

APEX RESOURCES INC.

(an exploration stage company)

CONDENSED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2019

(Expressed in Canadian Dollars)

The accompanying condensed interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim financial statements.

APEX RESOURCES INC.

(an exploration stage company)

Condensed Interim Statements of Financial Position

(Expressed in Canadian dollars)

	March 31, 2019 (unaudited)	December 31, 2018
Assets		
Current assets		
Cash	\$ 116,636	\$ 137,346
Receivables	5,636	12,374
Prepaid expenses	1,658	2,608
Short-term investments (Note 5)	121,583	297,792
Total current assets	245,513	450,120
Exploration and evaluation assets (Note 4)	2,786,665	2,701,315
Credit card deposit (Note 6)	17,250	17,250
Reclamation deposits	15,120	15,120
Total assets	\$ 3,064,548	\$ 3,183,805
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 69,789	\$ 60,935
Accounts payable to related parties (Note 9)	-	30,819
Total liabilities	69,789	91,754
Equity		
Share capital (Note 7)	22,963,034	22,938,534
Warrants reserve (Note 7)	429,049	429,049
Share-based payments reserve (Note 7)	3,620,692	3,620,692
Deficit	(24,018,016)	(23,896,224)
Total equity	2,994,759	3,092,051
Total liabilities and equity	\$ 3,064,548	\$ 3,183,805

Going concern (Note 2b)

Approved on Behalf of the Board of Directors:

/s/ "Arthur G. Troup"

Arthur G. Troup, Director

/s/ "Robin Merrifield"

Robin Merrifield, Director

APEX RESOURCES INC.

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Condensed Interim Statements of Operations and Comprehensive Loss
(Unaudited) (Expressed in Canadian dollars)

	Three months ended	
	March 31,	
	2019	2018
Expenses		
Filing and listing	\$ –	\$ 5,200
Insurance	950	950
Interest	69	310
Legal, accounting and audit	5,500	6,967
Meals and entertainment	–	2,304
Office and administration	13,941	7,787
Salaries and benefits (Note 9)	46,448	46,046
Shareholder communications (Note 9)	31,376	32,754
Travel and conferences	7,897	657
Total expenses	106,181	102,975
Loss before other items	(106,181)	(102,975)
Interest income	598	635
Unrealized (loss) gain on short-term investments (Note 5)	(16,209)	(38,417)
Net loss and comprehensive loss for the period	\$ (121,792)	(140,757)
Loss per share, basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	14,102,770	13,921,658

APEX RESOURCES INC.

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Condensed Interim Statements of Changes in Equity

(Unaudited) (Expressed in Canadian dollars)

	Common Shares Without Par Value		Warrants Reserve	Share- based Payments Reserve	Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance, December 31, 2017	13,977,214	\$ 22,918,534	\$ 429,049	\$ 3,620,692	\$ (23,511,124)	\$ 3,457,151
Share issued for mineral properties	200,000	20,000	—	—	—	20,000
Comprehensive loss for the period	—	—	—	—	(140,757)	(140,757)
Balance, March 31, 2018	14,177,214	\$ 22,938,534	\$ 429,049	\$ 3,620,692	\$ (23,651,881)	\$ 3,336,394
Balance, December 31, 2018	14,177,214	\$ 22,938,534	\$ 429,049	\$ 3,620,692	\$ (23,896,224)	\$ 3,092,051
Share issued for mineral properties (Note 4)	350,000	24,500	—	—	—	24,500
Comprehensive loss for the period	—	—	—	—	(121,792)	(121,792)
Balance, March 31, 2019	14,527,214	\$ 22,963,034	\$ 429,049	\$ 3,620,692	\$ (24,018,016)	\$ 2,994,759

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

APEX RESOURCES INC.

