KUTCHO COPPER CORP.

Consolidated Financial Statements

April 30, 2019

Expressed in Canadian Dollars

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Kutcho Copper Corp.

Opinion
We have audited the consolidated financial statements of Kutcho Copper Corp. (the "Company"), which comprise the consolidated statements of financial position as at April 30, 2019 and 2018, and the consolidated statements of comprehensive loss, consolidated statement of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 to the financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC
August 22, 2019

KUTCHO COPPER CORP.
Consolidated statements of financial position
(Expressed in Canadian dollars)

	Notes	April 30, 2019	April 30, 2018
ASSETS			
Current assets			
Cash		$ 136,892	$ 4,216,318
Receivables	5	72,119	203,865
Exploration tax receivable	6,9	1,161,998	-
Advance	9	-	428,046
Prepaid expenses and deposits		394,844	628,268
Marketable securities	7,13, 17	37,568	180,341
		1,803,421	5,656,838
Non-current assets			
Equipment	8	22,070	24,420
Prepaid expenses		-	318,750
Reclamation deposit	9	160,000	50,000
Exploration and evaluation assets	4,9,17	44,374,923	32,394,412
		44,556,993	32,787,582
TOTAL ASSETS		**$ 46,360,414**	**$ 38,444,420**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	11,17	$ 772,869	$ 308,321
Convertible notes	12	2,877,629	-
Loan	13	847,356	-
		4,497,854	308,321
Long-term liabilities			
Convertible notes	12	17,810,187	18,178,662
Deposit liability	10	9,396,100	4,484,200
Asset retirement obligation	14	160,000	50,000
		27,366,287	22,712,862
TOTAL LIABILITIES		31,864,141	23,021,183
SHAREHOLDERS’ EQUITY			
Share capital	15	39,434,811	36,239,376
Share-based payment reserve	16	3,347,984	2,417,045
Convertible note reserve	16	1,762,005	1,762,005
Deficit		(30,048,527)	(24,995,189)
TOTAL SHAREHOLERS’ EQUITY		14,496,273	15,423,237
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		**$ 46,360,414**	**$ 38,444,420**

Nature and continuance of operations (Note 1)
Subsequent events (Note 20)

Approved and authorized for issuance on behalf of the Board of Directors on August 21, 2019:

“Vince Sorace”	*“Jay Sujir”*
Vince Sorace – Director	Jay Sujir – Director

KUTCHO COPPER CORP.
Consolidated statements of comprehensive loss
(Expressed in Canadian dollars)

	Notes	Years Ended April 30, 2019	2018
Expenses			
Consulting fees		$ 44,457	$ 178,340
Depreciation	8	9,474	2,220
Directors' fees	17	97,735	21,237
Finance expense	10,13	31,671	540,330
Interest and accretion expense	12,13	2,519,708	912,029
Management fees	17	402,167	331,500
Marketing and promotion		529,567	284,148
Office and miscellaneous		338,586	161,693
Professional fees		182,679	342,289
Property investigation		53,150	236,429
Rent		175,000	118,000
Stock based compensation	15,17	801,397	483,485
Transfer agent and filing fees		69,899	72,774
Travel		21,821	42,483
		(5,277,311)	(3,726,957)
Other (income) expenses			
Interest income		(1,732)	(2,284)
Impairment on abandonment of exploration and evaluation assets	9	70,116	-
Unrealized loss on marketable securities	7	142,773	243,327
Foreign exchange (gain) loss	10	300,870	(1,428)
Flow-through tax recovery	15	(736,000)	-
		223,973	(239,615)
Net and comprehensive loss		**$ (5,053,338)**	**$ (3,966,572)**
Loss per share – basic and diluted	15	**$ (0.09)**	**$ (0.13)**

(Expressed in Canadian dollars)

