ETHOS GOLD CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018

(Stated 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 condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated 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 condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ETHOS GOLD CORP.
Condensed Interim Consolidated Statements of Financial Position
(Stated in Canadian Dollars)
(Unaudited)

	Note		June 30, 2019		December 31, 2018
Assets					
Current assets:					
Cash and cash equivalents		$	6,505,209	$	7,644,983
Amounts receivable			127,371		92,366
BC METC receivable	5		192,248		106,138
Prepaid expenses			210,504		44,771
Due from related parties	6		-		4,437
			7,035,332		7,892,695
Mineral interests	3		1,248,411		543,489
Investments	4		198,000		-
		$	8,481,743	$	8,436,184
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities		$	592,837	$	81,519
Due to related parties	8		12,900		12,900
Flow-through share premium	7 & 11		293,654		350,000
			899,391		444,419
Shareholders' Equity					
Share capital	7		25,149,151		24,763,936
Share option reserve	7		2,892,370		2,821,109
Share warrant reserve	7		3,139,410		3,119,377
Deficit			(23,598,579)		(22,712,657)
			7,582,352		7,991,765
		$	8,481,743	$	8,436,184

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

Approved by the Board of Directors and authorized for issue on August 28, 2019.

"Craig Roberts" Director

"Hendrik Van Alphan" Director

ETHOS GOLD CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Stated in Canadian Dollars)
(Unaudited)

	Note	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Expenses					
Consulting	8	$ 102,542	$ 46,686	$ 189,376	$ 124,167
Exploration and project evaluation	3	251,559	55,036	414,577	123,015
Investor relations		28,030	1,901	51,020	3,880
Listing and filing fees		13,229	18,801	25,557	29,138
Office and administrative		15,858	10,007	26,274	16,465
Professional fees		83,108	29,992	99,392	52,156
Rent		9,216	9,144	18,432	18,360
Share-based compensation	7 & 8	75,120	288,848	111,505	288,848
Travel expenses		29,365	6,940	39,212	7,765
Loss before the undernoted		(608,027)	(467,355)	(975,345)	(663,794)
Other income (expenses)					
Interest income		35,971	23,466	71,278	45,082
Interest expense	6	-	(1,528)	-	(3,267)
Write-off of mineral interests	3	-	(1)	-	(1)
Foreign exchange (loss)/gain		(3,963)	(4,785)	(7,480)	(7,763)
Net loss and comprehensive loss for the period		$ (576,019)	$ (450,203)	$ (911,547)	$ (629,743)
Basic and diluted loss per share		$ (0.01)	$ (0.01)	$ (0.02)	$ (0.01)
Weighted average number of shares outstanding		55,193,348	47,385,381	55,004,580	47,385,381

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

ETHOS GOLD CORP.
Condensed Interim Consolidated Statements of Changes in Equity
(Stated in Canadian Dollars)
(Unaudited)

	Share Capital		Share Reserves			
	Number of Shares	Amount	Share Option Reserve	Share Warrant Reserve	Deficit	Total
Balance, December 31, 2017	47,385,381	$ 23,104,436	$ 2,486,341	$ 3,065,932	$ (21,491,746)	$ 7,164,963
Share-based compensation	-	-	288,848	-	-	288,848
Net loss for the period	-	-	-	-	(629,743)	(629,743)
Balance,June 30, 2018	47,385,381	23,104,436	2,775,189	3,065,932	(22,121,489)	6,824,068
Private placement, net of issuance costs (Note 7)	7,000,000	1,960,000	-	-	-	1,960,000
Flow through share premium	-	(350,000)	-	-	-	(350,000)
Shares issued for mineral property	300,000	49,500	-	-	-	49,500
Warrants issued for mineral property	-	-	-	53,445	-	53,445
Share-based compensation	-	-	45,920	-	-	45,920
Net loss for the period	-	-	-	-	(591,168)	(591,168)
Balance, December 31, 2018	54,685,381	24,763,936	2,821,109	3,119,377	(22,712,657)	7,991,765
Private placement, net of issuance costs (Note 7)	1,125,000	225,000	-	-	-	225,000
Shares issued for mineral property	300,000	63,000	-	-	-	63,000
Reallocation of flow through share premium on incurred qualifying expenditures	-	56,346	-	-	-	56,346
Exercise of stock options	175,000	26,250	-	-	-	26,250
Reallocation of reseve on exercise of stock options	-	14,619	(14,619)	-	-	-
Reallocation of reserve on expiry of stock options	-	-	(25,625)	-	25,625	-
Warrants issued for mineral property	-	-	-	20,033	-	20,033
Share-based compensation	-	-	111,505	-	-	111,505
Net loss for the period	-	-	-	-	(911,547)	(911,547)
Balance, June 30, 2019	56,285,381	$ 25,149,151	$ 2,892,370	$ 3,139,410	$ (23,598,579)	$ 7,582,352