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Condensed Interim Statements of Cash Flows

(Unaudited) (Expressed in Canadian dollars)

	Three months ended	
	March 31,	
	2019	2018
Operating activities		
Net loss for the period	\$ (121,792)	\$ (140,757)
Items not involving cash:		
Unrealized loss (gain) on short-term investments	16,209	38,417
Changes in non-cash operating working capital		
Receivables	6,738	(3,589)
Prepaid expenses	950	1,822
Accounts payable and accrued liabilities	8,854	(1,427)
Accounts payable to related parties	(30,819)	7,195
Cash used in operating activities	(119,860)	(98,339)
Investing Activities		
Mineral property exploration and evaluation costs	(60,850)	(41,870)
Mineral property option payments received	–	150,000
Short-term investments (purchased, net of redemption) redeemed	160,000	(250,000)
Cash provided by investing activities	99,150	(141,870)
Change in cash during the period	(20,710)	(240,209)
Cash, beginning of period	137,346	254,183
Cash, end of period	\$ 116,636	\$ 13,974
Supplemental information		
Interest paid	\$ –	\$ –
Interest received	1,906	635
Income tax paid	–	–
Non-cash transactions		
Shares issued under mineral property option agreements	\$ 24,500	\$ 20,000
Shares received under mineral property option agreements	–	–

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Notes to Financial Statements

Three months ended March 31, 2019

(Unaudited) (Expressed in Canadian dollars)

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Apex Resources Inc. (the "Company" or "Apex"), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSX-V") and trading under the symbol APX. The Company changed its name from Sultan Minerals Inc. to Apex Resources Inc. on July 15, 2016. The address of the Company's registered corporate office and its principal place of business is 1066 West Hastings Street, Suite 2000, Vancouver, British Columbia, Canada.

The Company is in the exploration stage and its principal business activity is the exploration and evaluation of mineral properties in Canada. The Company is in the process of exploring and evaluating its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

The amounts shown as exploration and evaluation assets and related capitalized exploration costs represent costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral properties is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

2. BASIS OF PREPARATION

a) Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the Company. These condensed interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these unaudited condensed interim financial statements should be read in conjunction with the Company's December 31, 2018, annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

The financial statements were authorized for issuance by the Board of Directors on May 27, 2019.

b) Going Concern

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the next fiscal year. The Company incurred a net loss of \$121,792 for the period ended March 31, 2019 and had an accumulated deficit of \$24,018,016 at March 31, 2019, which has been funded primarily by issuance of shares and receipt of mineral property option proceeds. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. The Company has been successful in the past in raising funds for operations by issuing shares but there is no assurance that it will be able to continue to do so in the future. These factors comprise a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

c) Measurement Basis

These financial statements are prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies set out in Note 3 to the audited financial statements for the year ended December 31, 2018. All amounts are expressed in Canadian dollars unless otherwise stated.

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Notes to Financial Statements

Three months ended March 31, 2019

(Unaudited) (Expressed in Canadian dollars)

2. BASIS OF PREPARATION (CONTINUED)

d) Significant Judgments and Estimates

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. Significant areas requiring the use of management estimates include the determination of impairment of exploration and evaluation assets, decommissioning liabilities, deferred income tax assets and liabilities, and assumptions used in valuing options and warrants in share-based compensation calculations. Actual results could differ from these estimates.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Application of new and revised accounting standards

IFRS 16 Leases: IFRS 16 is effective for accounting periods beginning on or after January 1, 2019. This standard sets out a new model for lease accounting, which requires the lessee to recognize assets and liabilities for all leases with a term of longer than 12 months, with the exception of low-value assets. The adoption of this standard did not have a significant impact on the Company's financial statements, as the Company has no leases with a term longer than 12 months.

New accounting policy effective January 1, 2019:

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If a contract contains a lease, the Company recognizes a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, and is subsequently adjusted for accumulated depreciation, impairment and any adjustments to the corresponding lease liability. The cost of the right-of-use asset includes the initial measurement of the lease liability, initial direct costs incurred, lease payments made less incentives received, and any estimate of the costs related to dismantling or removing the asset as well as site restoration costs required by the lease contract.

The lease liability is measured at the present value of the future lease payments discounted using the interest rate implicit in the lease. If the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate. Lease payments include fixed payments less incentives, variable payments that depend on an index or rate, amounts expected to be paid under residual value guarantees, the exercise price of a purchase option if expected to be exercised, and any penalties for terminating the lease.

The lease liability is subsequently increased to reflect interest on the lease liability, reduced to reflect the lease payments made and remeasured to reflect any modifications to the contract terms.

