018, 957,688 units were issued at a price of $0.15 per unit for proceeds of $143,653. Each unit consists of one common share and one half common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of $0.22 for a period of 24 months following the closing date.

On October 26, 2018, the Company issued 15,970,489 common shares to acquire Monterra in exchange for 100% of the outstanding common shares of Goldmindex.

On December 7, 2018, the Company issued 5,966,666 common shares as a result of the conversion of $895,000 principle balance of 895 units of convertible debenture issued on October 4, 2018 with a maturity on October 4, 2021.

Options

The continuity of the number of share purchase options outstanding is as follows:

	Number		Weighted average exercise price
Outstanding, September 30, 2018	8,728,619	$	0.17
Granted	6,100,000		0.20
Cancelled	(3,200,000)		0.15
Outstanding, December 31, 2018	11,628,619	$	0.18

(Unaudited - Expressed in Canadian dollars)

11. SHARE CAPITAL (continued)

Options (continued)

As at December 31, 2018, the following options were outstanding:

Number of options		Expiry date		Exercise price	Weighted remaining contractual life (years)
Outstanding	*Exercisable*				
1,228,619	1,228,619	June 8, 2019	$	0.15	0.44
4,300,000	4,300,000	June 23, 2019	$	0.20	0.48
6,100,000	6,100,000	December 28, 2023	$	0.20	4.99
11,628,619					

Stock based payments relating to options vested during the quarter ended December 31, 2018 using the Black-Scholes option pricing model was $481,900 (December 31, 2017 - $NIL), which was recorded as reserves on the statements of financial position and as stock based compensation expense on the statement of operations and comprehensive loss. The associated share based compensation expense for the options granted during the quarter was calculated based on the following weighted average assumptions: Risk free-interest rate – 1.88%; Dividend yield – 0.00%; Expected volatility – 70.00%; Expected life – 5 years.

Warrants

The continuity of the number of share purchase warrants outstanding is as follows:

	Number		Weighted average exercise price
Outstanding, September 30, 2018	33,376,700	**$**	0.17
Issued	11,204,150		0.22
Outstanding, December 31, 2018	44,580,850		0.18

As at December 31, 2018, the following warrants were outstanding:

Number of warrants outstanding	Expiry date		Exercise price
11,000,000	June 23, 2019	$	0.15
4,825,000	June 8, 2019	$	0.10
17,551,700	November 27, 2020	$	0.20
7,187,500	October 4, 2020	$	0.22
3,537,806	October 16, 2020	$	0.22
478,844	October 26, 2020	$	0.22
44,580,850			

12. CAPITAL DISCLOSURE AND MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue its business objectives. Therefore, the Company monitors the level of risk incurred in its expenditures relative to its capital structure. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company.

The Company considers its capital structure to include shareholders' equity. The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the potential underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms.

There have been no changes are made to the capital management policy during the quarter ended December 31, 2018.

13. FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash, accounts payable, accrued liabilities, loans payable and loans receivables. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. The Company examines the various financial instrument risks to which it is exposed and assesses any impact and likelihood of those risks. The Company's risk exposures and their corresponding impact on the Company's consolidated financial instruments are summarized below.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at September 30, 2018, the Company had cash of $906 to settle current liabilities of $1,987,334. The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to meet their payment obligations, thus this risk is primarily attributable to cash. As at September 30, 2018, there were no financial instruments held by counterparties; therefore, the Company has incurred no credit risk as at that date or for the year then ended.

Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2018, the Company does not have any interest-bearing loans or liabilities outstanding. All accounts payable and accrued liability balances as at

(Unaudited - Expressed in Canadian dollars)

September 30, 2018 are current and as such, are not subject to interest.

14. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers. The Company incurred the following transactions with directors and key management personnel during the three months ended December 31, 2018 and 2017 was as follows:

		December 31, 2018		December 31, 2017
Consulting fees	$	129,754	$	26,250
Management fee		55,000		10,064
Share-based compensation		211,150		-
	$	395,904	$	36,250

For the three months ended December 31, 2018, the Company paid consulting fees of $59,490 or USD$45,000 to the CEO of the Company per a consulting service agreement effective August 1, 2018 (December 31, 2017-$NIL) with a twelve-month term with an option to renew a further twelve months term. The Company accrued director fee of $6,000 (December 31, 2017 - $NIL) for the CEO of the Company. 900,000 share purchase options were granted to the CEO of the Company on December 28, 2018 with an exercise price of $0.20 and expiry date of 5 years from date of grant. The fair value of these options is estimated at $36,900. The Company owed a balance of $84,519 (September 30, 2018 - $32,363) as at December 31, 2018.

