Condensed Interim Financial Statements
(Expressed in Canadian dollars)

VENDETTA MINING CORP.

Three months ended August 31, 2019 and 2018

(Unaudited – prepared by management)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by the Company's auditors.

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

VENDETTA MINING CORP.

Condensed Interim Statement of Financial Position
(Unaudited – expressed in Canadian dollars)

		As at August 31, 2019		As at May 31, 2019
Assets				
Current assets:				
Cash	$	518,364	$	76,006
Receivables		84,377		14,463
Prepaid expenses and advances (Note 4)		42,138		22,015
Loans to related parties (Note 11)		127,194		-
		772,073		**112,484**
Equipment (Note 5)		1,984		2,224
Exploration and evaluation assets (Note 6)		6,011,183		6,011,183
Deferred financing costs (Note 9)		-		750
	$	**6,785,240**	**$**	**6,126,641**
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	377,019	$	903,766
Current portion of long-term debt (Note 7)		439,461		223,565
		816,480		**1,127,331**
Loans from related parties (Note 11)		182,000		279,958
Long-term debt (Note 7)		2,342,721		2,446,190
Other liabilities (Note 11)		222,877		-
		3,341,201		**3,853,479**
Shareholders' equity:				
Share capital (Note 9)		18,431,719		16,849,192
Obligation to issue shares (Note 9)		257,934		216,000
Subscriptions received in advance (Note 9)		36,318		270,250
Reserves (Note 9)		1,703,929		1,624,157
Deficit		(17,208,738)		(16,686,437)
		3,221,162		**2,273,162**
	$	**6,562,363**	**$**	**6,126,641**

Nature of operations and going concern (Note 1)

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

Approved on behalf of the Board:

"Michael J. Williams" Director

"Peter Voulgaris" Director

VENDETTA MINING CORP.

Condensed Interim Statement of Loss and Comprehensive Loss
(Unaudited – expressed in Canadian dollars)

		Three months ended		
		August 31, 2019		**Aug 31, 2018**
Expenses:				
Accounting and legal (Note 11)	$	17,775	$	23,348
Amortization (Note 5)		240		238
Business development		2,943		-
Consulting (Note 11)		-		13,750
Director fees (Note 11)		8,250		8,250
Exploration expenditures (Notes 6 and 11)		185,717		969,819
Filing and transfer agent fees		3,346		3,606
Financing costs		164,857		-
Foreign exchange		(49,514)		8,539
Insurance		2,500		3,771
Investor relations		123,478		29,487
Management fees (Note 11)		37,500		37,500
Office and administration (Note 11)		23,437		19,268
Share-based payments (Notes 9 and 11)		79,772		250,885
Travel and meals		-		2,055
		(600,301)		(1,370,516)
Recovery on settlement of accounts payable		78,000		-
Loss and comprehensive loss for the period	**$**	**(522,301)**	**$**	**(1,370,516)**
Loss per share - basic and diluted	$	(0.00)	$	(0.01)
Weighted average number of shares outstanding		162,363,419		144,861,491

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

VENDETTA MINING CORP.

Condensed Interim Statement of Changes in Equity
(Unaudited – expressed in Canadian dollars)

	Number of shares (Note 9)	Share capital (Note 9)	Obligation to issue shares	Share subscriptions received	RESERVES Share option reserves	Warrant and other reserves	Deficit	Total equity
May 31, 2018	144,861,491	14,765,061	$ -	$ (20,000)	$ 1,098,041	169,869	(13,536,843)	2,476,128
Share subscriptions received	-	-	-	16,500	-	-	-	16,500
Share-based payments	-	-	-	-	250,885	-	-	250,885
Loss and comprehensive loss for the period	-	-	-	-	-	-	(1,370,516)	(1,370,516)
August 31, 2018	144,861,491	14,765,061	-	(3,500)	1,348,926	169,869	(14,907,359)	1,372,997
Private placement	12,099,121	2,177,842	-	-	-	-	-	2,177,842
Warrants exercised			-	20,000	-	-	-	20,000
Vesting of performance share units	-	-	216,000	-	-	(216,000)	-	-
Share subscriptions received in advance	-	-	-	253,750	-	-	-	253,750
Share issuance costs	-	(93,711)			-	-	-	(93,711)
Share-based payments	-	-	-	-	33,354	288,008	-	321,362
Loss and comprehensive loss for the period	-	-	-	-	-	-	(1,779,078)	(1,779,078)
May 31, 2019	156,960,612	16,849,192	216,000	270,250	1,382,280	241,877	(16,686,437)	2,273,162
Private placement	17,305,832	1,615,250	-	(270,250)	-	-	-	1,345,000
Share subscriptions received in advance	-	-	-	36,318	-	-	-	36,318
Shares for debt	-	-	41,934	-	-	-	-	41,934
Share issuance costs	-	(32,723)	-	-	-	-	-	(32,723)
Share-based payments	-	-	-	-	21,992	57,780	-	79,772
Loss and comprehensive loss for the period	-	-	-	-	-	-	(522,301)	(522,301)
August 31, 2019	**174,266,444**	**$ 18,431,719**	**$ 257,934**	**$ 36,318**	**$ 1,404,272**	**$ 299,657**	**$ (17,208,738)**	**$ 3,221,162**

