Comstock Metals Ltd.

Condensed Consolidated Interim Financial Statements

Nine Months Ended June 30, 2018

Expressed in Canadian Dollars

(UNAUDITED)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of the management. The Company's independent auditor has not performed a review of these financial statements.

Comstock Metals Ltd.
Consolidated interim statements of financial position
(Expressed in Canadian dollars - Unaudited)

	Notes		June 30, 2018		September 30, 2017
ASSETS					
Current assets					
Cash		$	1,183,690	$	1,404,586
Other receivables			9,517		68,584
Prepaid expenses and deposits			53,230		74,751
			1,246,437		1,547,921
Non-current assets					
Equipment	4		1,769		2,356
Exploration and evaluation assets	5		13,577,832		12,936,325
			13,579,601		12,938,681
TOTAL ASSETS		**$**	**14,826,038**	**$**	**14,486,602**
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	6, 8	$	65,346	$	379,289
Flow-through liability	9		59,000		107,000
TOTAL LIABILITIES			**124,346**		**486,289**
SHAREHOLDERS' EQUITY					
Share capital	7		19,837,272		18,916,139
Share-based payment reserve	7		2,530,371		2,388,521
Deficit			(7,665,951)		(7,304,347)
TOTAL EQUITY			**14,701,692**		**14,000,313**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**14,826,038**	**$**	**14,486,602**

Nature and continuance of operations (Note 1)

Subsequent events (Note 13)

Approved on behalf of the Board:

"Steven Goldman"

"Rasool Mohammad"

Comstock Metals Ltd.
Consolidated interim statements of comprehensive (loss) income
(Expressed in Canadian dollars - Unaudited)

		Three month period ended		Nine month period ended	
	Notes	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Expenses					
Depreciation	4	$ 174	$ 273	$ 587	$ 927
Filing fees		7,295	1,207	15,813	16,126
Investor relations		17,545	66,536	52,664	107,884
Management fees	8	45,000	45,000	135,000	135,000
Office and administrative	8	37,731	40,179	96,545	97,048
Professional fees		38,063	26,964	65,776	65,083
Rent	8	4,661	4,538	13,311	13,328
Share based compensation	7, 8	128,000	-	128,000	472,269
Travel		1,793	6,710	10,287	25,333
		$ (280,262)	$ (191,407)	$ (517,983)	$ (932,998)
Other items					
Interest income		3,291	4,604	6,106	13,541
Option revenue	5	9,328	9,643	18,396	19,233
Foreign exchange gain (loss)		3,330	(34,120)	24,877	(19,439)
Flow-through liability reversed		-	-	107,000	64,480
		15,949	(19,873)	156,379	77,815
Comprehensive loss for the period		**$ (264,313)**	**$ (211,280)**	**$ (361,604)**	**$ (855,183)**
Loss per share – basic and diluted	7	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.01)**
Weighted average number of shares outstanding		**79,680,570**	**73,419,437**	**77,754,115**	**64,123,267**

Comstock Metals Ltd.
Consolidated interim statements of changes in equity
(Expressed in Canadian dollars - Unaudited)

		Share capital					
	Notes	Number of shares	Amount	Obligation to issue shares	Share-based payment reserve	Deficit	Total
Balance at October 1, 2016		56,501,755	$ 16,539,758	$ -	$ 1,833,770	$ (6,253,140)	$ 12,120,388
Shares issued by private placement	7	16,908,057	2,643,026	-	-	-	2,643,026
Flow through shares premium	9	-	(107,000)	-	-	-	(107,000)
Share issue costs – cash		-	(97,250)	-	-	-	(97,250)
Share issue costs – broker units		-	(84,000)	-	84,000	-	-
Shares to be issued for mineral properties	5, 7	-	-	25,000	-	-	25,000
Broker units exercised		9,625	2,674	-	(1,519)	-	1,155
Share based compensation	7, 8	-	-	-	472,269	-	472,269
Loss for the period		-	-	-	-	(855,183)	(855,183)
Balance at June 30, 2017		**73,419,437**	**$ 18,897,208**	**$ 25,000**	**$ 2,388,520**	**$ (7,108,323)**	**$ 14,202,405**
Balance at October 1, 2017		73,575,687	$ 18,916,139	$ -	$ 2,388,521	$ (7,304,347)	$ 14,000,313
Shares issued by private placement	7	5,944,443	535,000	-	-	-	535,000
Flow through shares premium	9	-	(59,000)	-	-	-	(59,000)
Share subscriptions received	13	-	-	487,370	-	-	487,370
Share issued for mineral properties	5	200,000	10,000	-	-	-	10,000
Shares to be issued for mineral properties	13	-	-	25,000	-	-	25,000
Share issue costs – cash		-	(63,387)	-	-	-	(63,387)
Share issue costs – broker warrants		-	(13,850)	-	13,850	-	-
Share based compensation	7, 8	-	-	-	128,000	-	128,000
Loss for the period		-	-	-	-	(361,604)	(361,604)
Balance at June 30, 2018		**79,720,130**	**$ 19,324,902**	**$ 512,370**	**$ 2,530,371**	**$ (7,665,951)**	**$ 14,701,692**

