



Condensed Consolidated Interim Financial Statements

Second Quarter Ended September 30, 2019

(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

These condensed consolidated interim financial statements of the Company for the period ended September 30, 2019 have been prepared by management and have not been subject to review by the Company's auditors.

GALORE RESOURCES INC.

Condensed Consolidated Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2019	March 31, 2019 (audited)
	\$	\$
Assets		
Current assets		
Cash	66,735	1,155
Amounts receivable	41,459	15,840
Prepaid expenses	80,102	72,933
	188,296	89,928
Equipment (note 3)	13,103	13,241
Exploration and evaluation assets (note 4)	6,221,389	5,839,385
	6,422,788	5,942,554
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued liabilities	1,648,817	1,404,325
Due to related party (note 6)	438,449	238,567
Loan payable (note 7)	45,116	43,324
	2,132,382	1,686,216
Shareholders' equity		
Share capital (note 8(a))	17,112,790	16,909,888
Obligation to issue shares (note 14)	92,635	-
Reserves (note 8(c))	2,876,704	2,798,314
Deficit	(15,791,723)	(15,451,864)
	4,290,406	4,256,338
	6,422,788	5,942,554

See accompanying notes to the condensed consolidated interim financial statements

Nature and continuance of operations (note 1)

Commitments (note 13)

Subsequent events (note 14)

Approved by the Board of Directors and authorized for issue on November 29, 2019

GALORE RESOURCES INC.

Condensed Consolidated Interim Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Operating costs and expenses				
Amortization	69	93	138	185
Consulting (note 5)	3,060	8,540	9,135	8,540
Corporate development and investor relations	912	8,628	2,135	10,028
Interest expense (notes 6 & 7)	34,064	18,913	62,584	34,961
Management fees (note 5)	75,276	74,173	151,512	148,182
Office and miscellaneous	2,780	1,838	4,036	2,662
Professional fees	4,555	2,513	11,009	3,913
Share-based compensation (notes 5 & 8)	14,790	-	14,790	131,252
Shareholder communications	-	3,521	-	3,521
Trust and filing fees	3,369	5,867	13,658	7,920
Loss before other items	(138,875)	(124,086)	(268,997)	(351,164)
Bonus shares (note 8 (a))	(15,720)	-	(15,720)	-
Bonus warrants (note 6)	(63,600)	-	(63,600)	-
Loan bonus (note 8 (a))	-	(2,394)	-	(2,394)
Foreign exchange gain (loss)	(8,699)	4,232	8,458	(1,691)
Net loss and comprehensive loss for the period	(226,894)	(122,248)	(339,859)	(355,249)
Weighted average number of common shares outstanding	123,164,129	113,835,978	122,857,053	112,991,251
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

See accompanying notes to the condensed consolidated interim financial statements

GALORE RESOURCES INC.

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

	Six Months Ended September 30,	
	2019	2018
	\$	\$
Cash provided by (used for):		
Operating activities		
Net loss for the period	(339,859)	(355,249)
Items not involving the use of cash:		
Amortization	138	185
Share-based compensation	14,790	131,252
Bonus shares issued	15,720	-
Bonus warrants	63,600	-
Foreign exchange on loans	(4,331)	(1,103)
Interest accrual on loans	17,479	9,815
Loan bonus	-	2,394
	(232,463)	(212,706)
Change in non-cash working capital:		
Amounts receivable	(25,619)	2,269
Prepaid expenses	(7,169)	(8,739)
Accounts payable and accrued liabilities	186,132	58,357
Due to related party	54,366	-
	(24,753)	(160,819)
Investing activity		
Exploration and evaluation assets	(323,644)	(10,076)
Financing activities		
Loan proceeds	-	39,884
Subscription receipts	92,635	354,582
Advances from related party	134,160	-
Proceeds from private placement	187,182	-
	413,977	394,466
Increase in cash	65,580	223,571
Cash, beginning of the period	1,155	1,966
Cash, end of the period	66,735	225,537

See accompanying notes to condensed consolidated interim financial statements

Supplementary disclosure: Refer to note 9.

