OrganiMax Nutrient Corp.
(An Exploration Stage Enterprise)

Condensed Consolidated Interim Financial Statements
For the Three Months Ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

Responsibility for Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

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

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

OrganiMax Nutrient Corp.

(An Exploration Stage Enterprise)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

As at	September 30, 2018	June 30, 2018
	$	$
ASSETS		
Current		
Cash	217,160	473,267
Amounts receivable	76,315	61,734
Prepaid expenses	6,728	6,728
	300,203	541,729
Equipment (Note 4)	13,119	14,335
Exploration and evaluation assets (Note 5)	2,708,840	2,485,850
	3,022,162	3,041,914
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	722,331	518,689
Shareholders' equity		
Share capital (Note 6)	4,954,680	4,954,680
Reserves	8,207,272	8,198,925
Deficit	(10,862,121)	(10,630,380)
	2,299,831	2,523,225
	3,022,162	3,041,914

Nature of operations and going concern (Note 1)
Commitments (Notes 5 and 10)
Subsequent events (Note 12)

These condensed consolidated interim financial statements were authorized for issued by the Board of Directors on November 29, 2018. They are signed on the Company's behalf by:

"*Timothy Mosey*" — Director

"*William Harper*" — Director

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

OrganiMax Nutrient Corp.

(An Exploration Stage Enterprise)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

	2018	2017
	$	$
EXPENSES		
Advertising and promotion	19,085	5,899
Consulting fees (Note 7)	104,840	43,809
Depreciation (Note 4)	829	1,027
General administrative (Note 7)	39,346	17,712
Professional fees (Note 7)	38,395	32,792
Share-based payments (Notes 6 and 7)	8,347	(4,037)
Stock exchange and filing fees	-	4,950
LOSS BEFORE OTHER ITEMS	(210,842)	(102,152)
OTHER ITEMS		
Foreign exchange gain (loss)	(20,899)	9,085
Gain on mineral property	-	50,000
Interest and other income	-	83
LOSS AND COMPREHENSIVE LOSS	(231,741)	(42,984)
Loss and comprehensive loss per share, basic and diluted	(0.01)	(0.00)
Weighted average number of common shares outstanding, basic and diluted	28,274,369	17,149,745

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

OrganiMax Nutrient Corp.

(An Exploration Stage Enterprise)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

	Common Shares				Total
	Number of Shares	Amount	Reserves	Deficit	Shareholders' Equity
	(Note 6)	$	$	$	$
Balance, June 30, 2017	16,613,513	3,449,212	7,903,150	(9,736,344)	1,616,018
Shares issued for exploration and evaluation assets	1,333,333	340,000	-	-	340,000
Share-based payments	-	-	(4,037)	-	(4,037)
Loss and comprehensive loss	-	-	-	(42,984)	(42,984)
Balance, September 30, 2017	17,946,846	3,789,212	7,899,113	(9,779,328)	1,908,997
Balance, June 30, 2018	28,274,369	4,954,680	8,198,925	(10,630,380)	2,523,225
Share-based payments	-	-	8,347	-	8,347
Loss and comprehensive loss	-	-	-	(231,741)	(231,741)
Balance, September 30, 2018	28,274,369	4,954,680	8,207,272	(10,862,121)	2,299,831

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

OrganiMax Nutrient Corp.

(An Exploration Stage Enterprise)

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

	2018	2017
	$	$
CASH USED IN:		
OPERATING ACTIVITIES		
Loss and comprehensive loss	(231,741)	(42,984)
Items not involving cash:		
Depreciation	829	1,027
Foreign exchange (gain) loss	145	(9,085)
Gain on mineral property	-	(50,000)
Share-based payments	8,347	(4,037)
Changes in non-cash working capital items:		
Amounts receivable	(14,581)	(11,804)
Prepaid expenses	-	6,643
Accounts payable and accrued liabilities	47,804	(1,722)
	(189,197)	(111,962)
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(66,910)	(101,986)
Proceeds from sale of exploration and evaluation assets	-	50,000
	(66,910)	(51,986)
Effective of foreign exchange on cash	-	(286)
DECREASE IN CASH AND CASH EQUIVALENTS	(256,107)	(164,234)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	473,267	278,946
CASH AND CASH EQUIVALENTS, END OF PERIOD	217,160	114,712
Supplemental Cash Flow Information:		
Income tax paid	-	-
Interest paid	-	-
Non-cash financing and investing activities:		
Non-cash exploration and evaluation assets expenditures	156,080	-
Shares issued for exploration and evaluation assets	-	340,000