Accounting Standards and Amendments Issued but Not yet Effective

The Company has not early adopted any accounting standards or amendments effective January 1, 2019. There were no standards effective for annual periods beginning on or after January 1, 2019 that would significantly affect the Company.

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Notes to Financial Statements

Three months ended March 31, 2019

(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION AND EVALUATION ASSETS

Expenditures on interests in mineral properties are considered exploration and evaluation assets.

	KENA PROPERTY, BRITISH COLUMBIA	JERSEY, EMERALD AND ORE HILL PROPERTIES, BRITISH COLUMBIA	GOLDEN TRIANGLE PROPERTY, BRITISH COLUMBIA	RED RIDGE PROPERTY, YUKON	MOUNT ANDERSON PROPERTY, YUKON	TOTAL. 2018
Acquisition costs						
As at December 31, 2018	\$ 8,051	\$ 50,000	\$ 78,914	\$ 40,500	\$ 93,200	\$ 270,665
Acquisition incurred during the period	–	18,500	–	–	61,000	79,500
As at March 31, 2019	8,051	68,500	78,914	40,500	154,200	350,165
Exploration and evaluation costs						
Incurring during the period						
Site activities	–	–	–	–	–	–
Geological and geophysical	–	1,360	–	3,830	660	5,850
Option proceeds	–	–	–	–	–	–
	–	1,360	–	3,830	660	5,850
As at December 31, 2018	–	2,010,581	138,339	89,905	191,825	2,430,650
As at March 31, 2019	–	2,011,941	138,339	93,735	192,485	2,436,500
Balance, March 31, 2019	\$ 8,051	\$ 2,080,441	\$ 217,253	\$ 134,235	\$ 346,685	\$ 2,786,665

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Notes to Financial Statements

Three months ended March 31, 2019

(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION AND EVALUATION ASSETS (CONTINUED)

	KENA PROPERTY, BRITISH COLUMBIA	JERSEY, EMERALD AND ORE HILL PROPERTIES, BRITISH COLUMBIA	GOLDEN TRIANGLE PROPERTY, BRITISH COLUMBIA	RED RIDGE PROPERTY, YUKON	MOUNT ANDERSON PROPERTY, YUKON	TOTAL 2018
Acquisition costs						
As at December 31, 2017	\$ 8,051	\$ —	\$ 78,914	\$ 40,500	\$ 33,200	\$ 160,665
Acquisition incurred during the year	—	50,000	—	—	60,000	110,000
As at December 31, 2018	8,051	50,000	78,914	40,500	93,200	270,665
Exploration and evaluation costs						
Incurring during the year						
Site activities	—	476	—	—	—	476
Geological and geophysical	—	105	1,884	10,164	159,529	171,682
Option proceeds	—	(450,000)	—	—	—	(450,000)
	—	(449,419)	1,884	10,164	159,529	(277,842)
As at December 31, 2017	—	2,460,000	136,455	79,741	32,296	2,708,492
As at December 31, 2018	—	2,010,581	138,339	89,905	191,825	2,430,650
Balance, December 31, 2018	\$ 8,051	\$ 2,060,581	\$ 217,253	\$ 130,405	\$ 285,025	\$ 2,701,315

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Three months ended March 31, 2019

(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Kena Property, Ymir, British Columbia, Canada

The Kena Property is comprised of the original Kena claims and additional properties under option. The properties are contiguous. Kena property is located near the community of Ymir in southeastern British Columbia.

During September 2016, the Company entered into an agreement with 1994854 Alberta Ltd. to option out 80% interest in Kena Property owned by Apex. The Kena Option Out agreement (the "Option Out") was approved by the TSX-V on October 3, 2016 (the "Effective Date"). In April 2017, 1994854 Alberta Ltd. merged with Prize Mining Corporation ("Prize"), a publicly-traded company listed on the TSX-V and all references are now made to Prize as the optionee. A gain was recorded in financial statements for the year ended December 31, 2018 from Option Out proceeds as summarized below.