GALORE RESOURCES INC.

Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian dollars)

	Number of shares	Share capital	Subscription receipts	Reserves	Deficit	Total equity
		\$	\$	\$	\$	\$
March 31, 2019	122,546,603	16,909,888	-	2,798,314	(15,451,864)	4,256,338
Private placement	3,743,629	187,182	-	-	-	187,182
Bonus shares issued	314,400	15,720	-	-	-	15,720
Bonus warrants issued	-	-	-	63,600	-	63,600
Subscription receipts	-	-	92,635	-	-	92,635
Share-based compensation	-	-	-	14,790	-	14,790
Net loss for the period	-	-	-	-	(339,859)	(339,859)
September 30, 2019	126,604,632	17,112,790	92,635	2,876,704	(15,791,723)	4,290,406
March 31, 2018	110,695,461	16,427,917	-	2,572,442	(14,749,336)	4,251,023
Shares for debt settlement	3,000,000	60,000	-	-	-	60,000
Loan bonus shares issued	159,600	2,394	-	-	-	2,394
Subscription receipts	-	-	354,582	-	-	354,582
Share-based compensation	-	-	-	131,252	-	131,252
Net loss for the period	-	-	-	-	(355,249)	(355,249)
September 30, 2018	113,855,061	16,490,311	354,582	2,703,694	(15,104,585)	4,444,002

See accompanying notes to condensed consolidated interim financial statements

GALORE RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended September 30, 2019

(Unaudited - Expressed in Canadian dollars)

1) NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated in British Columbia, Canada and has been primarily involved in the acquisition and exploration of mineral property interests in North America. The address of the Company's corporate office and principal place of business is 432 Lyon Place, North Vancouver, B.C. V7L-1Y3 and the corporate mailing address is 19141 Stone Oak Parkway - #104, San Antonio, Texas, 78258, United States of America.

At the date of these financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties. The ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property. Although the Company is unaware of any defects in its title to its mineral properties, no guarantee can be made that none exist.

These condensed consolidated interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue and at September 30, 2019, the Company has a working capital deficiency of \$1,944,086 (March 31, 2019 - \$1,596,288) and an accumulated deficit of \$15,791,723 (March 31, 2019 - \$15,451,864). These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

The Company continuing operations as intended is dependent upon its ability to raise sufficient funds in order to finance exploration and administrative expenses. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed consolidated interim financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2) SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2019, which have been prepared in accordance with IFRS, as issued by the IASB.

b) Consolidation

Name of Subsidiary	Place of Incorporation	Proportion of Ownership Interest	Principal Activity
Minerales Galore, S.A de C.V.	Zacatecas State, Mexico	100%	Mineral Exploration

GALORE RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended September 30, 2019

(Unaudited - Expressed in Canadian dollars)

2) SIGNIFICANT ACCOUNTING POLICIES *(continued)*

c) Significant accounting policies

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the annual consolidated financial statements of the Company for the year ended March 31, 2019. The disclosure contained in these condensed consolidated interim financial statements do not include all the requirements in IAS 1 *Presentation of Financial Statements* ("IAS 1"). Accordingly these condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended March 31, 2019.

The accounting policies below have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

d) Equipment

Equipment is measured at cost less accumulated amortization, less any accumulated impairment losses. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) within equipment. Amortization on equipment is recorded at annual declining balance rates, with only 50% recorded in the year of acquisition, as follows:

- i) Office and exploration equipment – 20%
- ii) Leasehold improvements – over the term of the remaining lease
- iii) Computer hardware – 30%
- iv) Computer software – 100%

e) Significant accounting judgments, estimates and assumptions

The preparation of the Company's condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the condensed consolidated interim financial statements and 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies:

The following are critical judgements that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that there have been no events or changes in circumstances that indicate the carrying amount of exploration and evaluation assets may not be recoverable.