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

VENDETTA MINING CORP.

Condensed Interim Statement of Cash Flows
(Unaudited – expressed in Canadian dollars)

		Three months ended		
		August 31, 2019		**August 31, 2018**
Cash flows used in operating activities:				
Loss for the period	$	(522,301)	$	(1,370,516)
Items not affecting cash:				
Amortization		240		238
Financing costs		164,857		-
Foreign exchange		(46,690)		-
Share-based payments		79,772		250,885
		(324,122)		**(1,119,393)**
Changes in non-cash working capital:				
Receivables		(69,914)		13,373
Prepaid expenses and advances		(20,123)		(13,725)
Loan to related parties		(127,194)		-
Accounts payable and accrued liabilities		(265,039)		140,520
		(806,392)		**(979,225)**
Cash flows from financing activities:				
Loan repayment to related parties		(97,958)		-
Transaction costs on long-term debt		(2,637)		-
Private placement		1,345,000		31,500
Subscriptions received		36,318		-
Share issuance costs		(31,973)		(2,753)
		1,248,750		**28,747**
Decrease in cash		442,358		(950,478)
Cash, beginning of period		76,006		1,073,041
Cash, end of period	**$**	**518,364**	**$**	**122,563**
Supplemental schedule of non-cash investing and financing activities:				
Transaction costs on long-term debt in accounts payable	**$**	3,103	**$**	-
Shares for debt	**$**	41,934	**$**	-

There was no cash paid for income taxes or interest for the years presented.

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

1. Nature of operations and going concern:

Vendetta Mining Corp. (”the Company” or “Vendetta”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on December 14, 2009. The Company is in the business of exploration and evaluation of mineral resources in Australia. Its common shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol VTT. The Company’s registered address is: Suite 1500 – 409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Company is an exploration stage company and engages principally in the acquisition and exploration of resource properties. The recoverability of the amounts shown for exploration and evaluation assets is ultimately dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in the properties, obtaining necessary financing to explore and develop the properties, entering into agreements with others to explore and develop the resource properties, and upon future profitable production or proceeds from disposition of the resource properties. The amounts shown as exploration and evaluation assets represent net costs incurred to date, less amounts recovered from third parties and/or written-off, and do not necessarily represent present or future values.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and settle its obligations in the normal course of business.

The Company has a history of losses with no operating revenue other than interest income and has an accumulated deficit. The ability of the Company to carry out its planned business objectives is dependent on its ability to raise adequate financing from lenders, shareholders and other investors and/or generate operating profitability and positive cash flow. There can be no assurances that the Company will continue to obtain additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate additional financing, the Company will be required to curtail operations, exploration and evaluation activities and there would be significant uncertainty whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business. The Company estimates that it does not have sufficient funding for the ensuing 12 months of operations. These matters indicate the existence of material uncertainties that raise substantial doubt about the Company’s ability to continue as a going concern.

These condensed interim financial statements do not reflect adjustments, which could be material, to the carrying values of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

2. Significant accounting policies:

(a) Basis of presentation:

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards (“IAS”) 34, “Interim Financial Reporting” using accounting policies consistent with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

Unless otherwise stated, amounts are expressed in Canadian dollars.

These condensed interim financial statements were authorized for issuance by the Board of Directors on October 30, 2019.