Kena accumulated acquisition, exploration and evaluation costs as of December 31, 2014	\$	2,789,077
Less: impairment recorded in fiscal 2015		(2,748,819)
Book value of Kena prior to Option Out		40,258
Less: 80% book value Option Out		(32,207)
Book value of Kena, December 31, 2017 and 2018	\$	8,051
	\$	250,000
Value of shares received on Option Out		60,000
Gain in the third quarter of fiscal 2018 on Kena Option Out	\$	310,000

Under the terms of the Option Out agreement, to exercise the option and earn its 80% interest in the project, Prize will:

- make the following cash payments to the Company:
 - (A) within 5 business days from the Effective Date, \$500,000 (received);
 - (B) within twelve months from the Effective Date, an additional \$250,000 (received);
 - (C) within twenty-four months from the Effective Date, an additional \$250,000 (received); and
 - (D) within thirty-six months from the Effective Date, an additional \$250,000; for total cash option payments of \$1,250,000; and

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(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION AND EVALUATION ASSETS (CONTINUED)

a) Kena Property, Ymir, British Columbia, Canada (Continued)

- issue common shares of Prize to the Company as follows:
 - (A) within 5 business days from the Effective Date, 375,000 shares (received, Note 5 b));
 - (B) within twelve months from the Effective Date, an additional 375,000 shares (received, Note 5 b));
 - (C) within twenty-four months from the Effective Date, an additional 375,000 shares (received, Note 5 b)); and
 - (D) within thirty-six months from the Effective Date, an additional 375,000 shares;

for a total of 1,500,000 shares;

- incur exploration expense as follows:
 - (A) within twelve months from the Effective Date, \$100,000 (completed);
 - (B) within twenty-four months from the Effective Date, an additional \$400,000 (completed);
 - (C) within thirty-six months from the Effective Date, an additional \$1,000,000; and
 - (D) within forty-eight months from the Effective Date, an additional \$1,500,000;

for total exploration expenditures of \$3,000,000.

After Prize has earned its 80% interest in the project, Prize has a second option to earn and acquire up to an additional 20% undivided interest in the project by making a \$2 million cash payment to Apex and granting a 1% net smelter returns royalty to the Company.

b) Jersey, Emerald and Ore Hill Properties, Salmo, British Columbia, Canada

i) Jersey and Emerald Properties

The Company holds a 100% interest in the Jersey Claim Group located near Salmo, British Columbia. The property is comprised of the original 28 crown granted mineral claims, four 2-post claims and 80 mineral units acquired by option in 1993 and several additional properties acquired by staking or by option. Additional claims forming part of the properties include the Tungsten King Prospect consisting of 14 crown-granted mineral claims, the Truman Hill and Leroy North properties consisting of 17 mineral units, the Summit Gold Property consisting of 4 mineral units and 1 reverted crown grant, the Jumbo 2 and Boncher crown grants, the Invincible Tungsten Mine Tenure Number 2345, the Victory Tungsten Property consisting of 6 reverted crown grants, the Aspen Silver Mine comprised of 7 mineral claims, and approximately 10,000 hectares of adjacent staked mineral tenures.

The property is subject to various NSR's associated with the various claims. In particular, the Jersey property is subject to a 3.0% NSR that can be reduced to 1.5% by making payments of \$500,000 and issuing 50,000 common shares. Annual advance royalty payments of \$50,000 were to commence in October 2000. The agreement was amended in October 2000, 2004, 2009, and May 2009 extending the commencement of these royalty payments to October 20, 2013. The first annual royalty payment was paid by the Company. Subsequent royalty payments became the responsibility of Margaux Resources Ltd. ("Margaux") upon Margaux entering the option agreement as described below.

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(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION AND EVALUATION ASSETS (CONTINUED)

b) Jersey and Emerald Properties, Salmo, British Columbia, Canada (Continued)

i) Jersey and Emerald Properties (continued)

The Company received notice from Margaux that Margaux elected to terminate the option effective October 1, 2018. The following details are described for comparative purposes.