GALORE RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended September 30, 2019

(Unaudited - Expressed in Canadian dollars)

3) EQUIPMENT

	Exploration equipment	Office equipment	Computer hardware	Total
	\$	\$	\$	\$
Cost				
Balance as at March 31, 2018, 2019 and September 30, 2019	25,876	7,976	14,532	48,384
Accumulated amortization				
Balance as at March 31, 2018	13,790	7,099	13,883	34,772
Amortization for the year	-	176	195	371
Balance as at March 31, 2019	13,790	7,275	14,078	35,143
Amortization for the period	-	70	68	138
Balance as at September 30, 2019	13,790	7,345	14,146	35,281
Net book value				
At March 31, 2019	12,086	701	454	13,241
At September 30, 2019	12,086	631	386	13,103

4) EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets

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 are in good standing.

	Dos Santos, Mexico
	\$
Balance, March 31, 2018	5,445,384
Acquisition Costs	48,608
Assays and lab analysis	1,208
Camp cost, logistics and community	16
Field office, travel and accommodation	105,894
Geological, geophysical and geochemical	53,102
Payments of rights	205,420
Payments of rights (reversal)	(20,247)
Balance, March 31, 2019	5,839,385
Assays and lab analysis	1,208
Camp cost, logistics and community	38,312
Exploration	161,732
Field office, travel and accommodation	108,950
Geological, geophysical and geochemical	71,802
Balance, September 30, 2019	6,221,389

GALORE RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended September 30, 2019

(Unaudited - Expressed in Canadian dollars)

4) EXPLORATION AND EVALUATION ASSET *(continued)*

Dos Santos, Mexico

In December 2007 (and amended on April 4, 2009), the Company signed an option agreement to purchase 100% of the Dos Santos gold and base-metal property located in Zacatecas State, Mexico. In order to earn a 100% interest in the property the Company had to pay \$250,000 U.S. over a four year period (paid).

The Company also acquired certain other mineral claims through staking.

During the year ended March 31, 2012, the Company entered into a purchase agreement to acquire the surface rights to certain privately-owned lands known as Rancho Duraznillo that cover a portion of the Dos Santos project. The terms of the agreement required payments of 350,000 MXN Pesos on signing (paid) and further monthly payments over 18 months totaling approximately 1,050,000 MXN Pesos. The Company completed these payments during the year ended March 31, 2019, and acquired the surface rights and gained full title.

On January 17, 2018, the Company announced that it had entered into a 5-year contract with Urbanizaciones Y Acabados, S.A. De CV ("URBYASA"), (subject to a two year validity for renewal) to mine gold from certain mineral claims within the property. Under this contract, URBYASA was to be responsible for all required insurance, permits, fees, duties, and taxes associated with the Mining Law and other federal, state and local laws. Any proceeds, net of costs, will be allocated 40% to the Company and 60% to URBYASA. The Company would retain the rights on all other minerals extracted at the Company's other claims. The contract with URBYASA is with the Company's wholly owned subsidiary, Minerales Galore S.A. De CV. Full plant operation was to commence within 90 days from the date of the agreement and would terminate if URBYASA failed to commence production within that time period. URBYASA was granted a temporary extension of the contract while it completed all specified requirements.

During the year, the Company formally requested that URBYASA terminate the contract, at which time URBYASA was asked to vacate the certain mineral claims within the property.

On June 6, 2014, the Company signed an Option Agreement to acquire the San Onesimo property, located south of the Dos Santos property in northern Zacatecas State, Mexico. Under the San Onesimo Agreement, the Company may earn a 100% interest in the property by making escalating cash payments totaling US\$508,000 (US\$28,000 paid) over 5 years and issuing 1 million common shares of the Company.

