BITTERROOT RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JULY 31, 2019 AND 2018

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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 financial statements have not been reviewed by an auditor.

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

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	Note	July 31, 2019	October 31, 2018
ASSETS			
Current assets			
Cash		$ 64,777	$ 5,473
Receivables	4	5,707	13,343
Prepaid expenses		5,114	15,835
Total current assets		75,598	34,651
Non-current assets			
Reclamation deposits		11,500	65,006
Exploration and evaluation assets	5	4,210,857	4,299,888
Total non-current assets		4,222,357	4,364,894
TOTAL ASSETS		$ 4,297,955	$ 4,399,545
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		$ 43,669	$ 67,654
Due to related party	10	189,624	94,500
Flow-through share premium liability	8	875	-
Loan payable to related party	6,10	49,216	45,178
Total current liabilities		283,384	207,332
Non-current liabilities			
Due to related party	10	174,515	163,206
Total non-current liabilities		174,515	163,206
Total liabilities		457,899	370,538
SHAREHOLDERS' EQUITY			
Share capital	7	26,694,408	26,546,131
Equity reserves	7	4,175,961	4,175,802
Deficit		(27,030,313)	(26,692,926)
Total shareholders' equity		3,840,056	4,029,007
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ 4,297,955	$ 4,399,545

Nature of operations (Note 1)
Commitment (Note 13)

"Michael S. Carr"	*"George W. Sanders"*
Michael S. Carr, Director	George W. Sanders, Director

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
UNAUDITED – PREPARED BY MANAGEMENT
(Expressed in Canadian Dollars)

	Note	Three months ended July 31, 2019	Three months ended July 31, 2018	Nine months ended July 31, 2019	Nine months ended July 31, 2018
EXPENSES					
Foreign exchange loss		$ 858	$ 265	$ 1,670	$ 2,223
Interest expense	6,10	5,172	3,811	15,347	11,309
Management fees	10	30,000	30,000	90,000	90,000
Office and printing		14,076	12,417	50,351	50,334
Professional fees		13,818	10,196	38,676	41,325
Project investigation		-	519	967	4,624
Regulatory fees		950	-	7,929	8,116
Settlement of flow-through share liability		(13,696)	-	(13,696)	-
Share-based payments		-	-	-	75,276
Shareholder information		760	303	15,202	6,375
Transfer agent fees		2,417	5,637	6,768	8,507
Write-down of exploration and evaluation assets		124,173	448,152	124,173	448,152
Loss and comprehensive loss for the period		$ (178,528)	$ (511,300)	$ (337,387)	$(746,241)
Basic and diluted loss per share		$ (0.00)	$ (0.01)	$ (0.01)	$ (0.02)
Weighted average number of common shares outstanding – basic and diluted		38,236,367	35,790,261	36,647,850	35,781,016

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED – PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

	Nine months ended July 31, 2019	2018
Cash flows from operating activities		
Loss for the period	$ (337,387)	$ (746,241)
Items not involving cash:		
Interest expense	15,347	11,309
Settlement of flow-through share liability	(13,696)	-
Share-based payments	-	75,276
Write-down of exploration and evaluation assets	124,173	448,152
Foreign exchange	-	(1,144)
Changes in non-cash working capital items:		
Prepaid expenses	10,721	(13,316)
Receivables	7,636	1,769
Accounts payable and accrued liabilities	(23,071)	(15,010)
Due to related party	95,124	45,630
Cash used in operating activities	(121,153)	(193,575)
Cash flows from investing activities		
Exploration and evaluation assets expenditures	(127,676)	(717,861)
Cost recoveries	91,620	-
Exploration advances	-	(25,000)
Reclamation deposit	53,506	(37,362)
Cash provided by (used in) investing activities	17,450	(780,223)
Cash flows from financing activities		
Private placements	167,400	-
Share issuance costs	(4,393)	-
Cash provided by financing activities	163,007	-
Change in cash during the period	59,304	(973,798)
Cash, beginning of period	5,473	1,148,122
Cash, end of period	$ 64,777	$ 174,324

Supplemental disclosure with respect to cash flows (Note 9).