Comstock Metals Ltd.
Consolidated interim statements of cash flows
(Expressed in Canadian dollars - Unaudited)

	Nine month period ended	
	June 30, 2018	**June 30, 2017**
Operating activities		
Net loss	$ (361,604)	$ (855,183)
Adjustments for non-cash items:		
Depreciation	587	927
Share-based compensation	128,000	472,269
Flow-through liability reversed	(107,000)	(64,480)
Changes in non-cash working capital items:		
Other receivables	59,067	47,457
Prepaid expenses	21,521	47,897
Accounts payable and accrued liabilities	(46,058)	(54,136)
Net cash flows used in operating activities	**(305,487)**	**(405,249)**
Investing activities		
Expenditures on exploration and evaluation assets	(874,392)	(1,656,907)
Net cash flows used in investing activities	**(874,392)**	**(1,656,907)**
Financing activities		
Shares issued by private placement	535,000	2,643,026
Share subscriptions received	487,370	-
Cash share issue costs	(63,387)	(97,250)
Proceeds from broker units exercised	-	1,155
Net cash flows from financing activities	**958,983**	**2,546,931**
(Decrease) increase in cash	(220,896)	484,775
Cash, beginning	1,404,586	2,120,393
Cash, ending	**$ 1,183,690**	**$ 2,605,168**

Non-cash items

Flow through shares premium	$ 59,000	$ 107,000
Shares issued for mineral properties	$ 10,000	$ -
Shares to be issued for mineral properties	$ 25,000	$ 25,000
Share issue costs – broker warrants / units	$ 13,850	$ 84,000

1. Nature and continuance of operations

Comstock Metals Ltd. (the “Company” or “Comstock”) was incorporated on December 13, 2007 under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada and Mexico. The Company’s shares are traded on the TSX Venture Exchange (“Exchange”) under the symbol “CSL”.

The head office, registered office, principal address and records office of the Company are located at 850 West Hastings Street, Suite 310, Vancouver, British Columbia, Canada, V6C 1E1.

These condensed consolidated interim 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 June 30, 2018, 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 from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of preparation

The condensed consolidated interim financial statements were authorized for issue on July 25, 2018 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of preparation

The consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

Basis of consolidation

These consolidated financial statements include the accounts of the Company and its controlled entity. Details of controlled entity are as follows:

		Percentage owned*	
	Country of incorporation	**June 30, 2018**	**September 30, 2017**
Minera Comstock, S.A., de C.V.	Mexico	100%	100%

*Percentage of voting power is in proportion to ownership.

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

Significant estimates and assumptions

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

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the amortization of equipment, recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

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 applied in preparing the Company's consolidated 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 valuation expenditures or operating expenses.

Foreign currency translation

The functional currency is determined using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Canadian dollars which is the parent and subsidiary company's functional and presentation currency.

Transactions and balances:

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 consolidated statement of comprehensive income 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 consolidated statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive loss. 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)

Equipment

Equipment is stated at historical cost less accumulated amortization 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. All other repairs and maintenance are charged to the statement of comprehensive loss 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 the statement of comprehensive loss.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives, using the following rates:

Class of equipment	**Amortization rate**
Computer hardware	50%
Computer software	50%
Camp equipment	20%
Office furniture and equipment	20%

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

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 assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant, and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments 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 the options is determined using the 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.