On April 17, 2018, the Company entered into a debt settlement agreement (the "Agreement") with the optionors of the San Onesimo property. Under the terms of the agreement, the Company returned the San Onesimo property to the optionors, and settle the cash payments owing for 2015, 2016 and 2017 by issuing the optionors 3,000,000 fully paid and non-assessable common shares in the capital stock of the Company at a price of \$0.054 per share. In return, the optionors have agreed to cancel and forgive all future payments of cash and shares due under the Agreement, and absolve the Company from any and all responsibility to pay outstanding claim taxes due and future taxes payable on the property.

On May 17, 2018, the Company received TSX Venture Exchange approval to proceed with the debt settlement arrangement and issued the 3,000,000 common shares.

GALORE RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended September 30, 2019

(Unaudited - Expressed in Canadian dollars)

5) RELATED PARTY TRANSACTIONS

Key management personnel compensation:

	Six Months Ended September 30,	
	2019	2018
	\$	\$
Bonus warrants	63,600	-
Share-based compensation	14,790	128,269
Consulting fees	9,135	8,540
Management fees	151,512	148,182
Total management compensation	239,037	284,991

All transactions with related parties have occurred in the normal course of operations and management represents that they have occurred on a basis consistent with those involving unrelated parties, and accordingly that they are measured at fair value.

Included in accounts payable and accrued liabilities as at September 30, 2019 is \$643,768 (March 31, 2019 - \$443,129) due to officers and directors and companies controlled by officers and directors.

6) DUE TO RELATED PARTY

In January 2017, the Company entered into a loan agreement with the CEO of the Company (the “Lender”), whereby the Company borrowed USD\$150,000. Under the terms of the agreement, the loan was due January 12, 2019, bore interest of 8% per annum, compounded monthly, and was payable upon demand, provided however, that the Lender agreed not to make a demand within the first twelve months of the Loan. On January 12, 2019, the loan matured and remains outstanding. No formal loan extension has been reached, and the loan continues to accrue interest at the stated terms. As further consideration for advancing the loan, the Company issued to the Lender a bonus of 847,560 common shares of its share capital.

In May 2019, an officer of the Company loaned the Company USD \$100,000, bearing interest at 10% per annum. During the six month period ended September 30, 2019, the Company issued 2,000,000 bonus warrants to the lender in consideration of the loan (See Note 8 d)). These warrants were ascribed a fair value \$63,600.

During the six month period ended September 30, 2019, the Company accrued interest of \$15,274 (USD \$11,499) (March 31, 2019 - \$17,941 (USD\$12,461)) in respect of the above loans. As at September 30, 2019, the total amount owing in respect of the above loans is \$384,083 (March 31, 2019 - \$238,567).

During the six month period ended September 30, 2019, an officer of the Company advanced an additional \$54,366. The advance is unsecured, non-interest bearing and due on demand.

7) LOAN PAYABLE

On June 21, 2018, the Company entered into a loan agreement with a non-arm’s length shareholder of the Company (the “Lender”). Under the terms of the agreement, the Lender has provided the Company with a cash loan of USD \$30,000, with an interest rate of 10% per annum compounded monthly. On June 21, 2019, the loan matured and remains outstanding. No formal loan extension has been reached, and the loan continues to accrue interest at the stated terms. As additional consideration, the Company issued the Lender a bonus of 159,600 common shares.

During the period ended September 30, 2019, the Company accrued interest of \$2,205 (USD \$1,659) (March 31, 2019 - \$3,173 (USD\$2,408)). As at September 30, 2019, the total amount owing is \$45,116 (March 31, 2019 - \$43,324).

GALORE RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended September 30, 2019

(Unaudited - Expressed in Canadian dollars)

8) SHARE CAPITAL

- a) The authorized share capital of the Company consists of an unlimited number of common shares.

During the six months ended September 30, 2019, the Company issued the following shares:

- On September 16, 2019, the Company closed the first tranche of non-broker private placement, issuing 3,743,629 units for gross proceeds of \$187,181. Each unit consisted of one common share and one common share purchase warrant, each warrant entitling the holder to purchase one additional common share of the Company for a period of two years, subject to acceleration, at a price of \$0.10. Subsequent to this quarter, the Company closed the second tranche. See note 14.
- On September 16, 2019, the Company issued 314,400 bonus shares, valued at \$15,720, to an agent of the Company for various agreements with COMEFIN S. de R.L. de C.V. ("Comefins") for drilling and shares for services arrangements.