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

ETHOS GOLD CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Stated in Canadian Dollars)
(Unaudited)

	For the six months ended June 30, 2019		2018	
Operating activities				
Net loss for the year	$	(911,547)	$	(629,743)
Item not affecting cash:				
Write-off of mineral interests		-		1
Share-based compensation		111,505		288,848
Changes in non-cash working capital components				
Amounts receivable		(35,005)		9,466
Due from related parties		4,437		59,147
Prepaid expenses		(165,733)		23,045
BC METC receivable		(86,110)		-
Accounts payable and accrued liabilities		511,318		(42,731)
Note payable		-		(71,016)
Cash used in operating activities		(571,135)		(362,983)
Investing activities				
Acquistion of mineral properties		(621,889)		-
Investments		(198,000)		
Cash used in investing activities		(819,889)		-
Financing activities				
Private placement, net of issuance costs		225,000		-
Proceeds on exercise of stock options		26,250		-
Cash provided by financing activities		251,250		-
Increase (Decrease) in cash and cash equivalents		(1,139,774)		(362,983)
Cash and cash equivalents, beginning of period		7,644,983		7,063,961
Cash and cash equivalents, end of period	$	6,505,209	$	6,700,978
Cash and cash equivalents consisted of				
Cash on deposit with a Canadian Senior Bank	$	6,465,118	$	6,660,886
Term deposits and Guaranteed investment certificates issued by a Canadian Senior Bank		40,091		40,092
	$	6,505,209	$	6,700,978

Supplemental Cash Flow Information (note 9)

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

1. NATURE OF OPERATIONS

Ethos Gold Corp. (the "Company" or "Ethos") was incorporated on March 12, 2007 under the British Columbia Business Corporations Act. In 2009, it began trading on the TSX Venture Exchange ("TSX-V") as a Tier 2 company under the symbol ECC. Its registered office is located at 1430 – 800 West Pender Street, Vancouver, BC, V6C 2V6. The Company's principal business activities are the identification, exploration and development of economically viable mineral properties.

These condensed interim consolidated financial statements have been prepared on the basis that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue as a going concern is dependent on obtaining additional financing and if required through the issuance of debt or equity. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect the adjustments or reclassifications that would be necessary if the Company were unable to continue operations in the normal course of business.

2. BASIS OF PREPARATION AND CONSOLIDATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as applicable to interim financial reports including International Accounting Standard 34 - Interim Financial Reporting. Therefore, these condensed interim consolidated financial statements do not include all the information and note disclosures required by IFRS for annual financial statements and should be read in conjunction with the annual consolidated financial statements and the notes thereto for the year ended December 31, 2018 ("Annual Financial Statements").

The accounting policies applied in preparation of these condensed interim consolidated financial statements are the same as those applied in the most recent Annual Financial Statements and were consistently applied to all the periods presented with the exception of IFRS 16 discussed below.

These consolidated financial statements include the accounts of the Company, its Canadian subsidiary 1088151 B.C. Ltd., and its Mexican subsidiary Compañía Minera Roca Dorada, SA de CV. Subsidiaries are entities controlled by the Company. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over its subsidiary. All significant inter-company balances and transactions have been eliminated upon consolidation.

2. BASIS OF PREPARATION AND CONSOLIDATION (continued)

Adoption of new accounting policies

- IFRS 16: Leases ("IFRS 16"): This standard replaces IAS 17 – Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The Company adopted the standard on January 1, 2019 and determined there is no impact on the condensed interim consolidated financial statements.

Key sources of estimation uncertainty and critical accounting judgement

In preparing these condensed interim consolidated financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred by the Company may differ from these values. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Annual Financial Statements.