In 2013, the Company entered into an option agreement with Margaux to option its 100% interest in the Jersey and Emerald Properties (excluding the Garnet, HB, and HB2 Lead-Zinc Property) for total proceeds of \$4,010,000. The payment terms under the agreement were later amended in 2015 and 2016, and on February 13, 2018. Under the terms of the amended agreement, to exercise the Option and earn its 100% interest in the project, Margaux will:

- make the following cash payments to the Company:
 - (A) deposit of \$50,000 (received);
 - (B) on or before January 24, 2014, \$150,000 (received);
 - (C) on or before January 24, 2014, \$300,000 (received);
 - (D) on or before November 8, 2014, \$400,000 (received);
 - (E) on or before February 22, 2016, \$10,000 (received);
 - (F) \$15,000 per month commencing April 1, 2016 for a period of 12 months (\$180,000 received);
 - (G) \$50,000 per month commencing April 1, 2017 for a period of 21 months (\$900,000 received); and
 - (H) \$100,000 per month commencing January 1, 2019 until a total of \$4,020,000 has been paid.
- incur aggregate exploration expenditures on or before November 8, 2016 of \$2,000,000.

Apex will retain a 1.5% net smelter returns royalty (“NSR”) on the property. For a period of 60 days following the earlier of (a) the commencement of commercial production on the Property or (b) the completion of a feasibility study on the Property, Margaux may purchase 50% of the NSR (being a 0.75% net smelter returns royalty) from Apex for a payment to Apex of \$5.0 million. Pursuant to the Option Agreement, Margaux will assume all existing royalties on the Property.

ii) Ore Hill Properties, Salmo, British Columbia

The Ore Hill Properties were acquired by Margaux on February 27, 2017 but reverted to the Company as part of an Area of Interest Inclusion when Margaux terminated the option agreement on the Jersey and Emerald Properties in October 2018. In order to exercise the option on the Ore Hill Properties, the Company must complete the remaining outstanding option payments to the original property vendors comprised of \$55,000 and 100,000 shares over three years as follows:

	CASH PAYMENTS	SHARES
March 29, 2019 (paid and issued)	\$ 15,000	50,000
March 29, 2020	\$ 20,000	50,000
March 29, 2021	\$ 20,000	—
Total	\$ 55,000	100,000

The property is subject to a 2% NSR royalty. The Company may at any time purchase the NSR for \$250,000.

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(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION AND EVALUATION ASSETS (CONTINUED)

d) Golden Triangle Property, British Columbia

On August 23, 2016, the Company entered into an agreement to option a 100% interest in Golden Triangle Property. Under the terms of the agreement, to exercise the Option and earn its 100% interest in the Project, the Company will:

- make the following cash payments:
 - (A) \$5,000 non-refundable deposit on August 23, 2016 (paid);
 - (B) \$35,000 on TSX Venture Exchange approval (paid)
- issue common shares:
 - (A) 300,000 shares of the Company on TSX Venture Exchange approval (issued)
- make the following net smelter return (NSR) royalty payment:
 - (A) during the royalty period, the Company shall pay 2.0% NSR royalty.

Apex may within 240 days of commercial production redeem and purchase the interest and rights to receive the NSR royalty for a one-time payment of \$1 million for 1%, leaving 1% of the NSR royalty.

During the year ended December 31, 2017, the Company acquired additional claims in Golden Triangle Area for a cash payment of \$1,000.

e) Red Ridge Property, Whitehorse Mining District, Yukon

On September 9, 2016, the Company entered into an option agreement, which gives Apex the right to earn a 100% undivided interest in the Red Ridge Property, Whitehorse Mining District, Yukon. Regulatory approval was received on September 14, 2016. On September 13, 2018, the agreement was amended to extend the terms of the cash and share payments and annual work commitments. Under the terms of the amended agreement, to exercise the option and earn its 100% interest, the Company will make a payment of \$150,000 and issue 500,000 shares over five years as set out below:

- make the following cash payments:
 - (A) \$5,000 on signing (paid)
 - (B) \$5,000 on regulatory approval (paid)
 - (C) \$20,000 before the end of one year following regulatory approval (paid)
 - (D) \$30,000 before the end of three years following regulatory approval
 - (E) \$40,000 before the end of four years following regulatory approval
 - (F) \$50,000 before the end of five years following regulatory approval
- issue common shares:
 - (A) 50,000 shares upon regulatory approval (issued)
 - (B) 50,000 shares before the end of one year following regulatory approval (issued)
 - (C) 100,000 shares before the end of three years following regulatory approval
 - (D) 100,000 shares before the end of four years following regulatory approval
 - (E) 200,000 shares before the end of five years following regulatory approval

