



**MAMMOTH** RESOURCES CORP.

Condensed Consolidated Interim Financial Statements of  
**Mammoth Resources Corp.**

For the three and nine months ended  
October 31, 2019 and 2018  
(Expressed in Canadian Dollars)

## **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 unaudited condensed consolidated interim financial statements (the “Financial Statements”) they must be accompanied by a notice indicating that the Financial Statements have not been reviewed by an auditor.

The accompanying Financial Statements of the Mammoth Resources Corp. (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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

## Mammoth Resources Corp.

Condensed Consolidated Interim Statements of Financial Position  
(Expressed in Canadian dollars)

	October 31 2019 \$	January 31 2019 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash	9,638	1,790
Government taxes recoverable (note 3)	4,366	4,269
Prepaid expenses	32,661	34,521
	<b>46,665</b>	40,580
<b>Non-current</b>		
Government taxes recoverable (note 3)	132,301	130,008
Exploration and evaluation assets (note 4)	2,280,338	2,289,706
	<b>2,459,304</b>	2,460,294
<b>LIABILITIES</b>		
<b>Current</b>		
Trade payables and accrued liabilities	298,372	339,056
Loan from third party (note 5)	-	22,214
Due to related parties (note 8)	232,269	210,769
Interest payable (note 8)	41,929	36,729
Loan from related party (note 8)	220,038	242,258
	<b>792,608</b>	851,026
Deferred income tax liability	50,000	50,000
	<b>842,608</b>	901,026
<b>SHAREHOLDERS' EQUITY</b>		
Share capital, warrants and share-based payment reserves (note 6)	4,338,280	4,251,178
Accumulated deficit	(2,721,584)	(2,691,910)
	<b>1,616,696</b>	1,559,268
	<b>2,459,304</b>	2,460,294

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

Approved on behalf of the board on December 20, 2019

(signed) "Tom Atkins"  
Director

(signed) "Paul O'Brien"  
Director

## Mammoth Resources Corp.

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

	For three months ended		For nine months ended	
	October 31 2019 \$	October 31 2018 \$	October 31 2019 \$	October 31 2018 \$
<b>Expenses</b>				
General and administrative (note 9)	2,257	5,141,	16,779	46,345
Management fees (note 8)	5,000	20,750	18,250	59,749
Professional fees	-	15,000	-	22,500
Interest expense (note 8)	-	10,000	5,200	15,000
Gain on settlement of loan from third party (Note 7)	-	-	(2,999)	-
Gain on settlement of loan from related party (Note 7)	-	-	(2,000)	-
Gain on settlement of accounts payable (note 7)	-	-	(5,543)	-
Foreign exchange	-	8,489	(13)	14,942
<b>Total operating expenses</b>	<b>7,257</b>	<b>59,380</b>	<b>29,674</b>	<b>158,536</b>
<b>Net loss and comprehensive loss for the period</b>	<b>7,257</b>	<b>59,380</b>	<b>29,674</b>	<b>158,536</b>
<b>Loss per share - basic and diluted (note 8)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Weighted average number of common shares outstanding – basic and diluted	<b>32,586,788</b>	28,849,255	<b>32,182,652</b>	28,843,474

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

## Mammoth Resources Corp.

Condensed Consolidated Interim Statements of Cash Flows  
(Expressed in Canadian dollars)

	For the nine months ended	
	October 31	October 31
	2019	2018
	\$	\$
<b>Operating activities</b>		
Loss for the period	(29,674)	(158,536)
Interest expense	5,200	15,000
Gain on settlement of amounts due to related parties	(2,999)	-
Gain on settlement of loan from related party	(2,000)	-
Gain on settlement of accounts payable	(5,543)	-
Net change in non-cash working capital balances:		
Government taxes recoverable	(2,390)	(11)
Prepaid expenses	1,860	(14,196)
Trade payables and accrued liabilities	14,746	(159,120)
Due to related parties	21,500	38,264
Net cash provided by (used in) operating activities	700	(278,499)
<b>Investing activities</b>		
Exploration and evaluation assets	9,368	(132,810)
Net cash used in investing activities	9,368	(132,810)
<b>Financing activities</b>		
Share issuance costs	-	(540)
Loan from related party	(2,220)	159,153
Net cash provided by (used in) financing activities	(2,220)	158,613
<b>Net change in cash</b>	<b>7,848</b>	<b>(252,696)</b>
Cash, beginning of the period	1,790	265,554
<b>Cash, end of the period</b>	<b>9,638</b>	<b>12,858</b>