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

1. NATURE OF OPERATIONS AND GOING CONCERN

OrganiMax Nutrient Corp. (formerly Alset Minerals Corp.) (the "Company") was incorporated on July 10, 2003 under the laws of British Columbia. On April 28, 2016, the Company changed its name from Benton Capital Corp. to Alset Energy Corp. On May 3, 2017, the Company further changed its name to Alset Minerals Corp., and retained the same ticker symbol "ION" on the TSX Venture Exchange. On August 28, 2018, the Company further changed its name to OrganiMax Nutrient Corp. and ticker symbol to "KMAX" on the TSX Venture Exchange. The Company is an exploration stage company which engages in the business of acquisition, exploration and development of mineral properties in Canada and Mexico. The Company's head office is located at Suite 1400 – 1040 West Georgia Street, Vancouver, B.C., V6E 4H8. The Company began trading on the TSX Venture Exchange in April 2005.

The Company had a working capital deficiency of $422,128 and a deficit of $10,862,121 as at September 30, 2018, which has been funded mainly by the issuance of equity. The accompanying condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes the realization of assets and the settlement of liabilities in the normal course of business. The appropriateness of the going concern assumption is dependent upon the Company's ability to generate future profitable operations and/or generate continued financial support in the form of equity financings. These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern. These condensed consolidated interim financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported expenses and the financial position classification that would be necessary if the going concern assumption were not appropriate and such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of the condensed consolidated interim financial statements. The accounting policies followed in these consolidated financial statements are the same as those applied in the audited annual consolidated financial statements for the Company for the year ended June 30, 2018.

These condensed consolidated interim financial statements of the Company for the three months ended September 30, 2018 were reviewed, approved and authorized for issue by the Board of Directors on November 29, 2018.

Basis of Measurement

These consolidated financial statements have been prepared on an accrual basis and are based on historical costs except for certain financial instruments, which are measured at fair value. The condensed consolidated interim financial statements are presented in Canadian dollars which is also the Company's functional currency.

Basis of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary Grupo Minero Alset, S.A. de. C.V. ("Grupo") in Mexico. Grupo was incorporated on June 7, 2016. All inter-company balances and transactions have been eliminated on consolidation.

Use of Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

a) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of the expenditures is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

b) Site Closure and Reclamation Provisions

The Company assesses its mineral properties' rehabilitation provision at each reporting date or when new material information becomes available. Exploration, development and mining activities are subject to various laws and regulations governing the protection of the environment. In general, these laws and regulations are continually changing and the Company has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for reclamation obligations requires management to make estimates of the future costs that the Company will incur to complete the reclamation work required to comply with existing laws and regulations at each location. Actual costs incurred may differ from those amounts estimated.

Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact any amounts charged to operations for reclamation and remediation. At September 30, 2018 and June 30, 2018, no reclamation obligation has been incurred. Therefore, no provision has been recorded which represents management's best estimate of the present value of the future reclamation and remediation obligation. The actual future expenditures may differ from the amounts currently provided.

c) Title to Mineral Properties

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

d) Share-Based Payments

Management uses valuation techniques in measuring the fair value of share options granted. The fair value is often determined using the Black-Scholes option pricing model which requires management to make certain estimates, judgements, and assumptions in relation to the expected life of the share options, expected volatility, expected risk-free rate, and expected forfeiture rate. Changes to these assumptions could have a material impact on the Company's consolidated financial statements.

e) Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Note 1.

f) Deferred Income Taxes

Judgement is required to determine which types of arrangements are considered to be a tax on income in contrast to an operating cost. Judgement is also required in determining whether deferred tax liabilities are recognized in the consolidated statement of financial position. Deferred tax assets, including those potentially arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable income in future periods, in order to recognize deferred tax assets. Assumptions about the generation of future taxable income depend on management's estimates of future operations and cash flows. These estimates of future taxable income are based on forecast cash flows from operations (which are impacted by production and sales volumes, commodity prices, reserves, operating costs, closure and rehabilitation costs, capital expenditure, and other capital management transactions) and judgement about the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize deferred tax assets or offset these against any deferred tax liabilities recorded at the reporting date could be impacted.