		Share capital						
	Notes	Number of shares	Amount	Subscriptions received	Share-based payment reserve	Convertible notes reserve	Deficit	Total
Balance, April 30, 2017		**16,447,881**	**$ 19,342,126**	**$ 75,000**	**$ 1,729,834**	**$ 6,522**	**$ (21,028,617)**	**$ 124,865**
Shares issued for cash – private placement, net of share issue costs	15	25,074,307	13,129,261	-	219,014	-	-	13,348,275
Subscriptions received	15	-	-	(75,000)	-	-	-	(75,000)
Shares issued for acquisition	4,15	4,646,892	3,020,480	-	-	-	-	3,020,480
Shares issued for exploration and evaluation assets	9,15	25,000	10,600	-	-	-	-	10,600
Shares issued as finder fee on convertible note	12(b), 15	769,230	499,999	-	-	-	-	499,999
Shares issued on conversion of convertible notes	12(a), 15	681,818	150,000	-	6,522	(6,522)	-	150,000
Shares issued for cash – exercise of options	15	77,500	44,649		(8,649)	-	-	36,000
Shares issued for cash – exercise of warrants	15	72,750	42,261	-	(13,161)	-	-	29,100
Equity component of convertible note	12(b)	-	-	-	-	1,762,005	-	1,762,005
Stock-based compensation	15,16,17	-	-	-	483,485	-	-	483,485
Net and comprehensive loss		-	-	-	-	-	(3,966,572)	(3,966,572)
Balance, April 30, 2018		**47,795,378**	**36,239,376**	**-**	**2,417,045**	**1,762,005**	**(24,995,189)**	**15,423,237**
Shares issued for cash – private placement, net of share issue costs	15	9,200,000	3,661,135	-	73,960	-	-	3,735,095
Flow-through share premium	15	-	(736,000)	-	-	-	-	(736,000)
Shares issued for cash – exercise of warrants	15	252,250	100,300	-	(14,401)	-	-	85,899
Shares issued as bonus on loan	13(b), 15	500,000	170,000	-	-	-	-	170,000
Warrants issued	15	-	-	-	69,983	-	-	69,983
Stock-based compensation	15,16,17	-	-	-	801,397	-	-	801,397
Net and comprehensive loss		-	-	-	-	-	(5,053,338)	(5,053,338)
Balance, April 30, 2019		**57,747,628**	**$ 39,434,811**	**$ -**	**$ 3,347,984**	**$ 1,762,005**	**$ (30,048,527)**	**$ 14,496,273**

KUTCHO COPPER CORP.
Consolidated statements of cash flows
(Expressed in Canadian dollars)

	Years Ended April 30, 2019	2018
Operating activities		
Net loss	$ (5,053,338)	$ (3,966,572)
Adjustment for non-cash items		
Depreciation	9,474	2,220
Accretion of convertible notes	376,730	144,804
Interest expense accrued	1,972,066	745,205
Impairment on abandonment of exploration and evaluation assets	70,116	-
Unrealized loss on marketable securities	142,773	243,327
Stock based compensation	801,397	483,485
Foreign exchange	333,550	-
Flow-through tax recovery	(736,000)	-
Changes in non-cash working capital items:		
Receivables	131,746	(190,421)
Prepaid expenses and deposits	552,174	(942,165)
Advance	428,046	(428,046)
Trade payables and accrued liabilities	(8,242)	140,538
Interest paid	(10,554)	(3,699)
Net cash flows used in operating activities	(990,062)	(3,771,324)
Financing activities		
Issuance of stock, net of issuance costs	3,735,095	13,273,275
Convertible notes proceeds, net of costs	-	19,556,000
Deposit liability	4,578,350	4,484,200
Proceeds on exercise of options	-	36,000
Proceeds on exercise of warrants	85,899	29,100
Loan proceeds	1,500,000	138,000
Loan repayment	(491,732)	(138,000)
Deferred costs of the loan	180,000	-
Net cash flows provided by financing activities	9,587,612	37,378,575
Investing activities		
Exploration and evaluation asset expenditures	(12,559,852)	(29,402,682)
Cash on acquisition of subsidiary	-	37,983
Software	(7,124)	(26,640)
Reclamation deposit	(110,000)	-
Net cash flows used in investing activities	(12,676,976)	(29,391,339)
Increase (decrease) in cash	(4,079,426)	4,215,912
Cash, beginning	4,216,318	406
Cash, ending	**$ 136,892**	**$ 4,216,318**
Non-cash transactions:		
Fair value of shares issued for acquisition of subsidiary	$ -	$ 3,020,480
Fair value of shares issued on acquisition of exploration and evaluation assets	$ -	$ 10,600
Fair value of shares issued as finder fee on convertible note	$ -	$ 499,999

1. Nature and continuance of operation

Kutcho Copper Corp. (the "Company") was formed by the amalgamation of companies which became effective on April 15, 2015. On December 14, 2017, a wholly owned subsidiary, Kutcho Copper Holdings Corp. ("KC Holdings") completed the acquisition of Kutcho Copper Corp. ("KCC") by way of an amalgamation as disclosed in Note 4. The Company's common shares are traded on the TSX Venture Exchange (the "TSXV") under the trading symbol "KC".

The Company's principal activity is the acquisition and exploration of resource properties and has not yet been able to determine whether any of these properties contain resource reserves that are economically recoverable.

The principal address of the Company is 1030 West Georgia Street, Suite 717, Vancouver, British Columbia, Canada, V6E 2Y3.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at April 30, 2019, the Company had not advanced its properties to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans or private placement of common shares.

2. Significant accounting policies and basis of preparation

Basis of preparation and statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The consolidated financial statements have been prepared on an accrual basis, based on historical costs, except for certain financial instruments measured at fair value. The consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

The consolidated financial statements were authorized for issue on August 21, 2019 by the directors of the Company.

Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, KC Holdings and Kutcho Copper (USA) Inc. Inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

2. Significant accounting policies and basis of preparation (cont'd)

Significant estimates and assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- The assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the classification of financial instruments.