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(Unaudited) (Expressed in Canadian dollars)

4. MINERAL PROPERTY EXPLORATION AND EVALUATION ASSETS (CONTINUED)

- complete annual work commitment:

(A) \$30,000 within 12 months following regulatory approval (completed)

(B) additional \$75,000 within 36 months following regulatory approval

(C) additional \$125,000 within 48 months following regulatory approval

(D) additional \$200,000 within 60 months following regulatory approval

- make the following net smelter return (NSR) royalty payment:

(A) the Company shall pay 2.0% NSR royalty from the production of gold, silver and other metals provided that the Company shall have the right to purchase 50% of the net smelter return of \$1,000,000 exercisable within 90 days after commencement of commercial production.

f) Mount Anderson Property, Whitehorse Mining District, Yukon

In February 2017, the Company entered into an Option Agreement to earn 100% undivided interest in the Mount Anderson Property, Whitehorse Mining District, Yukon. Pursuant to the current option agreement, the Company can exercise the option by paying an aggregate of \$300,000 to the Optionors, issuing an aggregate of 1,000,000 common shares in the capital of the Company, and incurring an aggregate of \$385,000 of exploration expenditures as follows:

	CASH PAYMENTS	SHARES	WORK COMMITMENT
Upon Signing (paid)	\$ 10,000	-	-
Upon Regulatory Approval (paid and issued)	\$ 10,000	100,000	-
At end of 12 months (paid, issued and met)	\$ 20,000	200,000	\$ 35,000
At end of 18 months (paid)	\$ 20,000	-	-
At end of 24 months (paid, issued and met)	\$ 40,000	300,000	\$ 100,000
At end of 30 months	\$ 40,000	-	-
At end of 36 months	\$ 80,000	400,000	\$ 250,000
At end of 42 months	\$ 80,000	-	-
Total	\$ 300,000	1,000,000	\$ 385,000

The Optionors are entitled to receive a 2% NSR, half of which can be purchased within 90 days after Commencement of Commercial Production by the Company for \$1,000,000. The Optionors also retain a 5% gross over-riding royalty on any high-grade bulk samples processed prior to Commercial Production.

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(Unaudited) (Expressed in Canadian dollars)

5. SHORT-TERM INVESTMENTS

Short-term investments are summarized as follows:

		Number of Shares	Historical Cost	Fair Value March 31, 2019	Fair Value December 31, 2018
Marketable Securities					
Altair Resources Inc.	a)	33,333	\$ 257,500	\$ 1,833	\$ 1,167
Term deposits - GICs			246,000	86,000	246,000
Prize Mining Corporation	b)	1,125,000	168,751	33,750	50,625
Total Short-term Investments			\$ 672,251	\$ 121,583	\$ 297,792

These investments are classified as fair value though profit or loss and measured at fair value with fair value gains and losses recognized in income.

- a) The Company holds 33,333 common shares of Altair instead of 133,333 common shares previously held as a result of a 4:1 share consolidation on September 28, 2018. During the period ended March 31, 2019, the Company recorded an unrealized gain of \$666 (March 31, 2018 – loss of \$4,667) with respect to these shares.
- b) During September 2016, the Company entered into an agreement with 1994854 Alberta Ltd. to option out 80% interest in Kena Property owned by the Company (Note 4 a)). The agreement was approved by the TSX-V on October 3, 2016. Under the terms of the agreement, 1994854 Alberta Ltd. issued 375,000 common shares to the Company on October 2016. In April 2017, 1994854 Alberta Ltd. completed a share-for-share exchange with Prize Mining Corporation (“Prize”), whereby the Company received 375,000 shares of Prize, a publicly-traded company. At March 31, 2019, the Company received 1,125,000 shares of Prize Mining in accordance with the Kena Property Option Agreement (Note 4a)). The fair values of the shares on October 4, 2017 and September 20, 2018 (dates of their receipt by the Company) were \$108,750 and \$60,000. During the period ended March 31, 2019, the Company recorded a loss of \$16,875 in connection with these shares (March 31, 2018 – \$33,750).