During the year ended March 31, 2019, the Company issued the following shares:

- On May 17, 2018, the Company issued 3,000,000 shares, valued at \$60,000, as per a debt settlement agreement with the optionors of the San Onesimo property. See note 4.
- On July 16, 2018, the Company issued 159,600 shares, valued at \$2,394, to a non-arm's length party in consideration of receiving a USD \$30,000 loan. See note 7.
- On October 4, 2018, the Company issued 8,391,542 units for gross proceeds of \$419,577. Each unit consisted of one common share and one common share purchase warrant. Each warrant is exercisable into one additional common share at a price of \$0.08 per share, and expires five years from the date of issue. In connection with the financing, the Company issued an additional 300,000 common shares as a finder's fee. These common shares were valued at \$15,000.

- b) Stock options

The Company has a stock option plan (the "Plan") which allows the Company to grant options to directors, officers, employees and consultants. Under the Plan, options will be exercisable over periods of up to 5 years and are required to have an exercise price no less than the closing market price of the Company's shares prevailing on the day that the option is granted less a discount of up to 25%. Under the Company's current plan, which was approved by the shareholders at its annual general meeting held November 8, 2018, a total of 24,500,000 are reserved for issuance.

The continuity of stock options is as follows:

	Six Months Ended September 30, 2019		Year Ended March 31, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		\$		\$
Balance, beginning of the period	16,725,000	0.09	12,025,000	0.08
Granted	425,000	0.10	6,300,000	0.10
Expired/cancelled	-	-	(1,600,000)	0.11
Balance, end of the period	17,150,000	0.09	16,725,000	0.09
Weighted average years to expiry		2.62		3.19

GALORE RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended September 30, 2019

(Unaudited - Expressed in Canadian dollars)

8) SHARE CAPITAL *(continued)*

b) Stock options *(continued)*

As at September 30, 2019, the following options are outstanding:

Number of Options	Exercise Price \$	Expiry Date
1,000,000	0.10	September 7, 2022*
1,300,000	0.15	October 3, 2019**
5,625,000	0.05	December 29, 2021
2,200,000	0.10	December 29, 2021
300,000	0.05	March 8, 2022
4,400,000	0.10	May 1, 2023
1,900,000	0.10	November 13, 2023
425,000	0.10	August 13, 2024
17,150,000		

* These options had an original expiry date of September 7, 2017, but were extended a further 5 years.

**These warrants expired unexercised subsequent to period ended September 30, 2019.

c) Share-based payment reserve

During the six months ended September 30, 2019, the Company granted 425,000 options exercisable at a price of \$0.10 for a period of 5 years, to an eligible director of the Company.

During the year ended March 31, 2019, the Company granted 6,300,000 options exercisable at a price of \$0.10 for a period of 5 years, to eligible directors, officers and consultants of the Company. 1,650,000 of these options are subject to shareholder approval prior to becoming exercisable.

The following weighted average assumptions were used for the Black Scholes valuation of stock options granted in:

	Six Months Ended September 30, 2019	Year Ended March 30, 2019
Risk-free interest rate	1.24%	2.17% – 2.39%
Expected life	5 years	5 years
Expected volatility	261.13%	262.84% - 266.28%
Dividend rate	-	-

GALORE RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended September 30, 2019

(Unaudited - Expressed in Canadian dollars)

8) SHARE CAPITAL (continued)

d) Warrants

The continuity of warrants is as follows:

	Six Months Ended September 30, 2019		Year Ended March 31, 2019	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
		\$		\$
Balance, beginning of the period	22,506,026	0.08	14,114,484	0.08
Granted	5,743,629	0.08	8,391,542	0.08
Expired	(425,000)	-	-	-
Balance, end of the period	27,824,655	0.08	22,506,026	0.08
Weighted average years to expiry		2.32		2.97