(Expressed in Canadian Dollars)

3. MINERAL INTERESTS

	La Purisima (a)	Pine Pass (b)	Perk-Rocky (c)	Ligneris (d)	Iron Point (e)	WC Property (f)	Total
Balance, December 31, 2017	$ 186,212	$ -	$ -	$ -	$ -	$ 1	$ 186,213
Acquisition costs	243,125	114,152	-	-	-	-	357,277
Write off	-	-	-	-	-	(1)	(1)
Balance, December 31, 2018	429,337	114,152	-	-	-	-	543,489
Acquisition costs	20,033	-	251,707	43,503	389,679	-	704,922
Balance, June 30, 2019	$ 449,370	$ 114,152	$ 251,707	$ 43,503	$ 389,679	$ -	$ 1,248,411

During the six months ended June 30, 2019 the Company incurred the following exploration expenses:

	La Purisima (a)	Pine Pass (b)	Perk-Rocky (c)	Ligneris (d)	Iron Point (e)	Other	Total
Geological consulting	$ 85,219	$ 69,733	$ 43,198	$ 1,400	$ 30,000	$ 18,893	248,443
Drilling	154,220	-	-	-	359,679		513,899
Assays	20,506	7,880	-	37,017	-	9,467	74,870
Geophysics	-	-	71,214	-	-	-	71,214
Metallurgy	-	18,543	-	-	-	-	18,543
Environmental	-	12,473	8,383	-	-	-	20,856
Field equipment	7,557	487	6,215	798	-	-	15,057
Camp costs	5,668	-	-	-	-	-	5,668
Travel	14,661	28,841	18,073	1,253	-	860	63,688
Administration	-	368	1,624	3,035	-	-	5,027
Concession taxes	14,298	-	-	-	-	-	14,298
Surface access	31,013	-	-	-	-	-	31,013
BC METC	-	(41,498)	(44,612)	-	-	-	(86,110)
Allocated to acquisition costs	-	-	(148,707)	(43,503)	(389,679)	-	(581,889)
	$ 333,142	$ 96,827	$ (44,612)	$ -	$ -	$ 29,220	$ 414,577

(Expressed in Canadian Dollars)

3. MINERAL INTERESTS (continued)

During the six months ended June 30, 2018 the Company incurred the following exploration expenses:

	La Purisima (a)	Pine Pass (b)	Total
Geological consulting	87,046	23,917	110,963
Travel	3,479	-	3,479
Concession taxes	8,573	-	8,573
	$ 99,098	$ 23,917	$ 123,015

a) La Purisima, Mexico

i. On November 24, 2017, the Company, through its wholly owned Mexican subsidiary, Compañía Minera Roca Dorada, S.A. de C.V., entered into an option to purchase agreement whereby the Company owns the right to acquire a 100% interest in the La Purisima project, located in Chihuahua, Mexico. Pursuant to the option purchase agreement, the Company can exercise the option to acquire 100% of the La Purisima project by making cash payments totaling US$3,495,000; issuing 3,000,000 common shares of the Company over a 72-month period (as set out in the table below) and on exercising the option grants a 2% net smelter returns royalty of which 1% can be repurchased for US$1 million. The Company was obligated to pay outstanding mining duties of 1,025,614 Mexican Pesos on signing (paid - $71,016) (Note 7) and incurred legal fees of $37,712.

	Cash	**Shares**
On date of signing	US$45,000 (paid - $67,484)	50,000 (issued - $10,000)
12 months from the date of	US$100,000 (paid - $134,990)	100,000 (issued - $21,500)
24 months from the date of	US$250,000	250,000
36 months from the date of	US$350,000	350,000
48 months from the date of	US$500,000	500,000
60 months from the date of	US$750,000	750,000
72 months from the date of	US$1,500,000	1,000,000

(Expressed in Canadian Dollars)

3. MINERAL INTERESTS (continued)

a) La Purisima, Mexico (continued)

ii. On August 24, 2018, the Company, through its wholly owned Mexican subsidiary, Roca Dorada, entered into an option to purchase agreement whereby the Company owns the right to acquire a 100% interest in 897 hectares of mineral concessions contiguous to the Company's La Purisima project, located in Chihuahua, Mexico. The Company, at its sole election, can exercise its option to earn its' 100% interest in the property at any time during the 10 years following the closing of the option agreement by paying the vendor US$550,000.