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

**Mammoth Resources Corp.**

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity  
(Expressed in Canadian dollars)

	Share capital		Warrants	Share-based compensation reserves	Sub-total	Accumulated deficit	Total
	#	\$					
<b>Balance, January 31, 2018</b>	<b>28,824,205</b>	<b>3,943,136</b>	<b>32,864</b>	<b>216,330</b>	<b>4,192,330</b>	<b>(2,518,683)</b>	<b>1,673,647</b>
Share issuance costs	-	(540)	-	-	(540)	-	(540)
Common shares issued for property acquisition	12,525	689	-	-	689	-	689
Net loss for the period	-	-	-	-	-	(158,536)	(158,536)
<b>Balance October 31, 2018</b>	<b>28,836,730</b>	<b>3,943,285</b>	<b>32,864</b>	<b>216,330</b>	<b>4,192,479</b>	<b>(2,677,219)</b>	<b>1,515,260</b>
Common shares issued for debt settlement	1,814,458	63,506	-	-	63,506	-	63,506
Expiry of warrants	-	2,183	(2,183)	-	-	-	-
Expiry of stock options	-	-	-	(4,807)	(4,807)	4,807	-
Net loss for the period	-	-	-	-	-	(19,498)	(19,498)
<b>Balance, January 31, 2019</b>	<b>30,651,188</b>	<b>4,008,974</b>	<b>30,681</b>	<b>211,523</b>	<b>4,251,178</b>	<b>(2,691,910)</b>	<b>1,559,268</b>
Common shares issued for debt settlement	1,935,600	87,102	-	-	87,102	-	87,102
Expiry of warrants	-	30,681	(30,681)	-	-	-	-
Net loss for the period	-	-	-	-	-	(29,674)	(29,674)
<b>Balance, July 31, 2019</b>	<b>32,586,788</b>	<b>4,126,757</b>	<b>-</b>	<b>211,523</b>	<b>4,338,280</b>	<b>(2,721,584)</b>	<b>1,616,696</b>

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

**Mammoth Resources Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements**

October 31, 2019

(Expressed in Canadian dollars)

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**1. Nature of operations**

Mammoth Resources Corp. (“Mammoth” or the “Company”) was incorporated on January 7, 2011 under the *Canada Business Corporations Act*, and is involved in the acquisition, exploration and evaluation of mining properties in Mexico. Its stock is listed on the TSX Venture Exchange under the symbol MTH. The head office of the Company is located at 410-150 York Street, Toronto, Ontario, Canada M5H 3S5.

Mammoth is an exploration stage company and currently has interests in mineral exploration properties in Mexico. Substantially all of the Company’s efforts are devoted to financing and developing these properties and/or acquiring new ones. There has been no determination whether the Company’s interests in mineral exploration properties contain mineral reserves, which are economically recoverable.

**2. Going concern**

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, it does not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than in the normal course of business and at amounts that may differ from those shown in these financial statements.

For the nine months ended October 31, 2019, the Company incurred a net loss of \$29,674 (2018 – \$158,536) and received cash from operations of \$700 (2018 - used cash from operations of \$278,499). As at October 31, 2019, the Company had an accumulated deficit of \$2,721,584 (January 31, 2019 - \$2,691,910) and a working capital deficit of \$745,943 (January 31, 2019 – \$810,446). The business of exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves and the achievement of profitable operations. The Company also is dependent upon its ability to continue to raise adequate financing and there can be no assurances that the Company will be successful. These circumstances comprise a material uncertainty which may lend significant doubt as to the ability of the Company to continue as a going concern. Changes in future conditions could require material write-downs of the carrying values. The Company is actively targeting sources of additional financing which may assure continuation of the Company’s operations and exploration programs.