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

BITTERROOT RESOURCES LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED – PREPARED BY MANAGEMENT)
(Expressed in Canadian Dollars)

	Number of shares	Share capital	Equity reserves		Deficit		Total
Balance – October 31, 2017	**35,780,478**	**$26,543,731**	**$ 4,100,526**	**$**	**(24,081,590)**	**$**	**6,562,667**
Shares issued for exploration and evaluation assets	60,000	2,400	-		-		2,400
Share-based payments	-	-	75,276		-		75,276
Loss for the period	-	-	-		(746,241)		(746,241)
Balance – July 31, 2018	**35,840,478**	**$26,546,131**	**$ 4,175,802**	**$**	**(24,827,831)**	**$**	**5,894,102**
Balance – October 31, 2018	**35,840,478**	**$26,546,131**	**$ 4,175,802**	**$**	**(26,692,926)**	**$**	**4,029,007**
Private placements	3,056,571	167,400	-		-		167,400
Share issuance costs	-	(4,552)	159		-		(4,393)
Flow-through premium liability	-	(14,571)	-		-		(14,571)
Loss for the period	-	-	-		(337,387)		(337,387)
Balance – July 31, 2019	**38,897,049**	**$26,694,408**	**$ 4,175,961**	**$**	**(27,030,313)**	**$**	**3,840,056**

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

1. NATURE OF OPERATIONS

Bitterroot Resources Ltd. (the "Company") is in the exploration stage and its principal business activity is the sourcing and exploration of resource properties.

The Company was incorporated on March 13, 1951 under the Laws of British Columbia. The Company's head office address is Suite 206-B – 1571 Bellevue Avenue, West Vancouver, BC, V7V 1A6, Canada and its registered office address is Suite 900 – 900 West Hastings Street, Vancouver, BC, V6C 1E5, Canada. The Company is listed on the TSX Venture Exchange ("Exchange") under the symbol "BTT".

These condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends on its ability to raise adequate financing and to develop profitable operations.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operations and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

As the Company is in the exploration and evaluation stage, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues. The Company expects to incur further losses in the development of its business. These circumstances comprise a material uncertainty which may cast substantial doubt on the Company's ability to continue as a going concern.

The condensed consolidated interim financial statements of the Company are presented in Canadian dollars, which is the functional currency, unless otherwise indicated.

2. BASIS OF PREPARATION

Statement of compliance and basis of measurement

These unaudited condensed consolidated interim financial statements, including comparatives have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and effective as of July 31, 2019

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The condensed consolidated interim financial statements were approved for issuance by the Board of Directors on September 30, 2019.

Use of estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. BASIS OF PREPARATION (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and include, but are not limited to, the following:

Share-based payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Recovery of deferred tax assets

Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

Exploration and evaluation assets

Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements include, but are not limited to, the following:

Determination of functional currency

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, management determined that the functional currency of the Company and its subsidiaries is the Canadian dollar.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited annual consolidated financial statements as at October 31, 2018. These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended October 31, 2018.

New Accounting Standards Adopted during the period

IFRS 9, Financial Instruments – Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement.

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. The Company adopted IFRS 9 on November 1, 2018 retrospectively and no differences of any significance have been noted in relation to the adoption of the standard.

IFRS 15 – Revenue from Contracts with Customers. IFRS 15 provides guidance on how and when revenue from contracts with customers is to be recognized, along with new disclosure requirements in order to provide financial statement users with more informative and relevant information. The Company adopted IFRS 15 on November 1, 2018 retrospectively and no differences of any significance have been noted in relation to the adoption of the standard.

Accounting pronouncements not yet adopted

On January 13, 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), according to which, all leases will be on the statement of financial position, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has not early adopted IFRS 16 and is currently evaluating the impact, if any, that this standard might have on its condensed consolidated interim financial statements.

4. RECEIVABLES

The Company's receivables arise from goods and services tax ("GST") receivable due from the Canadian taxation authorities.