2. Significant accounting policies (continued):

(b) Use of estimates and judgments:

The preparation of the condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The condensed interim financial statements include estimates which, by their nature, are uncertain. The impact of such estimates is pervasive throughout the condensed interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Share-based payments

The Company has granted certain employees of the Company PSU's to be settled in shares of the Company. The fair value of the estimated number of PSUs that will eventually vest, determined at the date of grant, is recognized as share-based payment expense over the vesting period, with a corresponding amount recorded as equity. The fair value of the PSUs is estimated using the market value of the underlying shares as well as assumptions related to the performance conditions at the grant date.

Derivative liability

The Company had an obligation under the Nebari Loan (Note 7) that is valued relative to the Company's share price and has measured such obligation as a derivative liability in reference to the Company's share price.

Critical accounting judgments

Examples of significant judgments, apart from those involving estimation, include:

Exploration and evaluation assets

Management is required to make judgments on the status of each resource property and the future plans with respect to finding commercial reserves. The nature of exploration and evaluation activity is such that only a few projects are ultimately successful, and some assets are likely to become impaired in future periods.

Functional currency

The Company applied judgment in determining its functional currency. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

(Unaudited – expressed in Canadian dollars)

2. Significant accounting policies (continued):

(c) Foreign currency transactions:

The presentation currency and functional currency of the Company is the Canadian dollar. Transactions of the Company denominated in other currencies are translated into the relevant functional currency using the exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each balance sheet date to reflect exchange rates prevailing at that date and the related foreign exchange gains or losses are recognized in profit or loss.

3. New standards and interpretations yet to be adopted:

Accounting policies used in the preparation of these condensed interim financial statements are consistent with those described in the Company's audited annual financial statements for the year ended May 31, 2019, except for the following change to IFRS, which were adopted as at June 1, 2019:

IFRS 16, Leases: This new standard eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model which requires the lessee to recognize assets and liabilities for all leases with a term of longer than 12 months. The Company has no leases as at August 31, 2019, therefore the adoption of IFRS 16 did not have a material impact on the Company's condensed interim financial statements.

There are no other IFRSs or IFRIC Interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. Prepaid expenses and advances:

Included in prepaid expenses and advances are:

	August 31, 2019	May 31, 2019
Prepaid expenses	$ 42,138	$ 22,015
	$ 42,138	$ 22,015

5. Equipment:

	Computer equipment
Cost, May 31, 2018 and 2019	$ 4,953
Additions	-
Cost, August 31, 2019	4,953
Accumulated amortization, May 31, 2018	$ (1,775)
Amortization for the year	(954)
Accumulated amortization, May 31, 2019	(2,729)
Amortization for the period	(240)
Accumulated amortization, August 31, 2019	(2,969)
Net book value, May 31, 2019	$ 2,224
Net book value, August 31, 2019	$ 1,984

(Unaudited – expressed in Canadian dollars)

6. Exploration and evaluation assets:

The Company's resource property with associated acquisition-related costs that has been capitalized and reflected on the statement of financial position is as follows:

	Pegmont, Queensland, Australia
Balance, May 31, 2018	$ 1,753,316
Additions – option and extension payments	1,373,145
Additions – advance royalty payment	2,824,200
Additions – other	60,522
Balance, May 31, 2019 and August 31, 2019	6,011,183

Pegmont Property, Queensland, Australia

In August 2014 the Company entered into an agreement, subsequently amended in December 2015, February 2018, November 2018 and March 2019 with Pegmont Mines Limited ("Pegmont") whereby the Company has an option to acquire 100% of the Pegmont property comprising of certain mining leases and exploration tenements by a combination of cash payments, exploration commitments and advanced royalty payments.

As at May 31, 2019, the Company has, pursuant to the amended agreement, met the required cash option payments totaling AUD$2.25 million (paid CAD$2,208,980) as well as an extension fee of AUD$10,000 (CAD$10,062). In addition, the Company reimbursed Pegmont for AUD$350,000 (paid CAD$356,681) of exploration expenses that they incurred during 2014; these expenditures will be applied to the overall expenditure requirements.

Exploration expenditures for the property during the first 3 years of the option comprised a minimum of AUD$800,000 per year or meeting minimum requirements by the State of Queensland (whichever is greater) by August 10th of each year for a total minimum commitment of AUD$3.0 million (completed). A minimum 17,000 m of drilling was also completed by August 2018. The Company remains subject to annual minimum requirements of A$600,000 by the State of Queensland to keep the property in good standing.