To retain its right to acquire a 100% interest in the contiguous concessions the Company must make advance net smelter returns royalty ("NSR") payments to the vendor as follows:

	Cash
On closing	US$25,000 - paid
On the first anniversary of closing	US$35,000
On the second anniversary of closing	US$35,000
On the third anniversary of closing and every subsequent year thereafter until commercial production has commenced	US$50,000

In addition to the cash payments, the Company issued 1,500,000 share purchase warrants entitling the vendor to acquire 1,500,000 common shares of the Company at a price of $0.15 per share. The warrants will be exercisable for a period of five years, vesting as follows: 500,000 on closing; 500,000 eighteen months after closing; 500,000 thirty-six months after closing. The second and third tranches of warrants will only vest if the Company has not terminated the option agreement prior to their vesting dates.

As at June 30, 2019, $20,033(December 31, 2018 - $53,445) is included in mineral property acquisition costs relating to the vested warrants.

Upon closing, the Company paid US$5,500 in outstanding concession taxes. During the term of the option agreement, the Company must keep the concession in good standing by paying the annual concession taxes.

Upon exercising the option, the Company will grant the vendor a 2.0% NSR on the property, of which half can be repurchased at any time by the Company by paying the vendor US$1,000,000.

b) Pine Pass Project, British Columbia

On July 31, 2018, the Company entered into an option agreement to acquire a 100% interest in three vanadium projects (Pine Pass, Ursula and Tunnel) in north eastern British Columbia. The Company can earn a 100% interest in the three projects by making the following cash payments and share issuances:

	Cash	**Shares**
Within five days of TSX Venture	$80,000 (paid)	200,000 (issued)
On the first anniversary	$120,000	400,000
On the second anniversary	$160,000	600,000
On the third anniversary	$240,000	800,000
On the fourth anniversary	$400,000	1,000,000

(Expressed in Canadian Dollars)

3. MINERAL INTERESTS (continued)

b) Pine Pass Project, British Columbia (continued)

If the Company completes the 100% acquisition of the three properties by making the above cash payments and share issuances the Company will grant to the vendors a 2.0% NSR royalty on all three projects, of which half can be repurchased at any time by the Company by paying the vendors $1,500,000.

During the six months ended June 30, 2019, the company did not renew the Tunnel project.

On June 20, 2019, the area in which the Pine Pass Project is located became subject to a moratorium on resource development (the "Moratorium") imposed by the Province of British Columbia in connection with caribou protection strategies.

On July 31, 2019, the Company entered in an amended option agreement (the "Addendum") with the vendors whereby the previous cash payments and share issuances are suspended indefinitely, pending the lifting of the Moratorium. The Moratorium will be deemed to have been lifted when the Company is no longer restricted by the Moratorium from carrying out exploration and development activities on the Pine Pass Project (the "Reinstatement Date"). Per the Addendum, to maintain the option agreement in good standing, the Company must make the following cash payments and share issuances:

	Cash	Shares
Within five days of TSX Venture acceptance of the	$30,000 (paid)	100,000 (issued)
On July 31, 2020 (the "Second Interim Payment")	$30,000*	100,000*
If the Reinstatement Date falls on or before July 31, 2020	$90,000*	300,000*
If the Reinstatement Date falls after July 31, 2020	$60,000	200,000
On the first anniversary of the Reinstatement Date	$160,000	600,000
On the second anniversary of the Reinstatement Date	$240,000	800,000
On the third anniversary of the Reinstatement Date	$400,000	1,000,000

* In the event the Moratorium is lifted on or prior to July 31, 2020, the Second Interim Payment would not be required in addition to the payment of $90,000 and 300,000 share issuance as the Second Interim Payment is factored into the $90,000 cash payment and 300,000 share issuance.

In addition to the above cash payments and shares issuance, by the fourth anniversary of the Reinstatement Date, the Company will conduct and complete a PEA in respect of any one of the properties (Pine Pass or Ursula).

The Company will be making reasonable efforts to pursue any entitlement to compensation arising in connection with the Moratorium. In the event the Company is successful in recouping compensation, the Company shall first recover its costs and expenses incurred during this process with any remaining proceeds to be split evenly between the Company and the vendors.

