



Northcliff Resources Ltd.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED
JANUARY 31, 2019 AND 2018

(Unaudited – Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED CONSOLIDATED 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 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.

Northcliff Resources Ltd.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited – Expressed in Canadian Dollars)

	Note	January 31, 2019	October 31, 2018
ASSETS			
Non-current assets			
Mineral property and equipment	3	\$ 25,737,601	\$ 25,555,783
Investment		15,133	15,133
		<u>25,752,734</u>	<u>25,570,916</u>
Current assets			
Amounts receivable and prepaid expenses	5	37,451	48,149
Cash and cash equivalents	4	2,208,023	2,713,463
		<u>2,245,474</u>	<u>2,761,612</u>
TOTAL ASSETS		<u>\$ 27,998,208</u>	<u>\$ 28,332,528</u>
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	7 (a)	\$ 58,040,328	\$ 58,040,328
Reserves	7 (c)	4,325,082	4,285,696
Accumulated deficit		<u>(37,612,681)</u>	<u>(37,217,663)</u>
		24,752,729	25,108,361
Non-controlling interests		2,956,050	2,974,840
TOTAL EQUITY		<u>27,708,779</u>	<u>28,083,201</u>
LIABILITIES			
Current liabilities			
Amounts payable and other liabilities	6	180,996	158,138
Amounts payable to a related party	9 (b)	108,433	91,189
		<u>289,429</u>	<u>249,327</u>
TOTAL EQUITY AND LIABILITIES		<u>\$ 27,998,208</u>	<u>\$ 28,332,528</u>

Nature and continuance of operations (note 1)

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

These condensed consolidated interim financial statements are approved for issuance on March 14, 2019 by the Audit and Risk Committee of the Company's Board of Directors and are signed on the Company's behalf by the following:

/s/ Peter Mitchell

Peter Mitchell
Director

/s/ Christopher Zahovskis

Christopher Zahovskis
Director

Northcliff Resources Ltd.

Condensed Consolidated Interim Statements of Comprehensive Loss

(Unaudited – Expressed in Canadian Dollars, except for weighted average number of shares)

		Three months ended January 31,	
	Note	2019	2018
Expenses			
General and administration		\$ 388,655	\$ 352,312
Equity-settled share-based payments	8	39,386	55,236
Loss from operations		(428,041)	(407,548)
Interest income		14,233	16,736
Foreign exchange gain (loss)		–	(7,202)
Loss before income tax		(413,808)	(398,014)
Income tax		–	–
Net loss		\$ (413,808)	\$ (398,014)
Other comprehensive loss			
Items that may not be reclassified subsequently to net loss:			
Revaluation of marketable securities		–	13,241
Other comprehensive loss		–	13,241
Total comprehensive Loss		\$ (413,808)	\$ (384,773)
Net loss attributable to:			
Shareholders of the Company		\$ (395,018)	\$ (379,488)
Non-controlling interests		(18,790)	(18,526)
Total		\$ (413,808)	\$ (398,014)
Total comprehensive loss attributable to:			
Shareholders of the Company		\$ (395,018)	\$ (366,247)
Non-controlling interests		(18,790)	(18,526)
Total		\$ (413,808)	\$ (384,773)
Loss per share			
Basic and diluted loss per share attributable to shareholders of the Company		\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		173,756,229	171,356,460

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

Northcliff Resources Ltd.

Condensed Consolidated Interim Statements of Changes in Equity

(Unaudited – Expressed in Canadian Dollars, except for share information)

	Note	Attributable to shareholders of the Company								Non-controlling interests	Total equity
		Share capital		Reserves				Total equity attributable to shareholders of the Company			
		Number of shares	Amount	Equity-settled share-based payments	Share purchase warrants	Revaluation	Deficit				
Balance at November 1, 2017		171,356,460	\$ 57,728,350	\$ 4,077,546	\$ 84,000	\$ 39,723	\$ (35,819,946)	\$ 26,109,673	\$ 2,994,089	\$ 29,103,762	
Net Loss		-	-	-	-	-	(379,488)	(379,488)	(18,526)	(398,014)	
Other comprehensive loss		-	-	-	-	13,241	-	13,241	-	13,241	
Total comprehensive loss		-	-	-	-	13,241	(379,488)	(366,247)	(18,526)	(384,773)	
Equity-settled share-based payments	8	-	-	55,236	-	-	-	55,236	-	55,236	
Balance at January 31, 2018		171,356,460	\$ 57,728,350	\$ 4,132,782	\$ 84,000	\$ 52,964	\$ (36,199,434)	\$ 25,798,662	\$ 2,975,563	\$ 28,774,225	
Balance at November 1, 2018		173,756,229	\$ 58,040,328	\$ 4,283,805	\$ -	\$ 1,891	\$ (37,217,663)	\$ 25,108,361	\$ 2,974,840	\$ 28,083,201	
Net Loss		-	-	-	-	-	(395,018)	(395,018)	(18,790)	(413,808)	
Other comprehensive loss		-	-	-	-	-	-	-	-	-	
Total comprehensive loss		-	-	-	-	-	(395,018)	(395,018)	(18,790)	(413,808)	
Equity-settled share-based payments	8	-	-	39,386	-	-	-	39,386	-	39,386	
Balance at January 31, 2019		173,756,229	\$ 58,040,328	\$ 4,323,191	\$ -	\$ 1,891	\$ (37,612,681)	\$ 24,752,729	\$ 2,956,050	\$ 27,708,779	