**3. Government taxes recoverable**

The Company’s receivables arise from two main sources: harmonized sales tax (“GST”/“HST”) receivable due from Canadian government taxation authorities and value added tax (“VAT”) due from Mexican government taxation authorities. The receivables balance is broken down as follows:

	<b>October31 2019</b>	January 31 2019
	\$	\$
GST/HST Recoverable	<b>4,366</b>	4,269
Mexican Sales Tax (VAT)	<b>132,301</b>	130,008
	<b>136,667</b>	134,277

The Company exercises judgment in presenting the Mexican Sales Tax (VAT) recoverable as current or non-current. It is management’s judgment that the VAT recoverable is a non-current asset as the timing of the receipt cannot be determined.

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**4. Exploration and evaluation assets**

The Company has incurred the following acquisition costs and deferred exploration costs on its exploration and evaluation assets:

<b>For the nine months ended October 31, 2019</b>	<b>Tenoriba Project \$</b>
<b>Acquisition costs, January 31, 2019 and October 31, 2019</b>	<b>177,376</b>
<b>Deferred exploration costs, January 31, 2019</b>	<b>2,112,330</b>
Additions for the three months ended October 31, 2019	
Geological consulting	20,782
Professional fees	1,044
Travel and accommodation	2,505
	24,331
Expense recovery	(33,699)
	(9,368)
<b>Deferred exploration costs, October 31, 2019</b>	<b>2,102,962</b>
<b>Total exploration and evaluation assets, October 31, 2019</b>	<b>2,280,338</b>
<b>For the year ended January 31, 2019</b>	<b>Tenoriba Project \$</b>
<b>Acquisition costs, January 31, 2018</b>	<b>115,777</b>
Additions	61,599
<b>Acquisition costs, January 31, 2019</b>	<b>177,376</b>
<b>Deferred exploration costs, January 31, 2018</b>	<b>1,810,641</b>
Additions for the year ended January 31, 2019	
Drilling	127,445
Geological consulting	156,464
Professional fees	5,745
Property taxes	43,006
Travel and accommodation	36,694
	369,354
Option payment	(67,665)
	301,689
<b>Deferred exploration costs, January 31, 2019</b>	<b>2,112,330</b>
<b>Total exploration and evaluation assets, January 31, 2019</b>	<b>2,289,706</b>

Title to exploration and evaluation assets involves certain inherent risks due to the 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 all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, except as described below, are properly registered and in good standing. However, there can be no guarantee of title and the exploration and evaluation assets may otherwise be subject to prior claims,

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agreements, or transfers and rights of ownership may be affected by undetected defects. The properties in which the Company has earned or committed to earn an interest are located in Mexico.

**Tenoriba Project**

On July 3, 2012, the Company signed a definitive agreement with two private Mexican citizens to option the Tenoriba gold and silver project located in southwestern Chihuahua State, Mexico (the "Agreement"). The Tenoriba project is comprised of four concessions, Mapy, Mapy2, Mapy3 (collectively the "Mapy Concessions") and Fernanda.

On October 3, 2012 the Company, through its Mexican subsidiary registered the Mapy3 concession comprising 1,849.6 hectares and located directly east of the Mapy and Mapy2 concessions. On February 18, 2018 the Company received confirmation of title from the Direccion General de Minas (mining department of the Mexican government) acknowledging title to the Mapy3 concession. The Company is 100% holder of this concession and is now part of the Tenoriba Project.

The terms of the original Agreement permit the Company to acquire a 100% interest in the Tenoriba project by issuing a total of 225,000 common shares and making total cash payments of US\$160,000 to the vendors over the four-year option period and spending US\$1 million in exploration expenditures on or before June 30, 2016. The Agreement also allows for a 2% NSR royalty payable to the vendors upon commercial production. The royalty can be purchased by the Company at any time within a three-month period from commencement of commercial production for US\$1.5 million.

On March 12, 2015, the Agreement was amended (the "Amended Agreement") and on September 28, 2016, the Agreement was further amended (the "Second Amended Agreement") to provide for the following payments:

'Fernanda' Concession Option Details

Pursuant to the Agreement, the Company has issued 50,000 common shares and made cash payments of US\$35,000 as follows:

1. 12,500 common shares and US\$5,000 on or before December 30, 2012 (issued and paid);
2. 12,500 common shares and US\$5,000 on or before June 30, 2013 (issued and paid);
3. 12,500 common shares and US\$12,500 on or before December 30, 2013 (issued and paid); and
4. 12,500 common shares and US\$12,500 on or before June 30, 2014 (issued and paid).