(Expressed in Canadian dollars - Unaudited)

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

Financial instruments

IFRS 9 Financial Instruments was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If this option is elected, entitles would be required to reverse the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2018. The Company has adopted the standard as of January 1, 2018. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

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

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	Amortized cost	Amortized cost
Other receivables	Amortized cost	Amortized cost
Exploration and evaluation assets	FVTPL	FVTPL
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Flow-through liability	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

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

Financial instruments *(cont'd)*

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 consolidated interim statements of operations and comprehensive income (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 consolidated interim statements of operations and comprehensive income (loss) in the period in which they arise.

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 consolidated interim statements of operations and comprehensive income (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.

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. Gains and losses on derecognition are generally recognized in the consolidated interim statements of operations and comprehensive income (loss).

Impairment of assets

The carrying amount of the Company's assets (which includes 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 consolidated statement of comprehensive loss.

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

Impairment of assets *(cont'd)*

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.

Cash

Cash include cash on hand, deposits held at call with banks, and bank overdrafts.

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 loss or equity is recognized in other comprehensive loss 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 balance sheet 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.

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.

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

Income taxes (cont'd)

Flow-through shares:

Any premium received by the Company on the issuance of flow-through shares is initially recorded as a liability ("flow-through tax liability"). Upon renouncement by the Company of the tax benefits associated with the related expenditures, a deferred tax liability is recognized and the flow-through tax liability will be reversed. To the extent that suitable deferred tax assets are available, the Company will reduce the deferred tax liability and record a flow-through tax recovery.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts*, and related interpretations on revenue. IFRS 15 establishes a single five-step model for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. The Company has adopted the standard as of January 1, 2018. As the Company has no revenue, there has been no change to the Company's condensed consolidated interim financial statements.

(Expressed in Canadian dollars - Unaudited)

3. Accounting standards issued but not yet applied

The following new standards, amendments and interpretations that have not been early adopted in these consolidated financial statements, is not expected to have a material effect on the Company's future results and financial position:

a) IFRS 16 – Leases; and
b) Amendments to IAS 32 Financial Instruments: Presentation.

Other 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.

4. Equipment

	Computer hardware	Computer software	Camp equipment	Office furniture and equipment	Total
Cost:					
At September 30, 2017	$ 5,565	$ 10,305	$ 2,140	$ 508	$ 18,518
At June 30, 2018	**$ 5,565**	**$ 10,305**	**$ 2,140**	**$ 508**	**$ 18,518**
Amortization:					
At September 30, 2016	$ 4,633	$ 8,976	$ 1,118	$ 265	$ 14,992
Charge for the year	386	549	190	45	1,170
At September 30, 2017	5,019	9,525	1,308	310	16,162
Charge for the period	180	259	119	29	587
At June 30, 2018	**$ 5,199**	**$ 9,784**	**$ 1,427**	**$ 339**	**$ 16,749**
Net book value:					
At September 30, 2017	$ 546	$ 780	$ 832	$ 198	$ 2,356
At June 30, 2018	**$ 366**	**$ 521**	**$ 713**	**$ 169**	**$ 1,769**

(Expressed in Canadian dollars - Unaudited)

5. Exploration and evaluation assets

	Canada				Mexico		
	Rawhide	QV	Preview SW	Old Cabin	Corona	Total June 30, 2018	Total September 30, 2017
Property acquisition costs							
Balance, beginning of period	$ -	$ 674,384	$ 5,000,508	$ 264,275	$ 1	$ 5,939,168	$ 5,913,078
Additions	40,000	25,000	-	-	-	65,000	26,090
Balance, end of period	40,000	699,384	5,000,508	264,275	1	6,004,168	5,939,168
Exploration and evaluation costs							
Balance, beginning of period	$ -	5,326,560	1,666,297	4,300	-	6,997,157	4,515,922
Costs incurred during period:							
Assays and drilling	-	52,997	39,290	13,282	-	105,569	183,380
Camp and field costs	-	75,563	750	8,703	-	85,016	758,681
Claims maintenance	-	2,038	-	1,650	-	3,688	130
Wages and benefits	-	-	-	5,215	-	5,215	72,403
Drilling	-	91,508	-	-	-	91,508	808,156
Environmental	-	-	-	-	-	-	1,868
Geochemical	-	-	-	-	-	-	2,325
Geological and geophysics	7,223	104,576	21,881	-	-	133,680	441,280
Government grants	-	-	-	-	-	-	(40,000)
Helicopter	-	103,760	-	-	-	103,760	236,630
Maps and reports	-	-	-	1,100	-	1,100	2,535
Metallurgy	-	-	2,040	-	-	2,040	-
Project supervision	-	-	-	1,650	-	1,650	5,632
Resource estimate	-	-	-	-	-	-	5,255
Supplies and equipment	-	42,023	-	-	-	42,023	-
Travel and accommodation	-	-	-	1,258	-	1,258	2,961
Balance, end of period	$ 7,223	5,799,025	1,730,258	37,158	-	7,573,664	6,997,157
Total	**$ 47,223**	**$ 6,498,409**	**$ 6,730,766**	**$ 301,433**	**$ 1**	**$ 13,577,832**	**$ 12,936,325**