Foreign currency translation

The functional currency of the Company's is measured using the currency of the primary economic environment in which that Company operates. The functional currency of the parent company and the subsidiaries are the Canadian dollar.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

2. Significant accounting policies and basis of preparation (cont'd)

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Farms outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized. If the consideration exceeds amounts previously capitalized, any excess is recorded in the statement of comprehensive loss.

2. Significant accounting policies and basis of preparation (cont'd)

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using a Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on May 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Accounts receivable	Amortized cost	Amortized cost
Trade payables	Amortized cost	Amortized cost
Due to related party	Amortized cost	Amortized cost
Marketable securities	FVTPL	FVTPL
Convertible notes	Amortized cost	Amortized cost
Loan	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on May 1, 2018.

2. Significant accounting policies and basis of preparation (cont'd)

Financial instruments (cont'd)

Newly adopted accounting standards (cont'd)

(ii) Measurement

Financial assets and liabilities at amortized cost
Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL
Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVOCI
These assets 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 FVOCI
These assets 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.

(iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities
The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

2. Significant accounting policies and basis of preparation (cont'd)

Gains and losses on derecognition are generally recognized in profit or loss.

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income and comprehensive income.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes (cont'd)

Deferred income tax (cont'd):

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Flow-through shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into (i) a flow-through share premium, equal to the estimated premium, if any; investors pay for the flow-through feature, which is recognized as a liability, and (ii) share capital. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's reporting year is disclosed separately as flow-through share proceeds in note 6.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is calculated on a straight-line method to write off the cost of the assets to their residual values over their estimated useful lives over a useful life of three years.

3. Accounting standards

Issued but not yet effective accounting standards

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

4. Acquisition of KCC

On December 14, 2017, the Company acquired all of the outstanding share capital of KCC from Capstone Mining Corp. (“Capstone”) (the ”Acquisition”). KCC held a 100% interest in the Kutcho copper-zinc-gold-silver project (“Kutcho”). The Company paid a total cash consideration of $28.8 million and issued 4,646,892 common shares of the Company with a fair value of $0.65 per share, to Capstone. Concurrently, KC Holdings and KCC amalgamated to form a wholly owned subsidiary of the Company (Note 15).

The Acquisition has been treated as an asset acquisition in respect of the mineral property interests in KCC, resulting in capitalization of the consideration and other related costs. The estimated fair value attributable to exploration and evaluation assets was allocated to the acquired Kutcho project. The purchase price consideration was allocated as follows:

Cash consideration and fair value of common shares issued	$	31,820,480
Exploration and evaluation assets (Note 9)	$	31,835,630
Net assets acquired		39,350
Transaction costs		(54,500)
	$	31,820,480

5. Receivables

	April 30, 2019		April 30, 2018	
Sales taxes recoverable	$	72,119	$	193,623
Other receivables		-		10,242
	$	72,119	$	203,865

6. Exploration Tax Receivable

The Company recorded a receivable of $1,161,998, being an estimate of the BC Mineral Exploration Tax Credit relating to qualifying exploration expenditures incurred on the Kutcho Project (Note 9).

7. Marketable securities

The Company holds 500,000 shares and 250,000 warrants of QX Metals Inc. (formerly Black Sea Copper & Gold Corp.) (“QX Metals”), a company listed on the TSXV and related to the Company by way of common directors and officers. Each warrant is exercisable to acquire an additional common share of the QX Metals at a price of $0.60 per share for period ending November 25, 2019. The cost of these securities was $300,000. QX Metals is a mineral exploration company. This investment is measured at its fair value. At April 30, 2019, the Company recorded an unrealized loss of $142,773 (2018: $243,327) relating to the investment in QX Metals. The fair value of the shares at April 30, 2019 is $35,000 (April 30, 2018 - $165,000) The fair value of the warrants at April 30, 2019 is $2,568 (April 30, 2018 - $15,341) which was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 1.09%; Expected life of 0.57 years; Expected volatility of 112% and dividend yield of nil (Notes 13 and 17).

(Expressed in Canadian dollars)

8. Equipment

		Computer software
Cost		
Balance as at April 30, 2017	$	-
Addition		26,640
Balance as at April 30, 2018		26,640
Addition		7,124
Balance as at April 30, 2019	$	33,764
Accumulated depreciation		
Balance as at April 30, 2017	$	-
Depreciation for the year		2,220
Balance at April 30, 2018		2,220
Depreciation for the year		9,474
Balance at April 30, 2019	$	11,694
Net book value as at April 30, 2019	$	22,070
Net book value as at April 30, 2018	$	24,420