For the three months ended December 31, 2018, the Company accrued director fee of $22,500 (December 31, 2017 - $NIL) for the Chairman & Director of the Company. 2,000,000 share purchase options were granted to the Chairman of the Company on December 28, 2018 with an exercise price of $0.20 and expiry date of 5 years from date of grant. The fair value of these options is estimated at $82,000. The Company owed a balance of $93,750 (September 30, 2018 - $126,250) as at December 31, 2018.

For the three months ended December 31, 2018, consulting fees of $48,990 for the CFO of the Company were incurred. On August 1, 2018, the Company and the CFO entered into a consulting service agreement whereby the Company would pay a consulting fee of USD$8,000 per month to the CFO effective August 1, 2018 and renewable after twenty-four months. The Company accrued director fee of $9,000 (December 31, 2017 - $NIL) for the CEO of the Company. 900,000 share purchase options were granted to the CFO of the Company on December 28, 2018 with an exercise price of $0.20 and expiry date of 5 years from date of grant. The fair value of these options is estimated at $36,900. The Company owed a balance of $78,686 (September 30, 2018 - $66,774) as at December 31, 2018.

For the three months ended December 31, 2018, director and committee advisory fees of $17,500 and consulting fees of $9,274 for three directors of the Company were incurred. 1,250,000 share purchase options were granted to the three directors of the Company on December 28, 2018 with an exercise price of $0.20 and expiry date of 5 years from date of grant. The fair value of these options is estimated at $51,250. The Company owed the directors a balance of $118,928 (September 30, 2018 - $99,795).

For the three months ended December 31, 2018, consulting and management fees of $12,000 for a corporate secretary of the Company were incurred. 100,000 share purchase options were granted to the corporate secretary of the Company on December 28, 2018 with an exercise price of $0.20 and expiry date of 5 years from date of grant. The fair value of these options is estimated at $4,100. The Company owed the corporate secretary a balance of $NIL (September 30, 2018 - $8,400).

15. CONVERTIBLE DEBENTURE

On October 4, 2018, the Company issued 2,875 units of convertible debenture (the "2018 Debentures") for gross proceeds of $2,875,000. Each unit issued consisted of $1,000 principal amount of 12% three-year convertible unsecured unsubordinated debentures and convertible at a price of $0.15 per common share, and 2,500 common share purchase warrants of the Company. Each warrant entitles the holder thereof to purchase one common share at an exercise price of $0.22 for a period of 24 months.

For accounting purposes, the 2018 Debentures are separated into their liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the 2018 Debentures assuming an 15% discount rate, which was the estimated rate for a similar debenture without a conversion feature. The fair value of the equity component (conversion rights) was determined at the time of issue as the difference of $196,928 between the face value of the 2018 Debentures and the fair value of the liability component. Transaction costs consists of $381,454 paid in cash and 7,187,500 brokers' warrants with estimated fair value of $294,688 were incurred and have been recorded pro rata against the liability and equity components. The liability balance of the transaction costs will be amortized over the life of the debenture. Interest and accretion expense for the three months ended December 31, 2018 was $120,719 (December 31, 2017: $NIL).

On December 7, 2018, 875 units were converted into 5,966,666 common shares of the Company at $0.15/share. The pro rata share of the fair value at $46,887 of the conversion rights related to the converted 875 units were transfer to cost base of the common shares upon issuance of these common shares.

16. CONTINGENCY

The Company has been served with a complaint in which the plaintiff has sought declaratory and injunctive relief prohibiting further exploration on the Emigrant Project. Management considers the complaint to be without merit and continues to pursue its defense in the Montana Sixth Judicial District Court.

17. COMMITMENTS

On October 1, 2018, the Company entered into a consulting services agreement with the Vice President of Exploration of the Company ("VP Exploration"). The Company will pay the VP Exploration as compensation for the Services rendered herein a monthly gross fee of USD $11,500.

18. EVENTS AFTER THE REPORTING PERIOD

On January 4, 2019, the Company issued 2,148,000 common shares to the holder of the 2018 Debenture (Note 15).

On January 18, 2019, the Company issued 29,511 common shares for acquisition certain assets.