In connection with the Company exercising the option and as part of the final transfer of project titles, the Company also paid an advance royalty to Pegmont of AUD$3 million (CAD$2,824,200) and extension fees totaling AUD$450,000 (CAD$425,545) during the year ended May 31, 2019 to fully satisfy remaining requirements and complete its 100% acquisition of the Pegmont property. The Company received a royalty credit of the cash option payments of AUD$2.25 million and advanced royalty of AUD$3 million for a total of AUD$5.25 million, to be credited against future royalty payments.

Pegmont will retain a royalty right on future concentrate production from the property of 1.25% of net smelter return, subject to the credit of AUD$5.0 million in favour of the Company. In the case where ore is sold rather than concentrate, a separate royalty formula allows for a royalty of AUD$1.05 per tonne of ore sold, indexed to lead prices and to be conveyed to Pegmont, again subject to the AUD$5.0 million credit. Where ore that is sold contains silver at concentrations above 64 ppm, an additional royalty amount is payable, starting at AUD$0.06 per gram, indexed to the price of silver.

(Unaudited – expressed in Canadian dollars)

6. Exploration and evaluation assets (continued):

Pegmont Property, Queensland, Australia (continued)

Exploration expenditures are as follows:

		Three months ended August 31, 2019		Three months ended August 31, 2018
Analysis	$	1,484	$	40,680
Drilling		-		382,692
Field supplies and equipment		906		13,816
Geological consulting		121,404		176,347
Geophysics		-		10,681
Maps and reports		652		43,387
Meals and accommodations		3,300		38,856
Permitting		4,916		39,389
Preliminary economic analysis		-		185,120
Project management		43,310		1,509
Transportation		9,745		37,342
Total for the year	**$**	**185,717**	**$**	**969,819**

7. Long-term debt:

On May 9, 2019, the Company entered into a US$2,556,818 loan agreement (“Nebari Loan”), subsequently amended in August 2019, with Nebari Natural Resources Credit Fund I, LP (“Nebari”). The amount funded was US$2,250,000 (CAD$3,032,100), representing an original issue discount of 12%. The Nebari Loan bears an interest rate of the three-month London interbank offered rate (“LIBOR”) plus 6.0% per annum, with a LIBOR “floor” of 2.5%, and will mature on May 6, 2021. Principal repayments will commence on April 30, 2020 and each anniversary thereafter, at 6.25% of the principal outstanding at April 30, 2020, including all interest paid in-kind and original issue discount, and is payable at any amount from 50% to 100% of the amount due, at the Company’s discretion; any remaining unpaid interest will be capitalized and added to the principal amount of the loan, payable upon maturity. Interest will accrue monthly, computed on the basis of a 360-day year, and is payable quarterly in arrears beginning on September 30, 2019; pursuant to the amended agreement, interest accrued to September 30, 2019 that originally could be paid in-kind is now required to be paid in cash (paid US$55,406 subsequent to August 31, 2019). The loan is secured by the assets of the Company.

Should the Company complete a listing on an exchange other than the TSX-V, Nebari shall have the right to convert the debt and accrued interest into common shares of the Company at a conversion of 120% of the listing price, after a black-out period of four months from the date of listing. No value has been attributed to this contingent conversion feature.

(Unaudited – expressed in Canadian dollars)

7. Long-term debt (continued):

Upon maturity and full repayment of the loan, a repayment bonus is payable to Nebari, to be calculated, pursuant to the amended agreement, as 30% of the funded amount, multiplied by the ratio of the Company's market capitalization the day prior to repayment divided by the Company's capitalization on May 6, 2019, minus one (the "Repayment Bonus"). At the closing date of the Nebari Loan, the Company recognized a Repayment Bonus of US$67,500 ($90,963), which has been classified as a derivative liability (Note 8). In connection with the Nebari Loan, the Company paid transaction costs of $326,156, comprising a closing fee of 3.0% of the funded amount (US$67,500 or CAD$90,823), technical and other due diligence costs of US$130,000 (CAD$174,919), and other transaction costs of $60,274. The Repayment Bonus and transaction costs are being amortized into profit or loss over the estimated term of the Nebari Loan, being the legal term, at an effective interest rate of 22.46% (2018 – 22.34%).