Pursuant to the Amended Agreement, the Company would issue 91,394 common shares and make cash payments of US\$62,500 as follows:

1. 35,144 common shares on or before December 30, 2015 (issued);
2. 12,500 common shares (issued) and US\$12,500 on or before June 30, 2016;
3. 12,500 common shares (issued) and US\$12,500 on or before December 30, 2016;
4. 15,625 common shares (issued) and US\$18,750 on or before June 30, 2017; and
5. 15,625 common shares (issued) and US\$18,750 on or before December 30, 2017.

Pursuant to the Second Amended Agreement, which supersedes the cash payments outlined in the Amended Agreement, the Company will make cash payments of US\$64,000 and if the aggregate market value of the Company's common shares exceeds \$5 million over a 30 day period or a change of control in the Company occurred, the payments will be accelerated as follows:

Accelerated

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Date of payment	Amount US\$	amount US\$
December 30, 2016 (paid)	5,500	11,000
June 30, 2017 (paid)	5,500	11,000
December 30, 2017 (paid)	10,000	20,000
June 30, 2018 (paid)	10,000	22,000
December 31, 2018 (paid)	10,000	-
June 30, 2019	10,000	-
December 31, 2019	13,000	-
	64,000	64,000

The Company will earn a 100% interest in the Fernanda concession upon the completion of the obligations above.

**'Mapy' Concessions Option Details**

Pursuant to the Agreement, the Company issued 37,500 common shares as follows:

1. 18,750 common shares on or before December 30, 2013 (issued); and
2. 18,750 common shares on or before June 30, 2014 (issued).

Pursuant to the Amended Agreement, the Company would issue 116,394 common shares and make cash payments of US\$62,500 as follows:

1. 35,144 common shares on or before December 30, 2015 (issued);
2. 18,750 common shares (issued) and US\$12,500 on or before June 30, 2016;
3. 18,750 common shares (issued) and US\$12,500 on or before December 30, 2016;
4. 21,875 common shares (issued) and US\$18,750 on or before June 30, 2017; and
5. 21,875 common shares (issued) and US\$18,750 on or before December 30, 2017.

Pursuant to the Second Amended Agreement, which supersedes the cash payments outlined in the Amended Agreement, the Company will make cash payments of US\$20,838 and if the aggregate market value of the Company's common shares exceeds \$5 million over a 30 day period or a change of control in the Company occurred, the payments will be accelerated as follows:

Date of payment	Amount US\$	Accelerated amount US\$
December 31, 2016 (paid)	2,000	4,838
June 30, 2017 (paid)	2,000	4,000
December 30, 2017 (paid)	3,838	6,000
June 30, 2018 (paid)	3,000	6,000
December 31, 2018 (paid)	3,000	-
June 30, 2019	3,000	-
December 31, 2019	4,000	-
	20,838	20,838

In addition, the Company issued 175,090 common shares to the vendors as part of the Second Amended Agreement, which earned the Company a 66 2/3% interest in the Mapy Concessions, which is subject to the transfer of title. The balance of the interest (33 1/3%) will be earned upon completion of the obligations above.

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On June 6, 2018, the Company issued 12,525 common shares to a vendor in final satisfaction of its 66 2/3% interest in the Mapy Concessions.

Centerra Option Details

On December 17, 2018, the Company signed an option agreement with Minera Centerra S.A de C.V. ("Centerra") (a subsidiary of Centerra Gold Inc. ("Centerra Gold")) whereby the Company has granted Centerra the right to acquire an initial 51% interest in the Tenoriba Project by completing the following:

Making annual rental payments to the Company to cover its annual cash payments as noted above:

Date	Amount US\$
December 17, 2018 (paid)	50,000
December 17, 2019 (paid)	60,000
December 17, 2020	70,000
December 17, 2021	80,000
December 17, 2022	90,000

And incurring exploration expenditures on the Project totalling US\$5,000,000 over 4 years:

Cumulative expenditures by	Amount US\$
December 17, 2019	500,000
December 17, 2020	1,500,000
December 17, 2021	3,000,000
December 17, 2022	5,000,000

Centerra will have the right to earn an additional 19% (total 70%) after the fourth year and any time before the end of the seventh year, by incurring an additional US\$4 million in exploration expenditures, completing a preliminary economic assessment on the Tenoriba Project, including a mineral resource estimate, and making a payment to the Company of US\$550,000 in either cash or common shares of Centerra Gold at the option of Centerra, wherein the number of common shares to be issued is based on the five-day volume weight trading price of a common share of Centerra Gold on the Toronto Stock Exchange immediately prior to the date of issuance.