	July 31, 2019	October 31, 2018
GST receivable	$ 5,707	$ 13,343
	$ 5,707	$ 13,343

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Michigan Lands, Michigan, USA	Hackberry Silver Property, Arizona, USA	PCM Claims, Arizona, USA	Castle West, Nevada, USA	North Brenda Property, BC, Canada	Total
Balance – October 31, 2017	$ 4,214,044	$ 1,355,129	$ -	$ -	$ 8,073	$ 5,577,246
Acquisition costs - cash	-	-	64,801	-	-	64,801
Acquisition costs - shares	-	2,400	-	-	-	2,400
Claims, leases and permits	6,741	12,035	17,059	-	-	35,835
Consulting and professional	(2,758)	132,328	-	-	36,719	166,289
Drilling	-	432,527	-	-	167,146	599,673
Field supplies	-	18,294	-	-	4,227	22,521
Fuel	-	3,059	-	-	1,090	4,149
Geochemistry	-	10,531	-	-	9,507	20,038
Ground transportation	-	12,624	-	-	3,082	15,706
Other	-	3,027	-	-	40	3,067
Room and board	-	32,591	-	-	289	32,880
Travel and freight	-	2,908	-	-	1,076	3,984
Expenditures during the year	3,983	662,324	81,860	-	223,176	971,343
Write-down of resource property	-	(2,017,453)	-	-	(229,049)	(2,246,502)
Recovery of costs	-	-	-	-	(2,199)	(2,199)
Balance – October 31, 2018	4,218,027	-	81,860	-	1	4,299,888
Acquisition costs - cash	7,575	-	-	1,339	-	8,914
Claims, leases and permits	-	-	73	-	4,507	4,580
Consulting and professional	195	-	10,628	2,844	17,060	30,727
Field supplies	-	-	2,164	46	677	2,887
Fuel	-	-	33	159	-	192
Geochemistry	-	-	1,640	-	1,525	3,165
Geophysics	-	-	3,998	-	41,786	45,784
Ground transportation	-	-	3,383	810	445	4,638
Other	-	-	18,271	15	-	18,286
Room and board	-	-	880	2,756	282	3,918
Storage	-	-	1,243	-	-	1,243
Travel and Freight	-	-	-	2,428	-	2,428
Expenditures during the period	7,770	-	42,313	10,397	66,282	126,762
Write-down of resource property	-	-	(124,173)	-	-	(124,173)
Recovery of costs	(91,620)	-	-	-	-	(91,620)
Balance – July 31, 2019	$ 4,134,177	$ -	$ -	$ 10,397	$ 66,283	$ 4,210,857

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5. EXPLORATION AND EVALUATION ASSETS (cont'd)

Title to exploration and evaluation assets involves certain inherent risks due to difficulties of determining the validity of certain claims, as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to its exploration and evaluation assets and to the best of its knowledge, title to its exploration and evaluation assets are in good standing

Michigan Lands, Michigan, U.S.A.

During the year ended October 31, 2015, a subsidiary of Altius Minerals Corporation acquired a 50.1% interest in the Bitterroot's Michigan Lands by funding $600,000 of exploration expenditures. Altius has the right to acquire an additional 19.9% of the Properties by completing $2.5 million in exploration spending by September 29, 2021, plus the right to acquire an additional 10% of the Properties by completing exploration spending of a further $5 million, or completing an NI 43-101 compliant pre-feasibility study on a mineral resource on the Properties, before September 29, 2025. The Company also granted to Altius a 2% net smelter returns (NSR) royalty on the Voyageur Lands (covering approximately 250 square miles of mineral rights) and assigned to Altius its right to repurchase a 1% NSR held by a third party on the Copper Range Lands by paying $1,000,000 U.S. to the third party before December 31, 2048. During the period ended July 31, 2019, the Company sold its 49.9% interest in 30 acres of Copper Range Lands for $82,758 ($62,375 USD).

Mineral Rights Leased from the State of Michigan

During the year ended October 31, 2016, the Company (49.9%) and Altius (50.1%) acquired State of Michigan metallic minerals leases covering 3,051 acres. A cash bond of US$30,000 has been posted by a subsidiary of Altius.

LM Property

The Company's Michigan subsidiary, Trans Superior Resources, Inc., leases 40 acres of minerals rights in Baraga County, Michigan, known as the LM Property. The lessors have granted the Company the option to reduce the current 3% net smelter returns royalty (NSR) to a 2% NSR by paying US$1,000,000 prior to December 31, 2064. The 2019 advance royalty payment is US$140/acre (paid). The advance royalty payments increase by $10/acre/year. The LM Property is not subject to the joint venture with Altius.

Hackberry Silver Property, Arizona, U.S.A.

During the year ended October 31, 2017, the Company, through its US subsidiary, Trans Superior Resources, Inc., acquired an option (the "Option") from the Hughes Family Trust ("Hughes") to purchase a 100% interest in 12 patented lode mining claims comprising the core of the Hackberry property in Mohave County, Arizona. Under the terms of the Option, the Company made an initial payment of US$50,000 (paid at the equivalent of $65,652) and issued 1,500,000 common shares to Hughes (issued at a value of $382,500 (Note 7). A cash reclamation bond of US$29,520 ($38,506 CAD) posted by the Company to the Bureau of Land Management was refunded in the quarter ended July 31, 2019. During the year ended October 31, 2018, the Company terminated the Hughes option agreement due to sub-economic drill results.