3. SIGNIFICANT ACCOUNTING POLICIES

Changes in Accounting Policies

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its financial statements beginning January 1, 2018. IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and lost ("FVTPL"). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. IFRS replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company's financial statements.

(Expressed in Canadian Dollars)

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations.

The adoption of IFRS 15 did not impact the cumulated revenue recognized or the related assets and liabilities on the transition date.

Future changes in accounting policies

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019, with early application permitted.

The Company is currently assessing the impact of the adoption of IFRS 16.

4. EQUIPMENT

	Computer Hardware and Software	Drilling and Exploration Equipment	Total
	$	$	$
COST			
Balance at June 30, 2017	11,910	2,519	14,429
Additions	4,661	1,759	6,420
Foreign exchange adjustments	-	35	35
Balance at June 30, 2018	16,571	4,313	20,884
Additions	-	-	-
Foreign exchange adjustments	-	(212)	(212)
Balance at September 30, 2018	16,571	4,101	20,672
DEPRECIATION			
Balance at June 30, 2017	1,786	-	1,786
Depreciation	3,736	1,027	4,763
Balance at June 30, 2018	5,522	1,027	6,549
Depreciation	829	242	1,071
Foreign exchange adjustments	-	(67)	(67)
Balance at September 30, 2018	6,351	1,202	7,553
NET CARRYING AMOUNT AS AT			
June 30, 2018	11,049	3,286	14,335
September 30, 2018	10,220	2,899	13,119

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

Mineral property acquisition, exploration and development expenditures are deferred until the properties are placed into production, sold, impaired or abandoned. These deferred costs will be amortized over the estimated useful life of the properties following commencement of production, or written-down if the properties are allowed to lapse, are impaired, or are abandoned. The deferred costs associated with each property for three months ended September 30, 2018 and for the year ended June 30, 2018 are summarized in the tables below:

	Lithium Salars	Champion Graphite	Total
	$	$	$
Acquisition costs			
Balance, June 30, 2018	1,271,669	130,026	1,401,695
Acquisition	155,838	-	155,838
Balance, September 30, 2018	1,427,507	130,026	1,557,533
Exploration and evaluation costs			
Balance, June 30, 2018	1,015,296	68,859	1,084,155
Assays and analysis	1,291	-	1,291
Depreciation	242	-	242
Field supplies and miscellaneous	1,562	-	1,562
Geological consultants	38,398	4,500	42,898
Legal and administration	20,085	-	20,085
Permitting and prospecting	-	-	-
Travel and accomodation	1,074	-	1,074
Balance, September 30, 2018	1,077,948	73,359	1,151,307
Total, September 30, 2018	2,505,455	203,385	2,708,840

(Expressed in Canadian Dollars)

	Lithium Salars	Wisa Lake	Champion Graphite	Goodchild	Total
	$	$	$	$	$
Acquisition costs					
Balance, June 30, 2017	831,985	-	130,026	1	962,012
Acquisition - cash	99,684	-	-	-	99,684
Acquisition - shares	340,000	-	-	-	340,000
Balance, June 30, 2018	1,271,669	-	130,026	1	1,401,696
Exploration and evaluation costs					
Balance, June 30, 2017	539,650	-	55,689	-	595,339
Assays and analysis	44,454	-	623	-	45,077
Depreciation	1,027	-	-	-	1,027
Field supplies and miscellaneous	36,000	-	172	-	36,172
Geological consultants	91,493	-	12,375	-	103,868
Legal and administration	28,432	-	-	-	28,432
Permitting and prospecting	7,800	-	-	-	7,800
Taxes and duties	260,125	-	-	-	260,125
Travel and accomodation	6,315	-	-	-	6,315
Balance, June 30, 2018	1,015,296	-	68,859	-	1,084,155
Option payments received	-	(50,000)	-	(30,000)	(80,000)
Gain on farmed-out option	-	50,000	-	29,999	79,999
Total, June 30, 2018	2,286,965	-	198,885	-	2,485,850

(a) **Lithium Salars, Mexico**

Pursuant to an agreement dated July 28, 2016 and amended on April 7, 2017 with MKG Mining Mexico, S.A. de C. V. ("MKG"), the Company acquired a 100% interest in lithium, potassium, boron soils, and brine salar assets located in Zacatecas and San Luis Potosi, Mexico, which includes four large concessions containing seven top priority salars namely, Caliguey, La Doncella, Colorada, La Salada, Santa Clara, Saldivar and Chapala. As consideration for the properties, the Company agreed to pay the outstanding mining taxes on the four concessions of $143,870 (paid) and US$210,000 to MKG. During the year ended June 30, 2017, the Company paid US$20,000 in cash and issued 2,101,514 common shares of the Company as payment of the remaining US$190,000 balance.