Rawhide Property option agreement

On April 5, 2018, the Company entered into an option agreement whereby it can acquire a 100% interest in five mining claims comprising 42 claim units (662 ha) located in the Gowganda area of the historic Greater Cobalt Mining Camp of northern Ontario, comprising the Rawhide cobalt-silver property (the "Rawhide Property").

Under the terms of the option agreement, the Company can earn a 100% interest in the Rawhide Property by making cash and common share payments to the optionors, and completing exploration expenditure commitments, over two years. Details are provided in the table below.

Timing	Cash Payment	Share Payment	Expenditure
Receipt of regulatory approval	$30,000	200,000	
6 Months from Signing	$30,000	200,000	
12 Months from Signing	$35,000	200,000	$100,000
18 Months from Signing	$35,000	200,000	
24 Months from Signing	$45,000	200,000	$400,000
Total	**$175,000**	**1,000,000**	**$500,000**

5. **Exploration and evaluation assets** (cont'd)

***Rawhide Property option agreement** (cont'd)*

The option agreement has been approved by the TSX Venture Exchange. The Company has made the first payment of $30,000 and issued 200,000 common shares to the vendors.

In addition, if the option is exercised by the Company, the optionors will retain a 2% Net Smelter Returns royalty (NSR) on future production from the Rawhide Property, 1% of which can be purchased at any time for $1 million.

QV Property, Yukon, Canada

The Company holds a 100% interest in the QV property. The QV Property is subject to a 2.0% Net Smelter Royalty ("NSR"). The Company has the right to acquire 1.0% of the NSR for a payment of $2,500,000. Commencing June 22, 2015, the Company must also make annual cash advance payments of $25,000 until the commencement of commercial production (the "Advance Royalty"). The Advance Royalty is deductible against the NSR. The Company may pay the Advance Royalty in cash or by issuing common stock of the Company based on the average closing price of its shares in the 10 trading days prior to the due date of the Advance Royalty.

As of June 22, 2018, the Company and optionor agreed to settle the $25,000 Advance Royalty owed from June 22, 2018 for 500,000 common shares of the Company (see also Subsequent Events Note 13). On July 14, 2017, the Company received Exchange approval to issue 156,250 shares to satisfy the $25,000 owing from June 22, 2017. The 156,250 shares were fair valued at $0.16 per share, resulting in a gain of $3,125.

Preview SW and Old Cabin, Saskatchewan and Ontario, Canada

On September 13, 2016, the Company and Select Sands Corp. ("Select Sands") completed a transaction pursuant to which the Company purchased Select Sands' Preview SW gold project located in Saskatchewan and the Old Cabin property in Ontario (the "Assets"). The Company acquired the Assets in exchange for 20 million common shares in the capital of the Company and the assumption of certain option obligations associated with the Assets. The fair value of the 20 million shares was $5,200,000. The Company allocated 95% of the cost to Preview SW at $4,940,000 and 5% of the cost to Old Cabin at $260,000.

Pursuant to the agreement, the option obligations associated with the Assets include: payment of $60,000 upon receipt of a positive feasibility study and issuance of such number common shares of the Company, determined by dividing $87,500 by the closing price of the Company's common shares on Exchange on the day before the acceptance by Exchange of the transaction with Selection Sand, upon making a production decision as well as a 2.5% NSR of which 1% of the NSR can be purchased for $1,000,000 at any time prior to a production decision and the remaining 1.5% NSR can be purchased for $2,000,000.

Corona Property, Mexico

During the year ended September 30, 2013, the Company completed all option requirements and earned a 50% interest in the Corona property. During the year ended September 30, 2014, the Company recognized an impairment of $1,260,806 to write down the property to $1.