During the year ended October 31, 2017, the Company entered into an option agreement with Ely Gold Royalties Inc. ("Ely", symbol ELY, TSX-V) and Ely's wholly-owned subsidiary Nevada Select Royalty Inc. ("Nevada Select") to acquire a 100% interest in the North Hackberry (Silver King) claims (the "Option"). Under the terms of the Option, the Company paid US$20,000 (paid at the equivalent of $25,162) and issued 200,000 common shares to Ely (issued at a value of $43,000 (Note 7)). As of October 31, 2018, the Company and Ely modified the terms of the original agreement. Under the revised terms, Trans Superior Resources, Inc. has acquired a 100% interest in the North Hackberry claims for no additional consideration. Nevada Select retains a 3% NSR on precious metals (defined as silver, gold and platinum), a 2% NSR on all other products sold from the property and a 0.5% NSR on any unpatented lands, excluding those previously subject to the Hughes Option, which the Company acquires within a 2.66-mile radius of the North Hackberry claims. As a result of the transaction with Ely and Nevada Select, the Company paid a finder's fee to an arms-length party, consisting of 60,000 common shares of the Company (issued at a value of $12,900 (Note 7)), followed by a second 60,000 common share payment on the first anniversary of Exchange acceptance (issued at a value of $2,400 (Note 7)). During the year ended October 31, 2018, the Company wrote down exploration and evaluation costs of $2,017,453 related to the Hackberry and North Hackberry properties. Subsequent to the nine months ended July 31, 2019, all of Trans Superior's unpatented claims at Hackberry and Silver King were allowed to lapse, due to sub-economic drill results.

5. EXPLORATION AND EVALUATION ASSETS (cont'd)

PCM Claims, Arizona, U.S.A.

During the year ended October 31, 2018, the Company, through its US subsidiary, Trans Superior Resources, Inc., entered into an option (the "Option") agreement with a private individual to acquire 21 unpatented mining claims, known as PCM claims, in Mohave County, Arizona. The PCM claims are contiguous with the northern part of the Company's wholly owned Hackberry unpatented claims. Under the terms of the Option, the Company made an initial payment of US$50,000 (paid at the equivalent of $64,801). The Company has since terminated this option. Subsequent to the nine months ended July 31, 2019, all of Trans Superior's unpatented claims surrounding the PCM Claims were allowed to lapse.

Newmont Mining Leases, Arizona, U.S.A.

During the year ended October 31, 2018, the Company, through its US subsidiary, Trans Superior Resources, Inc., entered into an agreement with a subsidiary of Newmont Mining Corporation to lease 1,314 acres of mineral rights adjacent to the PCM Claims and Hackberry Property. Under the terms of the lease, the Company has made an initial payment of US$10,000 (paid at the equivalent of $12,825). The Company has since terminated this lease.

Castle West Property, Nevada, U.S.A.

During the period ended July 31, 2019, the Company, through its US subsidiary Trans Superior Resources, Inc., entered into an option agreement with Ely Gold Royalties Inc. and its subsidiary Nevada Select Royalty Inc. ("Ely Gold"), to purchase a 100% interest in the Castle West gold/silver property in western Nevada's Gilbert mining district. The Castle West property is comprised of 34 unpatented mining claims and three leased unpatented claims, covering approximately 282 hectares. Under the terms of the agreement, the Company has paid Ely Gold US$1,000 and will pay US$15,000 on the first anniversary of Closing. On each of the second, third and fourth anniversaries of Closing, the Company will pay US$40,000. A final payment of US$105,000 will be made on the fifth anniversary for the conveyance of the 100% interest in the Property. The Company will make minimum advance royalty payments of US$5,000 on the first and second anniversaries of exercising the option and US$10,000 on subsequent anniversaries. Ely Gold will retain a 3% NSR on the 34 claims it staked. The Company has the right to buy down 1% of this NSR for a payment of US$1,000,000. Upon the exercise of the option, the Company will be assigned the three-claim lease and Ely Gold will retain a 1% NSR on these claims.

North Brenda Property, BC, Canada

The Company owns a 100% interest in certain claims located on the North Brenda Property. During the period ended July 31, 2019, the Company resumed work on the southwest portion of the North Brenda Property and has since capitalized $66,283 of exploration and evaluation costs. As at July 31, 2019, a reclamation deposit totalling $5,000 was held by the BC Ministry of Energy and Mines Petroleum Resources through a term deposit. During the year ended October 31, 2018, the Company wrote down exploration and evaluation costs of $229,049 related to the property.