9. Exploration and evaluation assets

	Kutcho	TCS	April 30, 2019	April 30, 2018
Property acquisition costs				
Balance, beginning	$ 31,835,630	$ 28,642	$ 31,864,272	$ -
Additions	16,740	356	17,096	31,864,272
Balance, ending	31,852,370	28,998	31,881,368	31,864,272
Exploration and evaluation costs				
Balance, beginning	530,140	-	530,140	-
Corporate social responsibility	903,124	-	903,124	164,538
Environmental	3,932,014	-	3,932,014	59,029
Permitting	350,751	-	350,751	-
Geotechnical	2,668,262	-	2,668,262	10,736
Metallurgy	1,284,133	-	1,284,133	3,849
Engineering	1,660,798	-	1,660,798	20,160
Exploration	489,988	-	489,988	3,321
Resource	1,464,569	-	1,464,569	4,566
General	290,772	41,118	331,890	263,941
Asset retirement obligation	110,000	-	110,000	-
Exploration tax credits (Note 6)	(1,161,998)	-	(1,161,998)	-
Balance, ending	12,522,553	41,118	12,563,671	530,140
Sub-total	44,374,923	70,116	44,445,039	32,394,412
Impairment	-	(70,116)	(70,116)	-
Total	$ 44,374,923	$ -	$ 44,374,923	$ 32,394,412

9. Exploration and evaluation assets (cont'd)

Kutcho, Canada

The Kutcho project located in northern British Columbia, approximately 100 kilometres east of Dease Lake and Highway 37, and consists of one mining lease and 55 mineral exploration claims encompassing 23,943 Hectares, owned by the Company's subsidiary, KC Holdings. The Company allocated a cost of $31,835,630 to this property on the acquisition of KCC (Note 4). In addition, the carrying value of the project in the accounts of KCC on acquisition included a reclamation bond of $50,000. During the year ended April 30, 2019, the reclamation bond increased by $110,000 (Note 14). The full amount of the reclamation deposit of $160,000 is held by regulatory authorities and will be released to the Company on satisfactory restoration of the property.

In January 2018, the Company entered into a consulting agreement for the management of various aspects of a feasibility study on the project. The agreement required the Company to pay cash calls in advance of work being carried out by the consultants. A cash call balance of $Nil remained at April 30, 2019 (April 30, 2018: $428,046) for work to be undertaken in future periods.

TCS, Canada

On March 29, 2018, the Company signed and option agreement to acquire 100% interest in the TCS property located in northern British Columbia, Canada. In order to earn the 100% interest, the Company is required to make cash payments of $145,000 and issue 150,000 common shares over a period of four years. The optionors will retain a 2% net smelter royalty ("NSR") on the property, of which 1% can be bought for $500,000 on or before the first indicated resource estimate is published, for $750,000 on or before a Preliminary Economic Assessment or more stringent economic study is published, and $1,250,000 thereafter. As at April 30, 2018, the Company had paid $10,000 in cash and issued 25,000 shares with a fair value of $10,600 (Note 15).

On March 21, 2019, the Company provided the optionor with a notice of termination of the option agreement. Accordingly, accumulated expenses of $70,116 were written off as at April 30, 2019.

10. Precious Metals Purchase Agreement

On December 14, 2017, the Company entered into a definitive US$65 million Precious Metals Purchase Agreement (the "PMPA") with Wheaton Precious Metals Corp. ("Wheaton") in respect to the Kutcho project. Under the principal terms, Wheaton will pay the Company staged cash payments totaling US$65 million for 100% of the silver and gold production from Kutcho until 5.6 million ounces of silver and 51,000 ounces of gold have been delivered, at which point the stream will decrease to 66.67% of the silver and gold production for the life of the mine. Wheaton will make an ongoing cash payment equal to 20% of the applicable spot price of silver and gold for each ounce delivered under the agreement. The Company is entitled to receive US$7 million on an early deposit basis to fund Feasibility Study expenditures at Kutcho. The Company received the first installment of US$3.5 million ($4,484,200) on April 3, 2018 and the second installment of US$3.5 million ($4,578,350) on August 17, 2018. As of April 30, 2019, the Company recorded a foreign exchange loss of $333,550 regarding the early deposit for a total deposit liability balance of $9,396,100. The balance of the US$65 million is payable in installments during construction of Kutcho. Wheaton would make an additional payment of up to US$20 million should the processing throughput at Kutcho be increased to 4,500 tons per day or more within 5 years of attaining commercial production. An agent received an advisory fee of $540,330 (US$420,000) in connection with the PMPA.

The PMPA is subject to a "Back-In Right" clause, whereby RGLD Gold Canada Inc. ("Royal Gold") has an option to exercise a Back-In Right to earn a 50% interest in certain claims of the Kutcho project. If Royal

(Expressed in Canadian dollars)

10. Precious Metals Purchase Agreement (cont'd)

Gold exercises the Back-In Right option, Wheaton is entitled to repayment of the deposits in cash plus payment of an additional amount to give Wheaton a specific internal rate of return on the deposits, or a reduction of the percentages of gold and silver payable and reduction of the deposit to US$7 million.

Wheaton may terminate the PMPA at any point up to 90 days following delivery of a feasibility study, in which case all early deposit amounts advanced less US$1,000,000 will become repayable in cash, with the deferral of cash payments under certain conditions for up to two years.

The PMPA is secured by all present and after-acquired property and assets of the Company.