**5. Loan from third party**

In connection with the settlement of the Company's property option payments, the Company borrowed \$22,214 from the vendor. The loan was non-interest bearing and due on demand. On March 29, 2019, this loan was settled by the issuance of 427,000 common shares of the Company (note 15).

**6. Shareholders' equity**

**Share capital**

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

Nine months ended October 31, 2019

- On March 29, 2019, the Company settled \$55,430 of debts to suppliers by the issuance of 1,108,600 common shares of the Company and recognized a gain on settlement totalling \$5,543.
- On March 29, 2019, the Company settled \$20,000 of loan from a related party by the issuance of 400,000 common shares of the Company and recognized a gain on settlement totalling \$2,999.
- On March 29, 2019, the Company settled \$21,350 of loan from a third party by the issuance of

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427,000 common shares of the Company and recognized a gain on settlement totalling \$2,000.

Year ended January 31, 2019

- On October 16, 2018, the Company settled \$90,723 of payables to the CEO by issuing 1,814,458 common shares of the Company and recognized a gain on settlement totalling \$27,217.

**Stock options**

The Company's stock option plan (the "Plan") is a 10% rolling Plan, whereby the maximum number of common shares that may be reserved for issuance under it shall not exceed 10% of the then outstanding common shares at the time of grant. The terms upon which any options are issued under the Plan are subject to vesting provisions determined by the board of directors. The term of any options granted may not exceed 10 years and their exercise price and vesting conditions will be determined by the board of directors pursuant to the policies of the TSX Venture Exchange.

A summary of the Company's stock options at October 31, 2019 is presented below:

	Number of options	Weighted average exercise price \$
<b>Options outstanding and exercisable at January 31, 2018</b>	<b>2,342,667</b>	<b>0.10</b>
Expired	(28,750)	0.24
<b>Options outstanding and exercisable at January 31, 2019</b>	<b>2,313,917</b>	<b>0.09</b>
Expired	(25,000)	0.20
<b>Options outstanding and exercisable at October 31, 2019</b>	<b>2,288,917</b>	<b>0.09</b>

The following table sets out the details of the stock options outstanding and exercisable:

Date of grant	Remaining life (years)	Number of options	Exercise Price \$
March 28, 2017	2.41	1,096,000	0.08
May 25, 2017	2.57	350,000	0.08
October 6, 2017	2.94	60,000	0.05
December 29, 2017	3.17	782,917	0.12
		<b>2,288,917</b>	

On September 19, 2018, 28,750 stock options expired unexercised.

On April 9, 2019, 25,000 stock option expired unexercised.

**Warrants and brokers warrants**

The following table summarizes information on outstanding warrants and brokers warrants as at July 31, 2019:

	Number of warrants	Weighted average exercise price \$
<b>Outstanding, January 31, 2018</b>	<b>15,106,535</b>	<b>0.15</b>
Expired	(15,106,535)	0.1
<b>Outstanding, January 31, 2019 and October 31, 2019</b>	<b>-</b>	<b>-</b>

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**7. Loss Per Share**

The calculation of basic loss per share for the nine months ended October 31, 2019 was based on the loss attributable to common shareholders of \$29,674 (October 31, 2018 - \$158,536) and a weighted average number of common shares outstanding of 32,182,652 (October 31, 2018 – 28,843,474).

**8. Related party transactions and key management compensation**

The Company defines its key management as directors, Chief Executive Officer, Chief Financial Officer and VP Exploration. For the nine months ended October 31, 2019, key management compensation and interest expense accrued to the CEO were \$42,941 (2018 - \$51,999) including share-based payments of \$nil (2018 - \$nil).