6. LOAN PAYABLE TO RELATED PARTY

During the period ended July 31, 2019, the Company received loan proceeds of $Nil (year ended October 31, 2018 - $45,000) from a non-arm's length party and recorded interest expense of $4,216 (year ended October 31, 2018 - $178). The loan proceeds are unsecured, bear interest at a rate of 12% per annum and are payable on demand.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND EQUITY RESERVES

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

As at July 31, 2019, the Company had 38,897,049 shares issued and outstanding.

During the period ended July 31, 2019:

(i) The Company closed a non-brokered private placement of 2,328,000 units priced at $0.05 per unit for gross proceeds of $116,400 and 728,571 flow-through common shares priced at $0.07 for gross proceeds of $51,000. Each unit consists of one common share and one half of a common share purchase warrant, exercisable at $0.11 for two years from the date of issuance. Finder's fees paid in conjunction with the private placement consist of $330 in cash and the issuance of 6,600 broker warrants at a fair value of $159, exercisable at $0.11 for two years from the date of issuance.

During the year ended October 31, 2018:

(i) The Company issued 60,000 common shares at a value of $2,400 as finder's fees for exploration and evaluation assets (Note 5).

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – October 31, 2017 and 2018	6,825,405	$ 0.30
Issued	1,170,600	0.11
Expired	(3,882,075)	0.30
Balance – July 31, 2019	4,113,930	$ 0.25

As at July 31, 2019, the following share purchase warrants were issued and outstanding:

Expiry Date	Number of Warrants	Exercise Price
September 19, 2019	2,943,330	$ 0.30
May 14, 2021	970,600	0.11
June 19, 2021	200,000	0.11
	4,113,930	

The weighted average remaining life of the warrants at July 31, 2019 is 0.61 years (2018 – 0.80 years).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

Warrants

The weighted average fair value of each finders' warrants issued during the period ended July 31, 2018 was $0.11, calculated using the Black-Scholes option-pricing model on the issue date using the following weighted average assumptions:

	Period ended July 31, 2019	Period ended July 31, 2018
Volatility	160.06%	-
Risk-free interest rate	1.60%	-
Expected life	2 years	-

Stock options

The Company, in accordance with the policies of the TSX Venture Exchange, has a stock option plan in place under which it is authorized to grant options to directors, employees, and consultants, to acquire up to 10% of the issued and outstanding common shares. Under the plan, the exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of five years. Pursuant to the stock option plan, vesting restrictions may be applied to certain other options grants, at the discretion of the directors.

Stock option transactions and the number of stock options outstanding are summarized as follows:

	Number Of Options	Weighted Average Exercise Price
Balance – October 31, 2017	2,505,000	$ 0.28
Granted	1,000,000	0.08
Expired	(125,000)	1.03
Balance – October 31, 2018	3,380,000	0.19
Expired	(180,000)	1.00
Balance – July 31, 2019	3,200,000	$ 0.15

As at July 31, 2019, the following stock options were outstanding and exercisable:

Number of Options	Exercise Price ($)	Expiry Date
1,200,000	0.10	January 21, 2021
200,000	0.10	January 16, 2022
800,000	0.32	April 20, 2022
1,000,000	0.08	March 1, 2023
3,200,000		

The weighted average remaining life of the options at July 31, 2019 is 2.51 years (2018 – 3.29 years).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL AND EQUITY RESERVES (cont'd)

Stock options (cont'd)

The weighted average fair value of each stock option granted during the period ended July 31, 2018 was $0.08, calculated using the Black-Scholes option-pricing model on the grant date using the following weighted average assumptions:

	Period ended July 31, 2019	Period ended July 31, 2018
Volatility	-	166.93%
Risk-free interest rate	-	1.95%
Dividend yield	-	-
Forfeiture rate	-	-
Expected life	-	5 years

Share-based payments

Total share-based payments recognized for stock options granted during the period ended July 31, 2018 was $75,276.

8. FLOW-THROUGH SHARE PREMIUM LIABILITY

		Total
Balance at October 31, 2017	$	19,990
Settlement of flow-through share premium liability on expenditures incurred		(19,990)
Balance at October 31, 2018		-
Liability incurred on flow-through shares issued		14,571
Settlement of flow-through share premium liability on expenditures incurred		(13,696)
Balance at July 31, 2019	$	875

During the year ended October 31, 2017, the Company issued flow-through shares and estimated the value of the flow-through premium associated with those shares to be $19,990. As at October 31, 2018, the Company satisfied its remaining flow-through obligations.