6. CREDIT CARD DEPOSIT

The amount of \$17,250 at March 31, 2019 (December 31, 2018 - \$17,250) represents a three-year guaranteed investment certificate with interest at prime minus 2.70% (2018 – prime minus 2.70%), held by the bank as security for the Company’s credit card usage and is classified as restricted cash.

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(Unaudited) (Expressed in Canadian dollars)

7. SHARE CAPITAL

(a) Authorized:

Unlimited number of common shares without par value

(b) Issued and Outstanding:

See Statements of Changes in Equity.

(c) Stock Options

The Company has a stock option plan which allows for the grant of options to purchase up to 2,039,017 common shares. The following table summarizes information about the stock options outstanding at March 31, 2019 and at December 31, 2018:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Number Outstanding</u>
March 8, 2022	\$ 0.15	860,000

As at, the weighted average remaining contractual life of stock options outstanding was 2.94 years (December 31, 2018 – 3.19 years) at a weighted average exercise price of \$0.15 (December 31, 2018 - \$0.15).

A summary of the changes in stock options for the period ended March 31, 2019 and year ended December 31, 2018 is presented below:

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2017	1,010,000	\$ 0.15
Expired	(150,000)	\$ 0.15
Balance, December 31, 2018	860,000	\$ 0.15
Granted	–	–
Expired	–	–
Balance, March 31, 2019	860,000	\$ 0.15
Balance vested, March 31, 2019	860,000	\$ 0.15

(d) Share Purchase Warrants

There are no share purchase warrants outstanding as at March 31, 2019 and at December 31, 2018.

(e) Shareholder Rights Plan

The Company's board of directors adopted a Shareholder Rights Plan on September 23, 2013.

The Shareholder Rights Plan has been designed to protect shareholders from unfair, abusive or coercive take-over strategies including the acquisition of control of the Company by a bidder in a transaction or series of transactions that may not treat all shareholders fairly nor afford all shareholders an equal opportunity to share in the premium paid upon an acquisition of control. The Shareholder Rights Plan was adopted to provide the Board with sufficient time, in the event of a public take-over bid or tender offer for the common shares, to pursue alternatives which could enhance shareholder value.

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Three months ended March 31, 2019

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7. SHARE CAPITAL (continued)

(e) Shareholder Rights Plan (continued)

This Shareholder Rights Plan has not been adopted in response to any proposal to acquire control of the Company.

The Rights will not, however, be triggered by a "Permitted Bid", which is defined as a bid which is outstanding for a minimum of 60 days made to all of the shareholders of the Company for all of their common shares and, subject to other specified conditions, is accepted by a majority of independent shareholders (as detailed in the Rights Plan).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of:

	March 31, 2019	December 31, 2018
Accounts payable	\$ 15,864	\$ 12,510
Accrued liabilities	53,925	48,425
	\$ 69,789	\$ 60,935

9. RELATED PARTY TRANSACTIONS AND BALANCES

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties and on terms and conditions similar to non-related parties as follows:

	Three months ended, March 31,	
	2019	2018
Key management compensation:		
Directors' fees (included in office and administration)	\$ 4,500	\$ 4,500
Shareholder communications	30,000	30,000
Salaries	46,045	45,000
Total	\$ 80,545	\$ 79,500

Balances payable to related parties are included in accounts payable and accrued liabilities on the statement of financial position. These amounts are non-interest bearing and are due on demand.