(Expressed in Canadian Dollars)

3. MINERAL INTERESTS (continued)

c) Perk-Rocky Project, British Columbia

On May 10, 2019, the Company entered into an option agreement to acquire a 100% interest in the Perk-Rocky project located 225km west of Williams Lake, British Columbia. The Company can earn a 100% interest in the Perk-Rocky Project by incurring exploration expenses totaling $350,000 on or prior to the first anniversary of the agreement and by making $690,000 in cash payments and issuing 2,900,000 common shares of the Company as follows:

	Cash	Shares
Within five days of the execution date	$10,000 (paid)	-
Within five days of TSX Venture	$30,000 (paid)	300,000 (issued $63,000)
On the first anniversary	$75,000	450,000
On the second anniversary	$175,000	700,000
On the third anniversary	$400,000	1,450,000

As at June 30, 2019, the Company has incurred $148,707 in qualifying exploration expenses.

The Company must make US$3,850,000 in milestone payments, which are due within 30 days of the Company reaching each milestone as described below:

- US$350,000 in the event the Company obtains a technical report that is NI 41-101 compliant.
- US$500,000 in the event the Company obtains a Preliminary Economic Assessment.
- US$1,000,000 in the event the Company obtains a Feasibility Study.
- US$2,000,000 in the event the Company elects to put the property into commercial production.

Upon acquiring 100% interest in the property, the Company will grant the vendor a 3% NSR. The Company may repurchase 2% of the NSR for US$7 million.

(Expressed in Canadian Dollars)

3. MINERAL INTERESTS (continued)

d) Ligneris Property, Quebec

On June 26, 2019, the Company entered into an earn in agreement with Société d'exploration minière Vior Inc. (“Vior”) whereby the Company can earn a 70% interest in the Ligneris property, located 90 km north of Rouyn-Noranda, Quebec. The Company can earn a 51% interest in the Ligneris Property by issuing Vior 1,000,000 common shares of the Company and incurring $3,000,000 in exploration expenditures over the first four years of the agreements as follows:

	Work Commitment	Shares
Within ten days of TSX Venture acceptance	-	200,000 *
On or before the first anniversary	$750,000	225,000
On or before the second anniversary	$750,000	250,000
On of before the third anniversary	$750,000	325,000
On of before the fourth anniversary	$750,000	-

* Subsequent to June 30, 2019, 200,000 common shares of the Company were issued to Vior.

Upon the Company earning its’ initial 51% interest in the Ligneris Property, the Company will have 60 days to elect to earn an additional 19% interest in the Ligneris Property by incurring an additional $4,000,000 in exploration expenditures over the next three years, commencing from the date of the Company’s election.

As at June 30, 2019, the Company had incurred $43,503 in exploration expenditures at the Ligneris Property, which is included in mineral interest acquisition costs.

e) Iron Point Property, Nevada, USA

On May 16, 2019, the Company entered into an earn in agreement with Victory Metals Ltd. (“Victory”) whereby the Company can earn a 50% undivided interest in the gold and silver rights at Victory’s Iron Point vanadium project, located 22 miles east of Winnemucca, Nevada. The Company can earn its 50% undivided interest by spending $5,000,000 over three years, including a minimum of $1,000,000 in the first year. Following the earn-in, a 50-50 joint venture will be formed between the Company and Victory, exclusive to the gold and silver rights on the Iron Point property.

As at June 30, 2019, the Company had incurred $389,679 in exploration expenditures at the Iron Point Property, which is included in mineral interest acquisition costs.

f) WC Property, Yukon

The Company staked a 44 claim property in 2012. The Company wrote off the remaining carrying cost of $1 during the year ended December 31, 2018.

4. INVESTMENTS

On April 12, 2019, the Company subscribed for 1,650,000 shares at a price of $0.12 per share in a private British Columbia corporation, Carlin Type Holdings Ltd. ("CTH"), for total proceeds of $198,000. CTH's wholly owned Nevada subsidiary, Ridgeline Minerals Corporation ("Ridgeline"), has options to acquire a 100% interest in three highly prospective gold exploration projects in Nevada: Carlin-East, Swift and Selena. The Company's investment represents an 8.03% ownership interest in CTH.