11. Trade payables and accrued liabilities

	April 30, 2019	April 30, 2018
Trade payables (Note 17)	$ 594,986	$ 171,916
Accrued liabilities	176,068	135,159
Payroll liabilities	1,815	1,246
	$ 772,869	$ 308,321

12. Convertible notes

(a) On February 23, 2017, the Company closed a non-brokered private placement of convertible notes of the Company for gross proceeds of $150,000. The convertible notes were to mature after one year and bear interest at the rate of 10% per annum calculated quarterly and payable at maturity. On January 10, 2018, the lenders converted the principal amount into 681,818 units of the Company at a value of $0.22 per unit, each unit comprising of one common share and one transferable common share purchase warrant. Each warrant is exercisable for one common share of the Company at $0.40 per share.

The notes were compound financial instruments as they included both liability and equity components. On initial recognition, the Company determined the fair value of the liability component on the date of issue to be $143,478. The fair value of the liability was determined by calculating the fair value of the future cash flows of the loan assuming a discount rate of 15%. The equity component was determined to be $6,522, which comprises the proceeds less the liability component. The debt component of the convertible notes was accreted over the term to maturity, with accretion charge included in interest expense.

Details of movements in the convertible notes balances are as follows:

	April 30, 2019	April 30, 2018
Balance, beginning of period	$ -	$ 148,356
Conversion	-	(150,000)
Accretion of convertible debentures	-	5,343
Interest accrued	-	10,479
Interest paid	-	(14,178)
Balance, end of period	$ -	$ -

(b) On December 14, 2017, the Company closed a Term Debt Loan with Wheaton for gross proceeds of $20 million. The proceeds of the Term Debt Loan were used in full to pay part of the cash portion of the purchase price of the KCC acquisition. The Term Debt Loan is secured by all assets of the Company relating to Kutcho, is to mature after 7 years and bears interest at the rate of 10% per annum, compounded and payable semi-annually, with the first three payments being deferred until 24 months after closing. One-half of the deferred payments will be paid in cash and one-half of the deferred payments may be either paid in cash

(Expressed in Canadian dollars)

12. Convertible notes (cont'd)

or added to the principal amount at the Company's option. Wheaton has the option to convert all or a portion of the principal amount into shares of the Company at $0.8125 per share. The Company may repay the loan in full after 24 months, subject to penalties ranging from 15% to 25%, depending on the date of repayment.

The loan is a compound financial instrument as it includes both liability and equity components. On initial recognition, the Company determined the fair value of the liability component on the date of issue to be $18,150,709. The fair value of the liability was determined by calculating the fair value of the future cash flows of the loan assuming a discount rate of 12%. The equity component was determined to be $1,849,291, which comprises the proceeds less the liability component. The debt component of the convertible notes is being accreted over the term to maturity, with accretion charge included in interest expense.

In connection with the Term Debt Loan, an agent received a finance advisory fee of $899,999, of which $400,000 was paid in cash and the balance through the issuance of 769,230 common shares of the Company with a fair value of $499,999 (Note 15). The Company paid other transaction costs of $44,000 related to the issuance of the Term Debt Loan. Total transaction costs of $943,999 were allocated to the liability and equity components on the same basis as the allocation of proceeds, with $856,713 being deferred against the convertible debt and $87,286 being allocated against the equity component, for a net equity component of $1,762,005.

Details of movements in the convertible loan balance are as follows:

		April 30, 2019		**April 30, 2018**
Balance, beginning of period	$	18,178,662	$	-
Amount advanced		-		20,000,000
Equity component of convertible debenture		-		(1,762,005)
Deferred financing costs		122,292		(943,999)
Accretion of convertible debentures		254,438		139,461
Interest accrued		2,132,424		745,205
Balance, end of period	$	20,687,816	$	18,178,662

13. Loans payable

(a) The Company entered into a loan agreement with a company related by common directors and officers on October 30, 2017, as amended on November 15, 2017, to borrow an amount of up to $150,000 to be used for working capital. The loan bore interest at 10% per annum and other fees of $10,000 and was repayable three months from the advance date of October 30, 2017. The loan was secured by 333,334 shares of QX Metals (Notes 7 and 17). On December 19, 2017, the Company repaid the borrowed principal in the amount of $138,000 plus accrued interest and other fees under the loan agreement of $11,541.

(b) On February 21, 2019, the Company entered into a loan agreement to borrow an aggregate amount of $1,500,000 to be used for working capital needs and the Kutcho feasibility study. The loan bears interest at 5% per annum compounded quarterly and is repayable on or before February 21, 2020. The Company paid $10,000 in legal fees and issued 500,000 bonus shares with a fair value of $170,000 in connection with the loan (Note 15). The total transaction cost of $180,000 was allocated to the liability balance of the loan proceeds and deferred for the life of the loan. During the year ended 30, 2019, the Company amortized $31,671 as finance cost and $1,863 as legal fees. During the year ended April 30, 2019, the Company made a payment against the principal of the loan in the amount of $491,732 and interest payment in the amount of $10,554.