	March 31, 2019	December 31, 2018
Balances payable for:		
Directors' fees	\$ —	\$ 4,500
General office and administration expense	—	1,319
Shareholder communications	—	10,000
Salaries	—	15,000
Total	\$ —	\$ 30,819

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10. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at March 31, 2019, the classification of the financial instruments, as well as their carrying values and fair values, with comparative figures for December 31, 2018, are shown in the table below:

	March 31, 2019		December 31, 2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Financial assets				
Cash	\$ 116,636	\$ 116,636	\$ 137,346	\$ 137,346
Short-term investments	121,583	121,583	297,792	297,792
Credit card deposit	17,250	17,250	17,250	17,250
Reclamation deposits	15,120	15,120	15,120	15,120
Financial liabilities				
Accounts payable and accrued liabilities	69,789	69,789	60,935	60,935
Accounts payable to related parties	–	–	30,819	30,819

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- i) Level 1 - Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- ii) Level 2 - Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly, such as quoted prices for similar assets or liabilities in active markets, or indirectly, such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- iii) Level 3 - Applies to assets or liabilities for which there are unobservable market data.

The fair values of the Company's financial instruments measured at March 31, 2019, constitute Level 1 measurements for its cash, short-term investments, credit card deposit and reclamation deposits within the fair value hierarchy.

The Company recognized interest income during the period ended March 31, 2019 totaling \$598 (March 31, 2018 - \$635). This is primarily interest income from the Company's short-term investments. The balance represents interest income from all sources.

Credit Risk

Substantially all of the Company's cash is held with major financial institutions in Canada, and management believe the exposure to credit risk with such institutions is not significant. Those financial assets that potentially subject the Company to credit risk are primarily its investment in marketable securities of publicly-traded companies and any receivables. The Company has increased its focus on credit risk given the impact of the current economic climate. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. The Company's maximum exposure to credit risk as at March 31, 2019, is the carrying value of its financial assets.

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10. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in Note 11, in normal circumstances. The Company's financial liabilities are comprised of its accounts payable and accounts payable to related parties, the contractual maturities of which at March 31, 2019 and December 31, 2018, are summarized as follows:

	March 31, 2019	December 31, 2018
Accounts payable with contractual maturities –		
Within 90 days or less	\$ 15,864	\$ 12,510
Accounts payable to related parties with contractual maturities –		
Within 90 days or less	–	30,819

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The sale of financial instruments can be affected by changes in interest rates, foreign exchange rates, and equity prices. The Company is exposed to market risk in trading its investments, and unfavourable markets conditions could result in dispositions of investments at less than favourable prices. The Company's investments are accounted for at estimated fair values and are sensitive to changes in markets prices, such that changes in market prices results in a proportionate change in the carrying value of the Company's investments.

The Company's ability to raise capital to fund exploration or evaluation activities is subject to risk associated with fluctuations in the market prices of gold, copper, zinc, lead, molybdenum and tungsten, and the outlook for these metals. The Company's ability to raise capital is affected by the prices of commodities that the Company is exploring for on its mineral property interests. The Company does not have any hedging or other derivative contracts respecting its operations.

Market prices for these metals have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, central bank lending, and forward sales by producers and speculators. The Company has elected not to actively manage its commodity price risk.

Interest Rate Risk

At March 31, 2019 and December 31, 2018, the Company has no significant exposure to interest rate risk through its financial instruments.

Currency Risk

Fluctuations in United States dollars would not significantly impact the operations and the values of its assets and shareholders' equity at this time. If the Company were to go into production, the Company would be subject to more foreign currency risk from fluctuations in the Canadian dollar relative to the United States dollar, due to metals prices and their denomination in United States dollars.

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11. MANAGEMENT OF CAPITAL

The Company's objective in managing capital is to maintain adequate levels of funding to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral property interests in British Columbia and to maintain a flexible capital structure which will optimize the costs of capital.

The Company endeavours to manage its capital structure in a manner that provides sufficient funding for operational activities through funds primarily secured through equity capital obtained in private placements. There can be no assurances that the Company will be able to continue raising capital in this manner.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this form of financing due to the current difficult conditions. The Company makes adjustments to its management of capital in the light of changes in economic conditions and the risk characteristics of its assets, seeking to limit shareholder dilution and optimize its costs of capital while maintaining an acceptable level of risk. The Company currently has a working capital of \$175,724 (December 31, 2018 - \$358,366) and must rely on equity financings, or forms of joint venture or other types of financing to fund operations and to continue exploration and evaluation work and to meet its administrative overhead costs in future years (see Note 2b).

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities allowing the Company to withdraw funds at intervals needed for the expected timing of expenditures in its operations.