The Company also paid $44,587 as finder's fee to an individual who became a director of the Company in March 2017.

The property is subject to a 2% net smelter royalty ("NSR") of which 1% can be purchased by the Company for US$250,000. The property is also subject to a 0.25% NSR in favour of the finder mentioned above.

Pursuant to an agreement dated June 15, 2017, the Company entered into an assignment of mining rights and obligations agreement with Hot Spring Mining, S.A. de C.V. ("Hot Spring Mining") to acquire two concessions located in Zacatecas and San Luis Potosi, Mexico. The Company agreed to issue 1,333,333 common shares to Hot Spring Mining as consideration for the properties (issued in August 2017). The Company also agreed to pay the outstanding mining taxes on the two concessions totaling $180,998. The properties are subject to a 2.5% NSR of which the Company has the right to purchase up to 1.5% for $1,500,000.

In November 2017, the Company completed the staking and filing of additional mineral claims for this property.

(b) **Champion Graphite, Ontario**

The 100% owned Champion Graphite property is located 60km north of Kenora, Ontario and consists of 29 units in 2 unpatented mining claims. The Company acquired the property in 2016 from Benton Resources Inc. ("Benton"), a company related by common directors and officers, by issuance of 1 million common shares of the Company to Benton. The property is subject to a 2% NSR, one-half of which 1% can be bought back by the Company for $500,000.

6. SHARE CAPITAL

Authorized:
Class A common - unlimited
Class B common - unlimited
Common shares - unlimited
Issued:
Class A common - Nil
Class B common - Nil
Common shares – 28,274,369 shares

Effective February 28, 2018, the Company completed a share consolidation on the basis of 3 pre-consolidation common shares for 1 post-consolidation common share. These financial statements have been retrospectively adjusted to reflect this consolidation.

(a) Share issued

In August 2017, the Company issued 1,333,333 common shares at the price of $0.255 per share pursuant to the agreement with Hot Spring Mining (note 5(a)).

In October 2017, the Company completed a private placement of 833,333 units at $0.24 per unit for gross proceeds of $200,000. Each unit consists of one common share and one warrant exercisable at $0.33 for 12 months.

In January 2018, the Company closed a private placement of 857,143 units at $0.21 per unit for gross proceeds of $180,000. Each unit comprises one common share and one common share purchase warrant. Each warrant is exercisable to acquire one additional common share at $0.33 for 24 months. The Company paid finder's fees of $7,000 and issued 33,333 broker warrants at a fair value of $6,366. The broker warrants have the same terms as the unit warrants.

In April 2018, the Company closed a private placement of 8,270,167 units at $0.12 per unit for gross proceeds of $992,420. Each unit comprises one common share and one-half common share purchase warrant. Each warrant is exercisable to acquire one additional common share at $0.15 for 36 months. The Company issued 366,880 finders' units at a fair value of $85,304 and 516,880 broker warrants at a fair value of $116,308. Each finders' unit comprises one common share and one-half common share purchase warrant ("finders' warrants"). Each finders' warrant and broker warrants are exercisable to acquire one additional common share at $0.15 for 36 months.

(Expressed in Canadian Dollars)

(b) Stock options

The Company has adopted an incentive stock option plan for granting options to directors, employees and consultants. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. Options granted may not exceed a term of five years. All options vest upon grant unless otherwise specified by the Board of Directors. In the annual general and extraordinary meeting held on March 23, 2017, the shareholders of the Company authorized the granting of options to a maximum of 2,990,678 common shares.

Details of stock option transactions for the three months ended September 30, 2018 and for the year ended June 30, 2018 are detailed below.