14. Asset retirement obligation

The Company allocated $50,000 as part of the purchase price equation of the Kutcho project acquisition on December 14, 2017, to future site restoration costs (Note 4). During the year ended April 30, 2019, the Company increased the asset retirement obligation to $160,000 based on the current estimate of future restoration costs (Note 9).

15. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At April 30, 2019, there were 57,747,628 issued and fully paid common shares (April 30, 2018 – 47,795,378).

Share issuances

Year ended April 30, 2019:

On August 15, 2018 the Company completed a short form prospectus offering consisting of 9,200,000 flow-through shares at a price of $0.45 per share, for gross proceeds of $4,140,000. For the purposes of calculation any premium related to the issuance of the flow-through shares, the Company compared the market price of its shares to the subscription price of flow-through shares to determine if there was a premium paid on the flow-through shares. As a result, the Company recognized a flow-through premium of $736,000 on the statement of comprehensive loss. The Company paid a 6% cash commission of $248,400 to the agents, incurred other share issue costs of $156,505, and issued 552,000 warrants to agents, which are exercisable at $0.45 for 24 months from closing. The agent warrants have fair value of $73,960 which was recorded as a share issue cost. The fair value was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of between 2.07% and 2.19%; Expected life of 2 years; Expected volatility between 86% and 100% and dividend yield of $Nil.

On February 21, 2019, the Company issued 500,000 bonus shares with fair value of $170,000 as an additional compensation for a loan (Note 13(b)).

During the year ended April 30, 2019, the Company issued 200,000 common shares upon exercise of warrants with prices ranging from $0.25 to $0.40 and 52,250 common shares upon exercise of broker warrants at an exercise price of $0.40 for total cash proceeds of $85,899. As a result, $14,401 was transferred from share-based payment reserve to share capital.

Year ended April 30, 2018:

On May 1, 2017, the Company closed a non-brokered private placement comprising of 2,500,000 units at a price of $0.20 per unit for gross proceeds of $500,000. Each unit is comprised of one post-consolidation common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one post-consolidation common share of the Company at an exercise price of $0.25 per share until May 1, 2019. The Company held $75,000 in cash as at April 30, 2017, for subscriptions received in connection for the closing of the private placement.

On December 8, 2017, the Company closed a private placement of 22,574,307 subscription receipts of its wholly-owned subsidiary, KC Holdings, at a price of $0.65 per subscription receipt for gross proceeds of $14,673,300. Each subscription receipt ultimately entitled the holder to receive one unit of the Company, consisting of one common share of the Company and one-half of one common share purchase warrant. Each purchase warrant entitles the holder to purchase one common share of the Company at an exercise price of $1.00 per share for a period of 36 months from the date of the conversion of the subscription receipts into the underlying units. The subscription receipts were converted into the underlying units on

(Expressed in Canadian dollars)

15. Share capital (cont'd)

Share issuances (cont'd)

Year ended April 30, 2018 (cont'd):

December 14, 2017 upon closing of Kutcho acquisition (Note 4). The Company paid a 6% cash commission and finders' fees of $1,412,798, incurred other share issuance costs of $412,227, and issued 507,088 broker warrants in relation to the financing. Each broker warrant is exercisable for one common share of the Company for period of 24 months from December 14, 2017 at an exercise price of $0.65 per common share. The broker warrants have a fair value of $219,014 which was recorded as a share issue cost. The fair value was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 1.43%; Expected life of 2 years; Expected volatility of 143% and dividend yield of $Nil.

On December 14, 2017, the Company issued 4,646,892 common shares with a fair value of $3,020,480 as part consideration for the Acquisition (Note 4).

On December 14, 2017, the Company issued 769,230 common shares with a fair value of $499,999 as a finance fee in connection to the Term Debt Loan (Note 12 (b)).

On January 10, 2018, the Company issued 681,818 units upon conversion of convertible notes (Note 12(a)). Each unit is comprised of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.40 per share until July 10, 2019.

On April 30, 2018, the Company issued 25,000 common shares with a fair value of $0.424 per share pursuant to the TCS property option agreement (Note 9).

During the year ended April 30, 2018, a total of 77,500 common shares were issued upon the exercise of stock options at prices between $0.40 and $0.73 per share for total cash proceeds of $36,000. As a result, $8,649 was transferred from share-based payment reserve to share capital.

During the year ended April 30, 2018, the Company issued 25,000 common shares upon exercise of warrants and 47,750 common shares upon exercise of broker warrants at an exercise price of $0.40 per share for total cash proceeds of $29,100. As a result, $13,161 was transferred from share-based payment reserve to share capital.