5. BC METC RECEIVABLE

As at June 30, 2019, the Company has recorded a BC Mineral Exploration Tax Credit ("BC METC") receivable of $192,248 (December 31, 2018 - $106,138). This amount relates to the qualifying exploration expenditures incurred at the Company's Pine Pass and Perk-Rocky projects located in the Province of British Columbia and is receivable from the Government of British Columbia.

6. NOTE PAYABLE

On December 4, 2017, the Company issued a promissory note payable to facilitate the payment of the mining duties payable in Mexico relating to the acquisition of the La Purisima mineral property (Note 3). The note principle is $70,495 and bears interest of 10% per annum and is payable on demand. Total interest expense of $nil (2018 - $1,528) and $nil (2018 - $3,267) for the three and six months ended June 30, 2019, respectively, is included in the statements of loss and comprehensive loss.

During the year ended December 31, 2018 the Company repaid $74,283 in principal and accrued interest.

7. SHARE CAPITAL

(a) Authorized

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

(b) Common shares – Issued and outstanding

Common shares - At June 30, 2019 the Company had 56,285,381 (December 31, 2018 – 54,685,381) common shares issued and outstanding.

Preferred shares – At June 30, 2019 and December 31, 2018 no preferred shares were issued and outstanding.

i) On June 10, 2019, the Company completed a non-brokered private placement and issued 1,125,000 Units (the "Units") of the Company at a price of $0.20 per Unit for gross proceeds of $225,000. Each Unit consists of one common share of the Company and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to purchase one common share of the Company at a purchase price of $0.40 per share until June 10, 2021.

ii) On June 4, 2019, the Company issued 300,000 common shares relating to the acquisition of the Perk Rocky mineral property (Note 3).

iii) On January 24, 2019, 175,000 stock options with an exercise price of $0.15 per share were exercised for gross proceeds of $26,250. Upon exercise, $14,619 was reallocated to share capital from share option reserve.

iv) On December 21, 2018, the Company completed a non-brokered private placement of 7,000,000 Flow-Through Units (the "FT Units") of the Company at a price of $0.28 per FT Unit for gross proceeds of $1,960,000. Each FT Unit consists of one common share of the Company to be issued on a flow-through basis under the Income Tax Act (Canada) and one-half of one non-flow through common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant entitles the holder to purchase one non-flow-through common share of the Company at a purchase price of $0.30 per share until December 31, 2020. The Company recognized a flow through premium liability of $350,000 on issuance. The residual value of the private placement of $1,610,000 was allocated to share capital. During the three months ended March 31, 2019, $14,343 in flow through share premium was reallocated to share capital as a result of the Company incurring qualifying exploration expenses during the period.

v) On November 26, 2018, the company issued 100,000 common shares relating to the acquisition of the La Purisima mineral property (Note 3).

vi) On August 8, 2018, the company issued 200,000 common shares relating to the acquisition of the Pine Pass mineral property (Note 3).

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(c) Share purchase options

Share purchase options are granted at an exercise price equal to the estimated fair value of the Company's common shares on the date of the grant.

On June 22, 2010, the Company implemented a new Share Option Plan for the benefit of directors, employees, management company employees and consultants of the Company. The Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine. The maximum aggregate number of common shares that may be reserved for issuance under the Plan is 10% of the issued and outstanding common shares of the Company at the time of grant. At June 30, 2019, 5,440,000 share purchase options were outstanding.

A summary of the status of the Company's share purchase options outstanding is presented below:

	June 30, 2019		**December 31, 2018**	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of period	4,765,000	$0.20	3,090,000	$0.28
Granted	1,000,000	$0.20	3,000,000	$0.18
Exercised	(175,000)	$0.15		
Expired	(150,000)	$0.30	(1,325,000)	$0.32
Outstanding, end of period	5,440,000	$0.20	4,765,000	$0.20

On May 31, 2019, the Company granted 600,000 share purchase options exercisable for a period of five years at an exercise price of $0.20. During the six months ended June 30, 2019, $75,120 is included in the statement of loss and comprehensive loss as share-based compensation expense.

On January 10, 2019, the Company granted 400,000 share purchase options exercisable for a period of three years at an exercise price of $0.20. During the six months ended June 30, 2019, $36,385 is included in the statement of loss and comprehensive loss as share-based compensation expense.