	Number of Options	Weighted Average Exercise Price
		$
Balance, June 30, 2017	2,857,345	0.45
Granted	83,333	0.45
Expired	(1,484,166)	0.42
Balance, June 30, 2018	1,456,512	0.45
Expired	(308,337)	0.42
Balance, September 30, 2018	1,148,175	0.46

As at September 30, 2018, the following stock options were outstanding:

Expiry Date	Exercise Price	Number of Options	Options Exercisable
	$		
February 3, 2019	0.60	79,167	79,167
September 6, 2020	0.45	83,333	83,333
April 21, 2021	0.21	141,667	141,667
July 27, 2021	1.17	66,666	66,666
December 12, 2021	0.39	264,332	264,332
March 29, 2022	0.45	83,333	83,333
May 10, 2022	0.45	429,677	322,259
		1,148,175	1,040,757

The weighted average life of the options outstanding and exercisable at September 30, 2018 is 2.99 years (June 30, 2018 – 3.35 years).

During the three months ended September 30, 2018, the Company did not grant any stock options, and recorded share-based payments of $8,347 for options granted in prior year.

(Expressed in Canadian Dollars)

(c) Warrants

The changes in warrants during the three months ended September 30, 2018 and the year ended June 30, 2018 were as follows:

	Number of Warrants	Weighted Average Exercise Price
		$
Balance, June 30, 2017	2,455,005	0.60
Issued	6,559,213	0.20
Expired	(965,482)	0.60
Balance, June 30, 2018 and September 30, 2018	8,048,736	0.27

Warrants outstanding at September 30, 2018 were as follows:

Expiry Date	Number of Warrants	Exercise Price
		$
October 17, 2018	633,245	0.60
October 31, 2018	833,333	0.33
November 7, 2018	856,278	0.60
January 15, 2019	890,476	0.33
April 16, 2021	4,835,404	0.15
	8,048,736	

The weighted average life of the warrants outstanding and exercisable at September 30, 2018 is 1.59 years (June 30, 2018 – 1.84).

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS

The Company paid or accrued the following amounts to related parties during the three months ended September 30, 2018 and 2017:

Payee	Description of Relationship	Nature of Transaction	2018	2017
			$	$
Gordon J. Fretwell Law Corporation	Company controlled by Gorden Fretwell, officer and former director	Legal fees and consulting fees	11,670	12,207
ABR Media Company	Company controlled by the former president, former CEO and a former director	Consulting fees, administration fees and office rent	-	42,883
Emily Hanson	Vice President, Exploration, and director	Geological consulting fees	18,000	-
Gilberto Zapata Castaneda	Director, and former CFO	Consulting fees	27,840	-
Timothy Mosey	President, CEO and director	Consulting fees	40,000	
William Gennen McDowall	Former president, former CEO,	Consulting fees	27,000	
Golden Tree Capital Corp.	Company controlled by Dong Shim, CFO	Accounting fees	9,000	-
SHIM & Associates LLP	Company controlled by Dong Shim, CFO	Accounting fees	4,500	-
Albert Wu & Associates Ltd.	Company controlled by Albert Wu, former CFO	Accounting fees	-	14,550

The purchases from and fees charged by the related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due to related parties as at September 30, 2018 and June 30, 2018 were as follows:

Payee	Description of Relationship	September 30, 2018	June 30, 2018
		$	$
Gordon J. Fretwell Law Corporation	Company controlled by Gorden Fretwell, officer and former director	-	-
Albert Wu & Associates Ltd.	Company controlled by Albert Wu, former CFO	4,620	4,620
Allan Laboucan	Former president, former CEO, and a former director	36	36
Timothy Mosey	President, CEO and director	10,000	-
William Gennen McDowall	Former president, former CEO, and a former director	-	2,124
Golden Tree Capital Corp.	Company controlled by Dong Shim, CFO	3,150	-
SHIM & Associates LLP	Company controlled by Dong Shim, CFO	1,575	-
Emily Hanson	Vice President, Exploration, and director	3,282	4,536

The amounts due are non-interest bearing, unsecured, and have repayment terms similar to the repayment terms of non-related party trade payables.

(Expressed in Canadian Dollars)

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-terms benefits and termination benefits were made during the three months ended September 30, 2018. Short-term key management compensation consists of the following for the three months ended September 30, 2018 and 2017:

	2018	2017
	$	$
Professional fees	25,170	26,757
Consulting fees	94,840	33,333
General administrative	-	9,000
Geological consulting fees, recorded in exploration and evaluation assets	18,000	-
Share-based payments	7,216	(1,696)
	145,226	67,394

8. CAPITAL DISCLOSURES

The Company's objectives when managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern;
- To raise sufficient capital to finance its exploration activities on its mineral exploration properties;
- To raise sufficient capital to meet its general and administrative expenditures.