Warrants

Share purchase warrant transactions are summarized as follows:

	Number of Warrants	Weighted average exercise price
Outstanding, April 30, 2017	11,174,059	$ 0.74
Issued	14,976,056	0.83
Exercised	(72,750)	0.40
Expired	(7,739,559)	0.89
Outstanding, April 30, 2018	18,337,806	0.75
Issued	852,000	0.64
Exercised	(252,250)	0.34
Expired	(2,934,500)	0.40
Outstanding, April 30, 2019	16,003,056	$ 0.82

(Expressed in Canadian dollars)

15. Share capital (cont'd)

Warrants (cont'd)

Details of warrants outstanding as at April 30, 2019 are as follows:

Exercise Price	Expiry Date	Balance, end of period
$0.65	December 14, 2019	507,088
$0.45	August 15, 2020	480,000
$0.45	September 28, 2020	72,000
$1.00	December 14, 2020	11,287,150
$0.25	May 1, 2021	2,400,000
$0.40	July 10, 2021	681,818
$0.40	August 28, 2021	275,000
$1.00	January 28, 2024	300,000
		16,003,056

At April 30, 2019, the weighted-average remaining contractual life of warrants outstanding was 1.77 years.

On April 17, 2019, the Company extended the expiry of 2,400,000 share purchase warrants and 275,000 share purchase warrants both issued as part of a unit in private placements for two years to May 1, 2021, and August 29, 2021 respectively. The Company also extended the expiry of 681,818 share purchase warrants issued as part of the convertible debenture (Note 12) for two years to July 10, 2021.

On January 28, 2019, the Company entered into an Exploration Agreement with Kaska Nation relating to Kutcho project. As compensation for entering into the agreement, the Company has issued 300,000 share purchase warrants to Kaska Nation at an exercise price of $1.00 for a period of five years. The warrants have a fair value of $69,983 which was recorded in exploration and evaluation assets. The fair value was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 1.88%; Expected life of 5 years; Expected volatility of 114% and dividend yield of $Nil.

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time-to-time, in its discretion, and in accordance with the TSXV requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted.

(Expressed in Canadian dollars)

15. Share capital (cont'd)

Options *(cont'd)*

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise price
Options outstanding, April 30, 2017	1,395,000	$ 0.54
Granted	3,274,000	0.65
Exercised	(77,500)	0.46
Expired	(518,750)	0.65
Options outstanding, April 30, 2018	4,072,750	0.62
Granted	2,255,000	0.39
Expired and forfeited	(676,250)	0.61
Options outstanding, April 30, 2019	5,651,500	$ 0.53
Options exercisable, April 30, 2019	1,741,166	$ 0.65

Details of options outstanding as at April 30, 2019 are as follows:

Exercise Price	Expiry Date	Balance, end of period
$1.00	September 23, 2019	25,000
$0.80	February 16, 2020	42,500
$0.80	May 20, 2020	25,000
$0.35	August 21, 2020	200,000
$0.40	September 27, 2021	455,000
$0.40	December 5, 2021	100,000
$0.65	December 14, 2022	2,649,000
$0.75	January 22, 2023	100,000
$0.60	July 4, 2023	350,000
$0.35	January 21, 2024	1,705,000
		5,651,500

At April 30, 2019, the weighted-average remaining contractual life of options outstanding was 3.75 years.

Year ended April 30, 2019:

On July 4, 2018, the Company granted 350,000 stock options to an officer of the Company at an exercise price of $0.60 per common share for a period of five years ending July 4, 2023. The options vest in four equal parts over two years ending on July 4, 2020. The total value of these options on grant date was $121,095 and the Company recognized $84,124 in share based compensation expense for the portion of options vested during the year ended April 30, 2019, determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 2.07%; Expected life of 5 years; Expected volatility of 121% and dividend yield of nil.

15. Share capital (cont'd)

***Options** (cont'd)*

On January 21, 2019, the Company granted 1,705,000 stock options to officers, directors and consultants of the Company at an exercise price of $0.35 per common share for a period of five years ending January 21, 2014. The options vest in four equal parts over two years ending on January 21, 2021. The total value of these options on grant date was $398,472 and the Company recognized $113,028 in share based compensation expense for the options vested during the year ended April 30, 2019, determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 1.95%; Expected life of 5 years; Expected volatility of 115% and dividend yield of nil.

On February 21, 2019, the Company granted 200,000 stock options to a consultant of the Company at an exercise price of $0.35 per common share for a period of eighteen months ending August 21, 2020. The options vest on February 21, 2020. The total value of these options on grant date was $22,187 and the Company recognized $4,132 in share based compensation expense for the options vested during the year ended April 30, 2019, determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free rate of 1.79%; Expected life of 1.5 years; Expected volatility of 80% and dividend yield of nil.

Year ended April 30, 2018:

On December 14, 2017, the Company granted 3,174,000 stock options to directors, officers and consultants of the Company at an exercise price of $0.65 per common share for a period of five years ending December 14, 2022. The options vest in four equal parts over two years ending on December 14, 2019. The total value of these options on grant date was $1,179,888. The Company recognized $461,991 in share based compensation expense for the portion of options vested during the year ended April 30, 2018 and $559,737 during the year ended April 30, 2019. The value of the stock options was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 1.76%; Expected life of 5 years; Expected volatility of 128% and dividend yield of nil.