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

Northcliff Resources Ltd.

Condensed Consolidated Interim Statements of Cash Flows

(Unaudited – Expressed in Canadian Dollars)

		Three months ended January 31,	
	Note	2019	2018
Operating activities			
Net loss		\$ (413,808)	\$ (398,014)
Adjustments for:			
Amortization	3	237	321
Equity-settled share-based payments	8	39,386	55,236
Interest income		(14,233)	(16,736)
Changes in non-cash operating working capital:			
Amounts receivable and prepaid expenses		10,698	7,796
Amounts payable and other liabilities		22,858	44,788
Amounts payable to a related party		17,244	53,092
Cash used in operating activities		(337,618)	(253,517)
Investing activities			
Deferred mineral development costs	3	(182,055)	(293,203)
Interest received		14,233	16,736
Cash used in investing activities		(167,822)	(276,467)
Financing activities			
Capital contributions from non-controlling interests		–	156,459
Cash provided by financing activities		–	156,459
Decrease in cash and cash equivalents		(505,440)	(373,525)
Foreign exchange translation difference on cash held		–	–
Cash and cash equivalents, beginning balance		2,713,463	4,340,409
Cash and cash equivalents, ending balance	4	\$ 2,208,023	\$ 3,966,884
Supplementary cash flow information:			
Components of cash and cash equivalents			
Bank demand deposits		\$ 2,208,023	\$ 2,466,884
Guaranteed investment certificates		–	1,500,000
		\$ 2,208,023	\$ 3,966,884

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

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Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2019 and 2018
(unaudited – Expressed in Canadian Dollars, unless otherwise stated)

1. NATURE AND CONTINUANCE OF OPERATIONS

Northcliff Resources Ltd. ("Northcliff" or the "Company") is a public company listed on the Toronto Stock Exchange under the symbol "NCF" and was incorporated on May 18, 2010 under the laws of the Province of British Columbia, Canada. The address of the Company's corporate office is 15th Floor, 1040 West Georgia Street, Vancouver, BC, V6E 4H1.

The Company is primarily engaged in the acquisition and development of mineral properties. The Company holds an 88.5% economic interest in the Sisson Tungsten and Molybdenum Project (the "Sisson Project" or the "Property"), located in New Brunswick, Canada. Todd Minerals Ltd. (the "Todd Group") holds the remaining 11.5% interest in the Sisson Project.

These condensed consolidated interim financial statements (the "Financial Statements") are comprised of the Company and its subsidiaries (together referred to as the "Group"). Northcliff is the ultimate parent entity of the Group.

The Group is in the process of advancing and developing the Sisson Project. The Group's continuing operations and the underlying value and recoverability of the amount shown for the mineral property interest, consisting entirely of the Sisson Project, is dependent upon the ability of the Group to obtain the necessary financing to complete the development and construction of the Sisson Project, obtaining the necessary permits to mine, and the future profitable production from the mine or proceeds from the disposition of its mineral property interest.

These Financial Statements are prepared on the basis that the Group will continue as a going concern which contemplates the realization of assets and the discharge of liabilities in the normal course of business for the foreseeable future. The Group's current sources of funding consist of proceeds from the issuance of common shares of the Company as well as contributions by the Todd Group to the Sisson Project Limited Partnership (the "Partnership") to be used to develop the Sisson Project.