The Company manages its capital structure and makes adjustments to it based on the general economic conditions, its short term working capital requirements, and its planned exploration and development program expenditure requirement. The capital structure of the Company is composed of working capital (deficiency) and shareholders' equity. The Company may manage its capital by issuing flow through or common shares, or by obtaining additional financing.

The Company utilizes annual capital and operating expenditure budgets to facilitate the management of its capital requirement. These budgets are approved by management and updated for changes in the budgets underlying assumptions as necessary.

There were no changes in the Company's approach to managing capital during the current period. In order to maintain or adjust the capital structure, the Company considers the following;

i) incremental investment and acquisition opportunities;
ii) equity and debt capital available from capital markets;
iii) equity and debt credit;
iv) sale of assets;
vi) limiting the size of the investment program; and
vi) new share issuances if available on favorable terms.

Except as otherwise disclosed, the Company is not subject to any external financial covenants at September 30, 2018 and June 30, 2018.

(Expressed in Canadian Dollars)

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

IFRS establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and cash equivalents, which is classified as Level 1.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at September 30, 2018 and June 30, 2018 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Cash and cash equivalents				
September 30, 2018	217,160	-	-	217,160
June 30, 2018	473,267	-	-	473,267

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at September 30, 2018 and June 30, 2018 because of the demand nature or short-term maturity of these instruments.

The following table summarizes the carrying value of the Company's financial instruments:

	September 30, 2018	June 30, 2018
	$	$
Fair value through profit and loss (i)	217,160	473,267
Other financial liabilities (ii)	722,331	518,689

(i) Cash
(ii) Accounts payable

The Company's financial instruments are exposed to certain risks, including credit risk, interest rate risk, liquidity risk, currency risk and market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company's cash and cash equivalents are held through a large Canadian financial institution. Management believes the risk of loss to be remote.

(b) 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 market interest rates. In management's opinion, the Company is not exposed to significant interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. The Company monitors and reviews current and future cash requirements and matches the maturity profile of financial assets and liabilities. This is generally accomplished by ensuring that cash and cash equivalents are always available to settle financial liabilities. At September 30, 2018, the Company had cash on hand of $217,160 (June 30, 20198 - $473,267) available to the Company to settle current liabilities of $722,331 (June 30, 2018 - $518,689). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

(d) Currency risk

The Company's functional currency is the Canadian dollar. The Company is primarily exposed to currency fluctuations related to accounts payable and accrued liabilities and payment obligations for exploration and evaluation that are denominated in Mexican Pesos. As at September 30, 2018, the Company had net current liabilities of $422,128 (June 30, 2018 – $444,579) denominated in Mexican Pesos which was translated at 0.06897 pesos to $1 (June 30, 2018 – 0.0667). The Company does not actively manage this risk.

(e) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as market prices, foreign exchange rates and interest rates. In management's opinion, the Company is not exposed to significant market risk

(Expressed in Canadian Dollars)

10. COMMITMENTS

The Company has commitments as described in note 5 relating to exploration and evaluation assets obligations.

11. SEGMENTED INFORMATION

The Company currently operates in two geographical operating segments, the exploration of mineral properties in Canada and Mexico. Management of the Company makes decisions about allocating resources based on the operating segments. A geographic summary of identifiable assets and liabilities by country is as follows:

As at September 30, 2018			
	Canada	Mexico	Total
	$	$	$
Equipment	10,220	2,900	13,119
Exploration and evaluation assets	203,385	2,505,455	2,708,840

As at June 30, 2018			
	Canada	Mexico	Total
	$	$	$
Equipment	11,049	3,286	14,335
Exploration and evaluation assets	198,885	2,286,965	2,485,850

12. SUBSEQUENT EVENTS

On October 17, 2018, a total of 633,245 warrants with an exercise price of $0.60 expired.

On October 31, 2018, a total of 833,333 warrants with an exercise price of $0.33 expired.

On November 7, 2018, a total of 856,278 warrants with an exercise price of $0.60 expired.