On February 23, 2019, 150,000 share purchase options expired unexercised resulting in $25,625 in share option reserve being reallocated to deficit.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(c) Share purchase options (continued)

As at June 30, 2019, the following share purchase options were outstanding and exercisable:

Expiry date	Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining contractual life (in years)	Exercisable Options
Aug 2, 2019*	100,000	$0.20	0.09	100,000
Jul 29, 2020	225,000	$0.15	1.08	225,000
Jun 22, 2021	865,000	$0.30	1.98	865,000
Dec 3, 2022	250,000	$0.20	3.43	250,000
Jun 26, 2023	2,650,000	$0.17	3.99	2,650,000
Dec 4, 2023	350,000	$0.23	4.43	350,000
Jan 10, 2022	400,000	$0.20	2.53	400,000
May 31, 2024	600,000	$0.20	4.92	600,000
	5,440,000	$0.20	3.48	5,440,000

* Subsequent to June 30, 2019, 100,000 options were exercised for gross proceeds of $20,000 to the Company.

The weighted average grant-date fair value of share purchase options granted during the six months ended June 30, 2019 was $0.11 (December 31, 2018 - $0.11) per share purchase option. The Company determines the fair value of options granted using the Black-Scholes model for share purchase options issued to employees. The Company determines the fair value of share purchase options issued to non-employees using the value of services provided by the non-employees.

The following weighted-average grant date assumptions were used in valuing share purchase options granted during the three months ended June 30, 2019 and the year ended December 31, 2018 to directors, officers and employees:

	June 30, 2019	December 31, 2018
Weighted average share price	$0.19	$0.18
Weighted average exercise price	$0.20	$0.18
Risk-free interest rate	1.58%	1.99%
Expected volatility (1)	78.80%	71.19%
Expected years of option life (2)	4.2	5
Expected dividends	Nil	Nil

(1) Expected volatility was determined based on the historical volatility of the Company over a period commensurate with the expected option life.

(2) The effects of early exercise were not incorporated into the model as the options are expected to be held for the contractual life.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(d) Share purchase warrants

As at June 30, 2019 the Company had share purchase warrants outstanding entitling the holders to acquire common shares as follows:

Exercise Price	Expiry Date	Outstanding, December 31, 2018	Issued	Expired	Outstanding, June 30, 2019
$0.30	May 12, 2021*	3,876,470	-	-	3,876,470
$0.15	August 24, 2023**	1,500,000	-	-	1,500,000
$0.30	December 21, 2020	3,500,000	-	-	3,500,000
$0.40	June 10, 2021	-	1,125,000	-	1,125,000
		8,876,470	1,125,000	-	10,001,470

* On May 23, 2019, the Company received TSX Venture Exchange ("TSXV") acceptance to extend the expiry date of these warrants from November 12, 2019 to May 12, 2021.
** The first tranche of 500,000 warrants vested on August 23, 2018. The second tranche of 500,000 warrants will vest on February 23, 2020 and the final tranche of 500,000 warrants will vest on August 23, 2021. The weighted average grant-date fair value of these warrants was $0.08. During the six months ended June 30, 2019, $20,033 is included in mineral property acquisition costs relating to the vesting of the warrants (Note 3).

The following weighted-average grant date assumptions were used in valuing share purchase warrants granted with respect to the Company's mineral interests (Note 3):

	June 30, 2019	**December 31, 2018**
Weighted average share price	n/a	$0.14
Weighted average exercise price	n/a	$0.15
Risk-free interest rate	n/a	2.16%
Expected volatility	n/a	70.36%
Expected years of option life	n/a	5
Expected dividends	n/a	Nil

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS

Related party transactions are recorded at the exchange amount as agreed to by the parties. Related party transactions not otherwise disclosed in these financial statements are:

(a) The Company paid $84,400 during the six months ended June 30, 2019 (2018 - $105,000) in consulting fees to private companies controlled by certain directors and officers of the Company.

(b) The Company paid $48,096 during the six months ended June 30, 2018 (2018 - $55,306) in consulting fees to a director of the Company that is included in exploration and project evaluation expenses.

(c) $12,900 is payable to officers and directors at June 30, 2019 (December 31, 2018 – $12,900).

(d) $Nil is receivable from a director at June 30, 2019 (December 31, 2018 – $4,437) related to expenses reimbursable to the Company.