Any change in the commitment or timing of debt and equity funding from existing or new shareholders of Northcliff, alternative capital providers, or existing or new limited partners to the Partnership may require Northcliff and the Partnership to curtail planned development activities or seek alternative sources of funding. The recoverability of the carrying value of its mineral property interest is dependent on ongoing access to financing and the successful development and commercial exploitation, or alternatively, the sale of the Sisson Project or the Company's interest in the Partnership. As such, there is material uncertainty that casts significant doubt about the Company's ability to continue as a going concern. Management has concluded that presentation as a going concern is appropriate in these Financial Statements based on the Company's current financial position, and current plans for the Sisson Project for 2019.

Northcliff Resources Ltd.

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(unaudited – Expressed in Canadian Dollars, unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Statement of Compliance*

These Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). These Financial Statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes. These Financial Statements should be read in conjunction with the Group's consolidated financial statements as at and for the year ended October 31, 2018. Results for the reporting period ended January 31, 2019 are not necessarily indicative of future results. The accounting policies and methods of computation applied by the Group in these Financial Statements are the same as those applied by the Group in its most recent annual consolidated financial statements which are filed under the Company's profile on SEDAR at www.sedar.com.

(b) *Basis of Presentation and Consolidation*

These Financial Statements have been prepared on a historical cost basis, except for marketable securities which are stated at fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting, except for cash flow information.

Intercompany balances and transactions, including any unrealized income and expenses arising from intercompany transactions, are eliminated in full on consolidation. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

There was no change in the composition of the Group during the current fiscal quarter.

(c) *Significant Accounting Estimates and Judgements*

The critical judgements and estimates applied in the preparation of these Financial Statements are consistent with those applied in the Group's audited consolidated financial statements as at and for the year ended October 31, 2018.

(d) *Financial Instruments*

Effective November 1, 2018, the Group adopted IFRS 9, Financial Instruments ("IFRS 9").

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

Under IFRS 9, a financial asset is classified as measured at: amortized cost; Fair Value through Other Comprehensive Income ("FVTOCI") (debt / equity investment); or Fair Value through Profit or Loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended January 31, 2019 and 2018

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A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

- Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
- Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Debt investments at FVTOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
- Equity investments at FVTOCI are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

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(e) *Operating Segments*

As Northcliff operates the Sisson Project as a single segment, the Financial Statements should be read as a whole for the results of this single reporting segment.

(f) *Accounting standards, interpretations and amendments to existing standards*

Accounting standards adopted during the current period

Effective for annual periods commencing on or after January 1, 2018

- IFRS 15, *Revenue from Contracts with Customers*
- IFRS 9, *Financial Instruments* (“IFRS 9”)

Given that the Group does not currently generate revenue from its operating activities and that its use of financial instruments currently involves only short-term amounts payable and receivable balances originating in normal course of business, these new standards do not have material impact on the Group’s financial statements.

The Group has designated its investment in marketable securities, which were previously classified as available-for-sale financial assets, as at Fair Value through Other Comprehensive Income (FVTOCI) under IFRS 9. The changes in fair value of these equity instruments continues to be accumulated in the investment revaluation reserve within equity.

Amounts receivable and amounts payable (including amounts payable to a related party) continue to be carried at amortized cost under IFRS 9, consistent with the their measurement and presentation prior to the adoption of IFRS 9.

Accounting standards issued but not yet effective

Effective for annual periods commencing on or after January 1, 2019

- IFRS 16, *Leases*
- IFRIC 23, *Uncertainty over Income Tax Treatments*

The Group has not early adopted these amended standards and is currently assessing the impact, if any, that these amendments will have on the Group’s Financial Statements.

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Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2019 and 2018
(unaudited – Expressed in Canadian Dollars, unless otherwise stated)

3. MINERAL PROPERTY AND EQUIPMENT

(a) *Three months ended January 31, 2019*

	Mineral property acquisition and development costs	Equipment	Total
Cost			
Balance at November 1, 2018	\$ 25,553,481	\$ 46,287	\$ 25,599,768
Additions during the period	182,055	–	182,055
Balance at January 31, 2019	\$ 25,735,536	\$ 46,287	\$ 25,781,823
Accumulated amortization			
Balance at November 1, 2018	\$ –	\$ 43,985	\$ 43,985
Amortization for the period	–	237	237
Balance at January 31, 2019	\$ –	\$ 44,222	\$ 44,222
Carrying amount			
Net carrying amount at January 31, 2019	\$ 25,735,536	\$ 2,065	\$ 25,737,601

The Company's mineral property interest on the consolidated statement of financial position represents the 100% economic interest in the Sisson Project, located in New Brunswick, Canada.