During the period ended July 31, 2019, the Company issued flow-through shares and estimated the value of the flow-through premium associated with those shares to be $14,571. As at July 31, 2019, the Company had $3,064 of flow-through obligations remaining.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended July 31, 2019 included:

(a) Included in exploration and evaluation assets is $12,951 which relates to accounts payable and accrued liabilities.

(b) Issued 6,600 brokers' warrants with a fair value of $159.

(c) Recognized a flow-through share premium liability of $14,571 on the issuance of flow-through shares.

Significant non-cash transactions during the period ended July 31, 2018 included:

(a) Included in exploration and evaluation assets is $2,400 which relates to shares issued for exploration and evaluation assets.

(b) Transferred $13,831 from exploration and evaluation advance to exploration and evaluation assets.

10. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Company and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

The following is a summary of related party transactions and balances during the period ended July 31, 2019, not disclosed elsewhere in the condensed consolidated interim financial statements:

(a) Management fees of $90,000 (2018 - $90,000) were incurred from a company controlled by a director of the Company.

During the year ended October 31, 2018, the Company received loan proceeds of $45,000 from a non-arm's length party and recorded interest expense of $178. The loan proceeds are unsecured, bear interest at a rate of 12% per annum and are payable on demand. During the period ended July 31, 2019, the Company accrued additional interest in the amount of $4,038.

As at July 31, 2019, the Company owed $189,624 (October 31, 2018 - $94,500) in current liabilities and $174,515 (October 31, 2018 - $163,206) in non-current liabilities to a company controlled by a director for management fees and reimbursable expenses. During the year ended October 31, 2017, this company controlled by a director agreed to postpone the payment due date of $126,000 for management fees for the period November 2015 to October 2016 until March, 2020 (extended to March 2022 during the period ended July 31, 2019). The amounts owing are unsecured and bear simple interest at a rate of 12% per annum. As at July 31, 2019, the Company accrued interest expense of $48,515 (October 31, 2018 - $37,206) which is classified as non-current liabilities on the consolidated statements of financial position.

11. SEGMENTED INFORMATION

Industry information

The Company operates in one reportable operating segment, being the acquisition, any exploration and development of exploration and evaluation assets.

Geographic information

The Company operates in both Canada and the United States. The Company's reclamation deposits and exploration and evaluation assets are located in the Canada and the United States.

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

Capital management

The Company manages its capital to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to have sufficient funds on hand for business opportunities as they arise.

The Company considers the items included in share capital as capital. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares through short-term prospectuses and private placements or return capital to shareholders. As at July 31, 2019, the Company is not subject to externally imposed capital requirements.

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk, interest rate risk and price risk. Where material, these risks are reviewed and monitored by the Board of Directors.

12. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT (cont'd)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company is considered to be in the exploration stage. Thus, it is dependent on obtaining regular financings in order to continue its exploration programs. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. The Company's cash consists of cash deposited in business accounts and redeemable guaranteed investment certificates held by high credit quality financial institutions. The Company is not invested in any asset backed commercial paper.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash, receivables and reclamation deposits. The Company limits exposure to credit risk by maintaining its cash and reclamation deposits with high-credit quality financial institutions. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. The receivables balance consists of GST recoverable. There is ongoing review to evaluate the credit worthiness of these counterparties. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash, receivables and reclamation deposits.

Currency risk

The Company's operations are in Canada and the United States. The international nature of the Company's operations results in foreign exchange risk as transactions are denominated in a foreign currency. The operating results and the financial position of the Company are reported in Canadian dollars. The fluctuations of the operating currencies in relation to the Canadian dollar will, consequently, have an impact upon the reported results of the Company and may also affect the value of the Company's assets and liabilities. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time. A strengthening (weakening) of the Canadian dollar against the US dollar of 10% would not have a significant effect on net loss.

Interest rate risk

The Company's exposure to interest rate risk arises from the interest rate impact on its cash. The Company's practice has been to invest cash at floating rates of interest in order to maintain liquidity, while achieving a satisfactory return for shareholders. There is minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificates included in cash as they are generally held with large financial institutions. The Company does not have any variable interest-bearing debt.

Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors the commodity prices of precious metals and the stock market to determine the appropriate course of action to be taken by the Company.

Fair value

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:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy. The estimated fair value of accounts payable and accrued liabilities due to related party (current) and loan payable to related party is equal to their carrying values due to the short-term nature of these instruments.

13. COMMITMENT

The Company has a commitment in respect of annual office rent of $22,407, requiring monthly payments of $1,867.