Key personnel compensation

	For the three months ended June 30		For the six months ended June 30	
	2019	2018	2019	2018
Short-term employment benefits	$ 71,065	$ 51,170	$ 132,496	$ 160,306
Share-based payments	12,520	269,775	12,520	269,775
Total	$ 83,585	$ 320,945	$ 145,016	$ 430,081

9. SUPPLEMENTAL CASH FLOW INFORMATION

	2019	2018
Interest received	$ 71,278	$ 45,082
Interest paid	-	-

During the six months ended June 30, 2019, the Company entered into the following non-cash transactions:

- The Company recognized $20,033 in mineral interest acquisition costs related to the vesting of warrants issued for mineral properties (Note 3).
- The Company recognized $63,000 in mineral interest acquisition costs related to 300,000 common shares issued for mineral properties (Note 3).

(Expressed in Canadian Dollars)

10. SEGMENT INFORMATION

(a) The Company operates in one industry segment (note 1).

(b) At June 30, 2019 and December 31, 2018, the Company's mineral interests were located as follows:

	June 30, 2019	December 31, 2018
Mineral interests		
Chihuahua, Mexico	$ 449,370	$ 429,337
British Columbia, Canada	$ 365,859	$ 114,152
Quebec, Canada	$ 43,503	$ -
Nevada, U.S.A.	$ 389,679	$ -

The Company's other assets and liabilities and net expenses are attributable to its corporate office and exploration and project evaluation activities in Canada, U.S.A. and Mexico.

11. COMMITMENT AND CONTINGENCIES

The Company's exploration activities in the Yukon Territory are subject to various federal, provincial and state laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment, and believes its operations are materially in compliance with all applicable laws and regulations. The Company makes, and expects to make in the future, expenditures to comply with such laws and regulations, including any reclamation at its mineral properties, on a continuous basis.

During the year ended December 31, 2018, the Company recognized a flow through share premium liability of $350,000. During the six months ended June 30, 2019, the Company incurred qualifying expenditures to reduce this liability by $56,346, which was reallocated to share capital during the period. As at June 30, 2019, the flow through share premium liability is $293,654 (December 31, 2018 - $350,000).

12. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to pursue its objectives. The Company measures its capital as its shareholders' equity. The Company's primary source of capital is the issuance of equity.

The Company manages and adjusts its capital structure whenever changes in economic conditions occur. To maintain or adjust the capital structure, the Company may seek additional funding.

The Company may require additional funding to meet its administrative overhead expenses in the long term. The Company believes it will be able to raise capital as required, but recognizes there will be risks involved that may be beyond its control.

The Company expects its current capital resources will be sufficient to carry out its exploration plans and operations through at least the next twelve months. There are no external restrictions on the Company's capital.

13. MANAGEMENT OF FINANCIAL RISK

The Company is exposed to credit risk, liquidity risk and interest rate risk from its financial instruments which include cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities. The Company is not exposed to significant market or other price risks.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's cash and short term investments are on deposit at a major financial institution. Amounts receivable consist primarily of goods and services tax refunds due from the Government of Canada and are neither past due nor impaired. As such, the Company considers its exposure to credit risk to be minimal.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they come due. The Company is exposed to liquidity risk through its accounts payable, accrued liabilities and amounts due to related parties, which are all due on demand. The Company uses cash forecasts to ensure as far as possible that there is sufficient cash on hand to meet short-term business requirements. Cash is invested in highly liquid investments which are available to discharge obligations when they come due.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the fair value or future cash flows of the Company's financial instruments. The Company is exposed from time to time to interest rate risk as a result of holding fixed rate temporary investments of varying maturities. The Company reduces the risk that it will realize a loss as a result of a decline in the fair value of these investments by limiting these investments to highly liquid securities with short-term maturities.

As at June 30, 2019, the Company estimates that a 1% change in prevailing interest rates would change the fair value of future cash flows from the Company's financial instruments by approximately $1,000 (December 31, 2018 - $6,000).

14. EVENTS AFTER THE REPORTING PERIOD

a. On July 31, 2019, the Company entered into an amended option agreement on its Pine Pass Project and made a cash payment of $30,000 and issued 100,000 common shares of the Company (Note 3).

b. On August 2, 2019, 100,000 stock options with an exercise price of $0.20 were exercised for gross proceeds to the Company of $20,000.