The Nebari Loan is subject to standard events of default, as well as a requirement to maintain, at the end of each calendar quarter, a working capital deficit of no more than $100,000.

	August 31, 2019	May 31, 2019
Opening Balance	$ 2,669,755	$ -
Loan advance	-	3,445,568
Discount on issuance	-	(413,468)
Repayment bonus	-	(90,963)
Transaction costs	(5,740)	(320,416)
Interest accrued	72,770	19,506
Accretion of transaction costs and repayment bonus	92,087	23,795
Foreign exchange	(46,690)	5,733
Ending Balance	$ 2,782,182	$ 2,669,755
Current portion	$ 439,461	$ 223,565
Long-term portion	$ 2,342,721	$ 2,446,190

8. Derivative liability:

In accordance with IFRS, as the measurement of the Repayment Bonus pursuant to the Nebari Loan (Note 7) is dependent on the Company's future market capitalization, Company has recognized a derivative liability, which was designated as a financial liability carried at fair value through profit or loss. On May 7, 2019, the derivative liability was determined to be $90,963 (US$67,500). As at May 31, 2019 and August 31, 2019, the derivative liability had a fair value of $nil. The Company has recorded the resulting change in fair value of $nil (2018 - $nil) in the statement of loss and comprehensive loss.

9. Share capital:

(a) Authorized:

Unlimited common shares without par value.

(Unaudited – expressed in Canadian dollars)

9. Share capital (continued):

(b) Share issuances:

2020 transactions

On June 5, 2019, the Company completed a non-brokered private placement of 5,772,500 units at a price of $0.10 per unit for gross proceeds of $577,250, of which $270,250 had been received at May 31, 2019 and $20,000 remains receivable at August 31, 2019. Each unit was comprised of one common share and one-half share purchase warrant, each whole warrant exercisable into one additional common share at a price of $0.15 per share for a period of two years. In connection with the private placement, the Company paid finders fees of $1,600 and other share issuance costs of $20,451, of which $750 had been deferred at May 31, 2019.

On July 30, 2019, the Company completed the first tranche of a non-brokered private placement, consisting of 11,533,332 units at a price of $0.09 per unit for gross proceeds of $1,038,000. Each unit was comprised of one common share and one share purchase warrant, each warrant exercisable into one additional common share at a price of $0.13 per share for a period of three years. In connection with the private placement, the Company paid finders fees of $3,600 and other share issuance costs of $7,072.

At August 31, 2019, the Company had received $36,318 in advance subscriptions.

2019 transactions

During the year ended May 31, 2019, the Company completed a non-brokered private placement of 12,099,121 units for gross proceeds of $2,177,842. Each unit was comprised of one common share and one-half share purchase warrant, each whole warrant exercisable into one additional common share at a price of $0.30 per share for a period of two years. In connection with the private placement, the Company paid finders fees of $60,174 and incurred other issuance costs of $33,537.

(c) Warrants:

Details of activity in warrants for the three months ended August 31, 2019 and year ended May 31, 2019 are as follows:

Number outstanding May 31, 2019	Granted	Exercised	Expired/ Cancelled	Number outstanding Aug 31, 2019	Exercise price per share	Expiry date
4,864,444	-	-	-	4,864,444	$ 0.30	Sept 21, 2020
1,185,116	-	-	-	1,185,116	0.30	Oct 17, 2020
-	2,886,250	-	-	2,886,250	0.15	June 3, 2021
-	11,533,332	-	-	11,553,332	0.13	July 30, 2022
6,049,560	14,419,582	-	-	20,469,142		
$0.30	$0.13	-	-	$0.18	(weighted average exercise price)	

(Unaudited – expressed in Canadian dollars)

9. Share capital (continued):

(c) Warrants (continued):

Number outstanding May 31, 2018	Granted	Exercised	Expired/ Cancelled	Number outstanding May 31, 2019	Exercise price per share	Expiry date
11,263,328	-	-	(11,263,328)	-	$ 0.30	May 1, 2019
-	4,864,444	-	-	4,864,444	0.30	Sept 21, 2020
-	1,185,116	-	-	1,185,116	0.30	Oct 17, 2020
11,263,328	6,049,560	-	(11,263,328)	6,049,560		
$0.30	$0.30	-	$0.30	$0.30	(weighted average exercise price)	

(d) Stock options:

The Company has a stock option plan, which authorizes the Board of Directors to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option may not be less than market price of the Company's stock calculated on the date of the grant less the applicable discount. The options can be granted for a maximum term of 10 years. The Company's stock option plan contains no vesting requirements but permits the board of directors to specify a vesting schedule in its discretion.