During the reporting period ended January 31, 2019 and 2018, the following deferred mineral development costs were recorded by the Group as additions to mineral property interest:

	Three months ended January 31,	
	2019	2018
Engineering and design	\$ 35,171	\$ 96,303
Environmental and permitting	76,207	38,850
Community and sustainability	70,677	75,542
Total	\$ 182,055	\$ 210,695

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Notes to the Condensed Consolidated Interim Financial Statements
For the three months ended January 31, 2019 and 2018
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(b) *Three months ended January 31, 2018*

	Mineral property acquisition and development costs	Equipment	Total
Cost			
Balance at November 1, 2017	\$ 24,766,615	\$ 46,287	\$ 24,812,902
Additions during the period	210,695	–	210,695
Balance at January 31, 2018	\$ 24,977,310	\$ 46,287	\$ 25,023,597
Accumulated amortization			
Balance at November 1, 2017	\$ –	\$ 42,724	\$ 42,724
Amortization for the period	–	321	321
Balance at January 31, 2018	\$ –	\$ 43,045	\$ 43,045
Carrying amount			
Net carrying amount at January 31, 2018	\$ 24,977,310	\$ 3,242	\$ 24,980,552

4. CASH AND CASH EQUIVALENTS

	January 31, 2019	October 31, 2018
Bank demand deposits	\$ 2,208,023	\$ 1,213,463
Guaranteed investment certificates	–	1,500,000
Total	\$ 2,208,023	\$ 2,713,463
Cash held in the Partnership included in the total cash balance above	\$ 226,687	\$ 521,100

Cash held in the Partnership at January 31, 2019 and October 31, 2018 included \$185,000 held as a collateral against a standby letter of credit

Northcliff Resources Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
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(unaudited – Expressed in Canadian Dollars, unless otherwise stated)

5. AMOUNTS RECEIVABLE AND PREPAID EXPENSES

	January 31, 2019	October 31, 2018
Prepaid expenses	\$ 8,990	\$ 14,969
Sales tax receivable	28,461	33,180
Total	\$ 37,451	\$ 48,149

6. AMOUNTS PAYABLE AND OTHER LIABILITIES

Due within 12 months	January 31, 2019	October 31, 2018
Amounts payable	\$ 148,078	\$ 124,969
Accrued liabilities	29,400	29,400
Sales tax payable	3,518	3,769
Total	\$ 180,996	\$ 158,138

7. SHARE CAPITAL

(a) Authorized share capital

As at January 31, 2019 and October 31, 2018, the authorized share capital was comprised of an unlimited number of common shares ("Common Shares") without par value. All issued shares are fully paid.

(b) Issued share capital

At January 31, 2019, there were 173,756,229 Common Shares outstanding (October 31, 2018 – 173,756,229).

In March 2018, the Company issued 2,399,769 Common Shares pursuant to the exercise of share-purchase warrants.

On June 22, 2017, the Company completed a private placement financing, issuing 2,076,923 Common Shares at a price of \$0.13 per share for gross proceeds of \$270,000. The Company agreed that the Todd Group could exercise its pre-emptive right for this financing in a subsequent financing of the Company by issuing such number of Common Shares to which the latter would have otherwise been entitled.

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Notes to the Condensed Consolidated Interim Financial Statements

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On March 17, 2017, the Company completed a follow-on private placement financing (the “Follow-on Financing”), issuing 35,491,129 Common Shares at a price of \$0.11 per share for gross proceeds of \$3,904,024. The Todd Group exercised its pre-emptive right to participate in the Follow-on Financing, purchasing 12,887,612 Common Shares to maintain its 36.3% interest in Northcliff. After the closing of this financing, the Todd Group now holds 61,429,228 Common Shares.

(c) Reserves

Equity-settled share-based payments reserve

The equity-settled share-based payments reserve relates to equity-settled share-based payments described in note 8.

Revaluation reserve

The investment revaluation reserve represents the cumulative gains and losses arising on the revaluation of marketable securities that have been recognized in other comprehensive income.