The following table summarizes information on related party transactions:

	Three months ended		Six months ended	
	October 31		July 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Geological consulting fees recorded in exploration and evaluation assets	-	31,250	<b>20,791</b>	93,749
Management fees	<b>5,000</b>	20,750	<b>18,250</b>	59,749
Interest expense	-	-	<b>5,200</b>	-

As at October 31, 2019, amounts due to related parties were \$232,269 (January 31, 2019 - \$210,769) in connection with various services provided to the Company, including professional, management and geological consulting fees.

As at October 31, 2019, loan payable to the CEO amounted to \$220,038 (January 31, 2018 - \$242,258). The loan bears interest at 13%, is unsecured and due on demand. As at October 31, 2019, accrued interest on the loan amounted to \$41,929 (January 31, 2019 - \$36,729).

On March 29, 2019, \$20,000 of the loan was settled by the issuance of 400,000 common shares of the Company (note 15).

On May 1, 2017, the Company entered into revised consulting agreements with the CEO, CFO and VP Exploration for the provision of consulting services subject to the capitalization of the Company (funds available from a financing, other financing related activities, including project funding, and free of any accruals and debt) as follows:

	CEO	CFO	VP Exploration
Financing with net proceeds:			
Between \$0 to \$500,000	\$66,000	\$20,000	\$42,000
Between \$500,000 to \$1,000,000	\$90,000	\$30,000	\$72,000
Greater than \$1,000,000	\$170,000	\$50,000	\$126,000

In addition to base fees noted above, the officers are eligible for a discretionary bonus up to \$100% of base fees as recommended by the Compensation Committee and approval by the Board of Directors. The agreements are effective until April 30, 2019 and are subject to renewal upon approval by the Compensation Committee. The Company must provide six to twelve months written notice for termination but reserves the right to waive such notice upon paying the fees which would have accrued during the six-month period. Should the Company be subject to a change of control and the agreements terminated, the agreements will terminate immediately, and the Company will be required to pay the base fees and

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discretionary bonus equal to 12 months, 24 months and 36 months for the CFO, VP Exploration and CEO, respectively, at the rates equivalent to financing with net proceeds of greater than \$1,000,000.

**9. General and administrative expenses**

The following table illustrates spending activity related to general and administrative expenses:

	Three months ended		Six months ended	
	2019	July 31 2018	2019	July 31 2018
	\$	\$	\$	\$
Shareholder and investor relations	694	2,500	6,009	19,415
Office costs	62	377	488	1,060
Communications	-	849	70	2,832
Regulatory and filing fees	-	435	3,743	8,289
Insurance	1,501	979	4,159	3,915
Travel	-	-	1,680	10,733
	<b>2,557</b>	<b>5,141</b>	<b>16,779</b>	<b>46,345</b>

**10. Financial instrument risk management**

**Credit risk**

The Company's credit risk is primarily attributable to its cash and government taxes recoverable. The risk exposure is limited to their carrying values at the statement of financial position date. Cash is held as cash deposits with counterparties that carry investment grade ratings as assessed by external rating agencies. The Company does not invest in asset-backed deposits or investments.

**Interest rate risk**

The Company is not exposed to significant interest rate risk since it has no interest-bearing debt except loan from related party, which bears a fixed rate of interest. Cash is held in accounts of financial institutions that do not bear significant interest.

**Liquidity risk**

The Company's objective is to ensure that there is sufficient capital in order to meet annual business requirements, after taking into account administrative, property holding and exploration budgets, against cash. As of October 31, 2019, the Company had cash of \$9,638 to settle current liabilities of \$792,608. As the Company does not have operating cash flow, the Company has and will continue to rely primarily on equity financing to meet its capital requirements.

**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.

**Currency risk**

The Company operates in Canada and Mexico, and is therefore exposed to foreign exchange risk arising from transactions 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 reporting results of the Company and may also affect the value of the

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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.

Based on management's knowledge and experience of the financial markets, management does not believe that the Company's current financial instruments will be affected by interest rate risk, currency risk or credit risk.

#### **11. Capital risk management**

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan and to meet its ongoing administrative costs. At October 31, 2019, the Company's capital consists of items in shareholders' equity, in the amount of \$1,616,696 (January 31, 2019 - \$1,559,268).

The properties in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company does not have any externally imposed capital requirements or covenants.

#### **12. Segmented information**

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets in Mexico. All of the Company's exploration and evaluation assets are located in Mexico.