Details of activity in share purchase options for the three months ended August 31, 2019 and year ended May 31, 2019 are as follows:

Number outstanding May 31, 2019	Granted	Exercised	Expired/ Cancelled	Number outstanding Aug 31, 2019	Number exercisable	Exercise price per share	Expiry date
5,075,000	-	-	-	5,075,000	5,075,000	$ 0.15	Dec 15, 2021
4,850,000	-	-	-	4,850,000	3,637,500	0.30	Oct 17, 2022
9,925,000	-	-	-	9,925,000	8,712,500		
$0.22	-	-	-	$0.22	$0.21	(weighted average exercise price)	

Number outstanding May 31, 2018	Granted	Exercised	Expired/ Cancelled	Number outstanding May 31, 2019	Number exercisable	Exercise price per share	Expiry date
1,125,000	-	-	(1,125,000)	-	-	$ 0.25	Oct 20, 2018
5,075,000	-	-	-	5,075,000	5,075,000	0.15	Dec 15, 2021
4,850,000	-	-	-	4,850,000	3,637,500	0.30	Oct 17, 2022
11,050,000	-	-	(1,125,000)	9,925,000	8,712,500		
$0.23	-	-	$0.25	$0.22	$0.21	(weighted average exercise price)	

The fair values of the stock options used to calculate compensation expense for both employees and non-employees for the options granted is estimated using the Black-Scholes pricing model. The weighted average fair value per option granted during the three months ended August 31, 2019 was $nil (2018 – $0.14). During the year ended August 31, 2019, the Company recognized $21,994 (2018 - $576,579) in share-based payments for the fair value of the vesting portion of the stock options that were granted in current and prior periods. The following weighted average assumptions used in the calculation of fair value are as follows:

(Unaudited – expressed in Canadian dollars)

9. Share capital (continued):

(d) Stock options (continued):

	Three months ended August 31, 2019	Three months ended August 31, 2018
Risk-free interest rate	N/A	1.13%
Expected volatility	N/A	102.73%
Expected life of options	N/A	2.5 years
Expected dividend yield	N/A	Nil
Forfeiture rate	N/A	Nil

(e) Performance share units:

During the year ended May 31, 2018, the Company granted 2,700,000 PSU to the Company's directors. The PSU represent the right to receive common shares of the Company upon vesting of the PSU based on performance milestones approved by the Board of Directors related to the Company's development of its Pegmont property. The PSU expire on May 10, 2020.

	PSU
Balance outstanding, May 31, 2018 and 2019	2,700,000
Granted	-
Balance outstanding, August 31, 2019	2,700,000
Balance exercisable, August 31, 2019	1,080,000

As the performance conditions of the PSU granted were not market-related, the fair value per PSU used to calculate compensation expense for the PSU granted is determined to be $0.20, equal to the market price on the date of grant. During the three months ended August 31, 2019, the Company recognized $57,780 (2018 - $141,130) in share-based payments for the fair value of the vesting portion of the PSU that were granted in prior periods.

During the year ended May 31, 2019, 1,080,000 PSU vested upon the achievement of related performance milestones. Therefore, at May 31, 2019 and August 31, 2019, the Company has recorded a total obligation to issue shares of $216,000, based on 1,080,000 PSU vesting at a fair value of $0.20 per PSU.

10. Segmented information:

The Company's business consists of one reportable segment being resource exploration. Details about geographic areas as at August 31, 2019 and May 31, 2019 are as follows:

Non-current assets	August 31, 2019	May 31, 2019
Australia	$ 6,011,183	$ 6,011,183
Total	$ 6,011,183	$ 6,011,183

(Unaudited – expressed in Canadian dollars)

11. Related party transactions:

Key management personnel consist of directors and senior management including the President and Chief Executive Officer, Chief Financial Officer, and Corporate Secretary.