As at September 30, 2019, the following warrants are outstanding:

Number of Warrants	Exercise Price	Expiry Date
	\$	
2,270,300	0.10	October 8, 2019**
11,419,184	0.07*	August 29, 2021
8,391,542	0.08	October 4, 2023
2,000,000	0.05	July 4, 2020
3,743,629	0.10	September 16, 2021
27,824,655		

*Exercisable at \$0.05 in the first year, \$0.06 in the second year, \$0.07 in the third year, \$0.08 in the fourth year, and \$0.09 in the fifth year after issuance.

**These warrants expired unexercised subsequent to period ended September 30, 2019.

9) SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the period ended September 30, 2019 were:

- a) At period end, included in accounts payable was \$940,151 of exploration and evaluation asset costs.

The significant non-cash transactions for the period ended September 30, 2018 were:

- a) At period end, included in accounts payable was \$625,799 of exploration and evaluation asset costs.
b) 3,000,000 common shares, valued at \$60,000, were issued to settle outstanding debt related to the Company's exploration and evaluation assets.

GALORE RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended September 30, 2019

(Unaudited - Expressed in Canadian dollars)

10) SEGMENTED INFORMATION

The Company primarily operates in one reportable segment, being the acquisition, exploration and evaluation of exploration and evaluation assets located in Canada and Mexico. Geographic information is as follows:

	Six Months Ended September 30, 2019	Year Ended March 31, 2019
	\$	\$
Non-current assets		
Canada	1,017	1,155
Mexico	6,233,475	5,539,474
	6,234,492	5,540,629

11) FINANCIAL INSTRUMENT RISKS

The Company's financial instruments are exposed to the following risks:

Credit Risk

The Company's primary exposure to credit risk is the risk of illiquidity of cash, amounting to \$66,735 at September 30, 2019 (March 31, 2019 - \$1,155). As the Company's policy is to limit cash holdings to instruments issued by major Canadian and Mexican banks, or investments of equivalent or better quality, the credit risk is considered by management to be negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company's only liquidity risk from financial instruments is its need to meet operating accounts payable and accrued liabilities, due to related party and loan payable requirements. The Company did not maintain sufficient cash balances to meet these needs at September 30, 2019.

Foreign Exchange Risk

The Company has foreign exchange risk due to its activities carried out in Mexico. At September 30, 2019, the Company had \$114,772 (March 31, 2019 - \$86,671) in current assets and \$1,000,149 (March 31, 2019 - \$569,794) in current liabilities originating in Mexico.

Fair Value of Financial Instruments

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

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

GALORE RESOURCES INC.

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(Unaudited - Expressed in Canadian dollars)

11) FINANCIAL INSTRUMENT RISKS *(continued)*

During the six month period ended September 30, 2019 and the year ended March 31, 2019, there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

The Company does not have any financial instruments classified at fair value as at September 30, 2019 and March 31, 2019.

12) CAPITAL MANAGEMENT

The Company's primary objective for managing its capital structure is to maintain financial capacity for the purpose of sustaining the future development of the business and maintaining investor, creditor and market confidence.

The Company considers its capital structure to include shareholders' equity and working capital. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying mineral property industry. In the event that adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs.

The Company's share capital is not subject to any external restrictions. The Company has not paid or declared any dividends since the date of incorporation, nor are any currently contemplated. There have been no changes to the Company's approach to capital management during the period.

13) COMMITMENTS

On September 1, 2016, the Company entered into a management services agreement with the company's Chief Financial Officer ("CFO") to provide services at a rate of CDN \$5,000 per month. These fees shall be accrued until sufficient funds are available to the Company for payment and will be recorded on the Company's books as an accounts payable. Payment of accrued fee(s) shall be upon the recommendation of the Compensation and Corporate Governance Committee, acting reasonably, to the Board of Directors. Effective September 1, 2017, the agreement with the CFO was amended such that the rate was increased to USD \$7,000 per month.