On January 22, 2018, the Company granted 100,000 stock options to a consultant of the Company at an exercise price of $0.75 per common share for a period of five years ending January 22, 2023. The options will vest in three equal parts over eighteen months ending on July 22, 2019. The total value of these options on grant date was $65,172. The Company recognized $21,494 in share based compensation expense for the portion of options vested during the year ended April 30, 2018 and $40,376 during the period ended April 30, 2019. The value of the options was determined using the Black-Scholes Option Pricing Model with the following assumptions: Risk free interest rate of 1.76%; Expected life of 5 years; Expected volatility of 129% and dividend yield of nil.

Loss per share

The calculation of basic and diluted loss per share for the years ended April 30, 2019 and 2018 was based on the loss attributed to common shareholders of $5,053,338 (2018 – $3,966,572) and the weighted average number of common shares outstanding of 54,387,629 (2018 – 29,690,023).

(Expressed in Canadian dollars)

16. Reserves

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

Convertible note reserve

The convertible debt reserve records the equity component of convertible debt with liability and equity components. On conversion, the amount recorded is transferred to share capital.

17. Related party transactions

The Company holds 500,000 shares and 250,000 warrants acquired at a cost of $250,000 in QX Metals, a TSXV listed company with directors and officers in common (Note 7).

The Company borrowed $138,000 from a company with directors and officers in common during the year ended April 30, 2018. The principal together with interest and other fees was repaid during that year. The loan was secured by 333,334 QX Metals shares (Notes 7 and 13).

Key management compensation is as follows:

	Year Ended April 30, 2019	Year Ended April 30, 2018
Aggregate cash compensation	$ 973,929	$ 505,108
Stock based compensation	681,514	396,636
	$ 1,655,443	$ 901,744

Trade payables and accrued liabilities at April 30, 2019 include $nil (April 30, 2018 - $15,417) in unpaid expenses and fees to an officer of the Company (Note 11).

During the year end April 30, 2019, the Company paid consulting fees of $476,563 to directors and officers which was capitalized in exploration and evaluation.

18. Income taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended April 30, 2019	Year ended April 30, 2018
Net loss	$ (5,053,338)	$ (3,966,572)
Statutory tax rate	27%	26%
Expected income tax recovery	(1,364,401)	(1,031,309)
Non-deductible items and other	(1,676,185)	(287,837)
Temporary differences not recognized	3,040,586	1,319,149
Income tax recovery	$ -	$ -

(Expressed in Canadian dollars)

18. Income taxes (cont'd)

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

		April 30, 2019		April 30, 2018
Non-capital losses	$	47,469,604	$	12,589,251
Share issue costs		1,407,628		1,495,007
Equipment		255,716		40,801
Exploration and evaluation assets		(15,382,533)		8,506,702
Marketable securities		262,432		119,659
	$	34,012,847	$	22,751,420

The share issue costs are charged as an increase to loss for tax purposes over a five year period. The tax pools relating to equipment and exploration and evaluation assets may be carried forward indefinitely.

The non-capital losses expire as follows:

2024	$	316,984
2025		193,996
2026		7,862,415
2027		2,268,561
2028		1,470,844
2029		2,128,828
2030		1,620,465
2031		6,191,088
2032		5,348,901
2033		5,296,393
2034		3,113,877
2035		1,730,986
2036		1,147,534
2037		934,074
2038		2,966,566
2039		4,878,132
	$	47,469,604

19. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. The Company's secondary exposure to risk is on its receivables. This risk is minimal.

19. Financial risk and capital management (cont'd)

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company is exposed to currency risk as it incurs expenditures that are denominated in US dollars while its functional currency is the Canadian dollar. The Company does not hedge its exposure to fluctuations in foreign exchange rates. Cash balances of $58 are held in US dollars at April 30, 2019.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. This risk is considered to be high.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents as these instruments have original maturities of three months or less and are therefore exposed to interest rate fluctuations on renewal. This risk is considered to be minimal.

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity, comprising share capital, net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Fair value

The fair value of the Group'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.

The Company's cash and marketable securities are measured at fair value level 1 inputs. The fair value of marketable securities was determined by reference to the underlying share price quoted on the open market at the reporting date. The fair value of the Company's investment in the warrants of a public company is measured using level 3 inputs. The fair value was determined by through calculation using the Black–Scholes Option Pricing Model at the reporting date (Note 7).

20. Subsequent events

On June 6, 2019, the Company closed a non-brokered private placement comprising of 10,500,000 units at a price of $0.20 per unit for gross proceeds of $2,100,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.30 per share until June 6, 2022. The Company paid cash finder's fees and issued 328,300 non-transferable finder warrants in relation to the financing. Each finder warrant otherwise holds the same terms as share purchase warrant.

On August 1, 2019, the Company granted 750,000 stock options to a consultant of the Company at an exercise price of $0.20 per common share for a period of five years ending August 1, 2024.