The Company paid or accrued the following amounts to key management personnel or companies controlled by them:

	Three months ended August 31, 2019	Three months ended August 31, 2018
Management fees, consulting fees, office administration and accounting fees to key management personnel or companies controlled by key management personnel	$ 50,000	$ 49,500
Directors fees to directors or companies controlled by directors	8,250	8,250
Geological consulting fees to a company controlled by a director	45,000	25,000
Office, administration, rent and accounting costs to companies controlled by key management	11,765	11,381
Share-based compensation related to stock options	17,686	88,537
Share-based compensation related to PSU	57,780	141,130
Total	$ 190,481	$ 343,798

During the year ended May 31, 2019, the Company borrowed $182,000 from a company with an officer and director in common. The loan does not bear interest and has a term of 25 months (amended from 12 months during the three months ended August 31, 2019); the lender retains the right to demand early payment of the loan by providing 30 days written notice.

During the year ended May 31, 2019, the Company borrowed AUD$100,000 from an officer and accrued interest and fees of AUD$4,500, for a total owing of AUD$104,500 ($97,958) as at May 31, 2019. The loan was repaid in full in three months ended August 31, 2019.

During the three months ended August 31, 2019, the Company loaned $127,194 to two officers. The loans do not bear interest and are repayable on demand with 30 days written notice. The Company also entered into agreements with the same officers wherein they waived their rights to $222,877 due to them for management fees, geological consulting fees, and office administration as at August 31, 2019 for a period of 12 months.

Included in accounts payable and accrued liabilities is $19,669 (May 31, 2019 - $152,465) due to directors, management, or companies controlled by them and former related parties. Amounts due to related parties are unsecured, have no fixed terms of repayment, and are non-interest bearing. At August 31, 2019, the Company has recorded $16,938 (May 31, 2019 - $1,943) in prepaid expenses and advances to related parties.

12. Financial instruments:

The Company's cash is classified at amortized cost. The carrying values of receivables, accounts payable and accrued liabilities, and loans from related parties approximate their fair values due to their short terms to maturity. The Company's derivative liability is classified as Level 2 of the fair value hierarchy. Long-term debt bears interest at variable rates and fair value approximates carrying values as interest charges fluctuate with changes in the LIBOR.

(a) Financial risk factors and capital management:

Credit risk

Credit risk arises from the possibility that counterparties may be unable to fulfill their commitments to the Company. The Company's credit risk is primarily attributable to its cash and receivables. The carrying value of this instrument represents the Company's maximum exposure to credit risk. The Company manages and limits exposure to credit risk by maintaining its cash with high-credit quality financial institutions. The Company does not have financial assets that are invested in asset backed commercial paper. Receivables are primarily due from a government agency.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet its financial obligations associated with financial liabilities in full. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 12(b) of these condensed interim financial statements. The Company's expenditure commitments, pursuant to option agreements related to resource properties, are disclosed in Note 6. The Company is exposed to liquidity risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

The Company does not have any significant interest-bearing financial assets.

The Company's Nebari Loan (Note 7) is interest-bearing debt at a variable rate. A 10% change in the LIBOR would result in an increase of up to $1,368 in the net loss realized for the period. Changes to the LIBOR could have a more substantial impact in the future.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Company's functional and presentation currency is the Canadian dollar. The Company incurs foreign currency risk on purchases that are denominated in a currency other than the functional currency of the Company, which will have an impact on the profitability of the Company and may also affect the value of the Company's assets, liabilities and the amount of shareholders' equity. The Company's main risks are associated with fluctuations in the Australian dollar due to transactions related to Pegmont, as well as the Nebari Loan (Note 7) which is denominated in US dollars.

12. Financial instruments (continued):

(a) Financial risk factors and capital management (continued):

Foreign currency risk (continued)

Foreign assets and liabilities are translated based on the foreign currency translation method described in Note 2(c). A 10% change in the foreign exchange rate between the Canadian and U.S. and Australian dollar would result in a fluctuation of $291,822 in the net loss realized for the period, including $278,218 on the Nebari Loan. The Company does not enter into any foreign exchange hedging contracts.

(b) Capital management:

The Company's objectives of capital management are intended to safeguard the Company's ability to support the Company's exploration and evaluation of its resource properties and support any expansion plans. The capital of the Company consists of the items included in shareholders' equity.

The Company manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. To effectively manage the entity's capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its financial objectives. The Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. Pursuant to the Nebari Loan (Note 7), the Company must maintain, at the end of each calendar quarter, a working capital deficit of no more than $100,000.