Additionally, under the amended agreement, if there is a sale, lease or exchange of all or substantially all of the property of the Company to another person or entity, other than in the ordinary course of business of the Company, or there is deemed to be a change of control, which means acquiring an interest in the Company's shares conferring 50% or more of the votes entitling the purchaser to elect the board of directors of the Company, either of which constitutes a "Transaction", the CFO will be entitled to receive at the time of closing of the Transaction any accrued fees as well as the yearly amount (12 months equaling USD \$84,000) of the fee for each year of service provided to the Company since January, 2015.

The CFO will also be entitled to receive at the time of closing of the Transaction, five-hundred thousand (500,000) common shares of the Company for every year (September 2015 to September 2016) that he did not receive any compensation for services performed due to the financial condition of the business

On September 1, 2016, the Company entered into a management services agreement with the company's Chief Executive Officer ("CEO") to provide services at a rate of CDN \$12,000 per month. These fees shall be accrued until sufficient funds are available to the Company for payment and will be recorded on the Company's books as an accounts payable. Payment of accrued fee(s) shall be upon the recommendation of the Compensation and Corporate Governance Committee, acting reasonably, to the Board of Directors. Effective September 1, 2017, the agreement was amended and services will be provided to the Company at a rate of USD \$12,000 per month.

GALORE RESOURCES INC.

Notes to the Condensed Consolidated Interim Financial Statements

Six months ended September 30, 2019

(Unaudited - Expressed in Canadian dollars)

13) COMMITMENTS *(continued)*

Additionally, under the amended agreement, if there is a sale, lease or exchange of all or substantially all of the property of the Company to another person or entity, other than in the ordinary course of business of the Company, or there is deemed to be a change of control, which means acquiring an interest in the Company's shares conferring 50% or more of the votes entitling the purchaser to elect the board of directors of the Company, either of which constitutes a "Transaction", the CEO will be entitled to receive at the time of closing of the Transaction any accrued fees as well as the yearly amount (12 months equaling USD \$144,000) of the fee for each year of service the CEO provided to the Company since July, 2012. The CEO will also be entitled to receive at the time of closing of the Transaction, one (1) million common shares of Galore for every year (July 2012 to July 2016) that he did not receive any compensation for services performed due to the financial condition of the business.

The Company has an agreement to pay consulting fees to a related party company owned by the Company's Corporate Secretary ("SEC"), billed at an hourly rate on an as needed basis. Three months' notice is required to terminate the applicable agreement, meaning the Company is committed to paying three months' fees at any time prior to giving notice of termination.

Additionally, if there is a sale, lease or exchange of all or substantially all of the property of the Company to another person or entity, other than in the ordinary course of business of the Company, or there is deemed to be a change of control, which means acquiring an interest in the Company's shares conferring 50% or more of the votes entitling the purchaser to elect the board of directors of the Company, either of which constitutes a "Transaction", SEC will be entitled to receive at the time of closing of the Transaction all outstanding amounts due and payable for past services, plus an amount of compensation equal to \$2,500 for each year of service SEC provided to the Company since 2007.

On November 1, 2018, the Company entered into a Management Agreement (the "Agreement") to engage a Vice President of Exploration. The Agreement was for the period from November 1, 2018 to January 31, 2019, and paid a fee equal to USD \$7,000 per month. Upon conclusion of the Agreement, the parties mutually agreed to continue with the services indefinitely, and increased the fee to USD \$7,500 per month.

14) SUBSEQUENT EVENTS

In October 2019, the Company closed the second tranche of a non-broker private placement of 1,852,690 units ("Units") at a price of \$0.05 per Unit for gross proceeds of \$92,635. Each Unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one additional common share of the Company for a period of two years, subject to acceleration, at a price of \$0.10.

The Company entered into a shares-for-services arrangement with its drill contactor, Comefins, on a drill program at the El Alamo and Los Gemelos properties and issued 1,820,053 common shares at \$0.05 per share.