8. EQUITY-SETTLED SHARE-BASED PAYMENTS

During the three months ended January 2019, the share-based payment expense recorded in the Statement of Comprehensive Loss included the following:

	Three months ended January 31,			
	2019		2018	
Share-based award – Restricted Share Units	\$	18,855	\$	34,705
Share-based award – Deferred Share Units		20,531		20,531
Total	\$	39,386	\$	55,236

(a) Share purchase options (the “Options”)

The following summarizes the changes in the Options:

Continuity of Options	Three months ended January 31, 2019		Three months ended January 31, 2018	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding – beginning balance	3,569,700	\$ 0.16	6,058,100	\$ 0.22
Expired	(1,454,900)	\$ 0.23	–	–
Cancelled	–	–	(9,900)	\$ 0.12
Outstanding – ending balance	2,114,800	\$ 0.11	6,048,200	\$ 0.22
Exercisable – ending balance	2,114,800	\$ 0.11	6,048,200	\$ 0.22

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(unaudited – Expressed in Canadian Dollars, unless otherwise stated)

Awards vest in several tranches ranging from 6 months to 18 months.

The following table summarizes information on the Options as at the following reporting dates:

Options outstanding and exercisable	Three months ended January 31, 2019		Three months ended January 31, 2018	
	Number of Options outstanding	Weighted average remaining contractual life (years)	Number of Options outstanding	Weighted average remaining contractual life (years)
Exercise price				
\$ 0.09	650,000	1.95	850,000	2.48
\$ 0.12	1,464,800	1.53	2,503,100	1.70
\$ 0.25	–	–	1,254,900	0.94
\$ 0.43	–	–	1,440,200	0.01
	2,114,800	1.66	6,048,200	1.25

(b) Restricted Share Units (“RSU”)

The following summarizes the changes in the Company’s RSUs:

Number of RSUs	Three months ended January 31,	
	2019	2018
Outstanding – beginning balance	1,566,528	790,048
Granted	315,104	133,143
Outstanding – ending balance	1,881,632	923,191
Vested – ending balance	1,881,632	923,191

(c) Deferred Share Units (“DSU”)

The following summarizes the changes in the Company’s DSUs:

Number of DSUs	Three months ended January 31,	
	2019	2018
Outstanding – beginning balance	1,701,169	857,951
Granted	342,188	144,584
Outstanding – ending balance	2,043,357	1,002,535
Vested – ending balance	2,043,357	1,002,535

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Notes to the Condensed Consolidated Interim Financial Statements
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(unaudited – Expressed in Canadian Dollars, unless otherwise stated)

9. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

Details of transactions with and amounts due to related parties are discussed below:

(a) *Transactions with Key Management Personnel*

Key management personnel ("KMP") are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly, and by definition include the directors of the Company.

Transactions with KMP were as follows:

Renumeration for services rendered	Three months ended January 31,			
		2019		2018
Remuneration for services of KMP employed through HDSI ⁽ⁱ⁾	\$	175,000	\$	172,000
Remuneration of KMP directly paid by the Group ⁽ⁱⁱ⁾		24,000		24,000
Share-based compensation		39,000		55,000
Total	\$	238,000	\$	251,000

(i) Certain of the Company's executive directors and senior management are employed by the Company through Hunter Dickinson Services Inc. ("HDSI").

(ii) These payments represent fees paid to independent directors.

(b) *Balances and transactions with related entities*

Management believes that Hunter Dickinson Services Inc. ("HDSI"), a private company, has the power to participate in the financial or operating policies of the Company. Certain directors and employees of HDSI are KMP of the Company. Pursuant to certain management agreements between the Company and HDSI, the Group receives geological, engineering, corporate development, administrative, management and shareholder communication services from HDSI. HDSI also incurs third party costs on behalf of the Group.

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The following is a summary of transactions with HDSI:

	Three months ended January 31,	
	2019	2018
Services received from HDSI based on annually set rates:		
Accounting, legal and administration	\$ 48,000	\$ 48,700
Corporate communications and stakeholder affairs	1,000	3,200
Corporate development	25,000	35,300
Engineering	50,000	45,200
Geology	10,000	1,800
Management and directors' fees	98,000	88,000
	\$ 232,000	\$ 222,200
Reimbursement of third party costs incurred by HDSI on behalf of the Group	\$ 21,000	\$ 20,300

At January 31, 2019, the Group owed \$108,433 to HDSI on account of services rendered and reimbursable costs incurred by HDSI (January 31, 2018 – \$91,189).

10. EMPLOYMENT COSTS

Employees' salaries⁽ⁱ⁾ and benefits, rounded to the nearest thousand dollars, included in various expenses were as follows:

	Three months ended January 31,	
	2019	2018
General and administration expenses	\$ 256,000	\$ 222,000
Equity-settled share-based payments	39,000	55,000
	\$ 295,000	\$ 277,000

- (i) Salaries include remuneration of KMPs and amounts paid to HDSI for services provided to the Group by HDSI personnel (note 11).