(Expressed in Canadian dollars - Unaudited)

5. Exploration and evaluation assets (cont'd)

Corona Property, Mexico *(cont'd)*

On December 7, 2015, Golden Goliath Resources Ltd. ("Golden Goliath"), which holds the other 50% interest in the Corona property, announced that it had signed an option agreement with Fresnillo PLC that includes the Corona property. Under the terms of the agreement, Fresnillo PLC may earn a 100% interest (subject to a 1% NSR half of which may be purchased for US$500,000) in the Corona property as well six other properties held by Golden Goliath by making cash payments totaling US$3 million over three years and by paying all property taxes and conducting all assessment work required to keep the properties in good standing. The Company estimates its potential share of these option payments to be US$200,000 if all option payments are made by Fresnillo PLC over the three year period. Fresnillo PLC has the right to terminate the option agreement at any time. During the nine months ended June 30, 2018, the Company received $18,396 (2017 - $19,233) in option payments from Golden Goliath.

6. Accounts payable and accrued liabilities

		June 30, 2018		**September 30, 2017**
Trade payables (Note 8)	$	62,346	$	358,289
Accrued liabilities		3,000		21,000
	$	**65,346**	**$**	**379,289**

At June 30, 2018, there was $9,163 for exploration and evaluation expenditures included in accounts payable and accrued liabilities (September 30, 2017 - $277,048).

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2018, there were 79,720,130 issued and fully paid common shares (September 30, 2017 – 73,575,687).

Nine months ended June 30, 2018

On December 28, 2017, the Company closed a non-brokered private offering of flow-through units ("FT Units"). Pursuant to the offering the Company issued a total of 5,944,443 FT Units at a price of $0.09 per FT Unit raising aggregate gross proceeds of $534,999.87.

Each FT Unit was issued at a price $0.09 and consists of one flow-through common share in the capital of the Company (a "FT Share") and one-half of one common share purchase warrant (each whole warrant a "FT Warrant"). Each FT Warrant entitles the holder thereof to purchase one additional non flow-through common share of the Company at an exercise price of $0.15 per Share for a period of 18 months from the Closing Date.

7. Share capital (cont.)

***Issued share capital** (cont.)*

The FT Warrants include an acceleration clause, whereby, if the closing price of the Company's common shares on the TSX Venture Exchange (or such other exchange on which the common shares may trade) is at a price equal to or greater than $0.20 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the FT Warrants. If the Company exercises such right, it will give written notice to the holders of the FT Warrants that such warrants will expire 30 days from the date of notice to the warrant holders. Such notice by the Company to the holders of the FT Warrants may not be given until 4 months and one day after the closing date.

In connection with the closing of the financing the Company paid finders an aggregate fee of $35,490 and issued an aggregate of 394,332 compensation warrants. Each compensation warrant entitles the holder thereof to acquire one common share at a price of $0.15 per Unit for a period of 18 months from the closing date.

The securities issued in this financing are subject to a hold period that expired on April 29, 2017.

See also Subsequent Events Note 13.

Year ended September 30, 2017

Private Placement

On February 27, 2017 (the "Closing Date"), the Company closed a non-brokered private placement for an aggregate of $2,643,126 comprising 13,344,157 of units ("Units") and 3,563,900 flow-through units ("FT Units"). Each Unit was priced at $0.15 and consists of one common share and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional common share of the Company at an exercise price of $0.20 per share for a period of 24 months from the Closing Date. Each FT Unit is priced at $0.18 and consists of one flow-through common share and one-half of one non-transferable common share purchase warrant (each whole warrant a "FT Warrant"). Each FT Warrant will entitle the holder thereof to purchase one additional non flow-through common share at an exercise price of $0.20 per share for a period of 24 months from the Closing Date.

The Warrants and FT Warrants include an acceleration clause, whereby, if the weighted average trading price of the Company's common shares on the TSX Venture Exchange (or such other exchange on which the common shares may trade) is at a price equal to or greater than $0.40 for a period of 20 consecutive trading days, the Company has the right to accelerate the expiry date of the Warrants and FT Warrants. If the Company exercises such right, it will give written notice to the holders of the Warrants and FT Warrants that such warrants will expire 30 days from the date of notice to the warrant holders. Such notice by the Company to the holders of the Warrants and FT Warrants may not be given until 4 months and one day after the Closing Date.

The Company must use the gross proceeds of the offering of FT Units for eligible exploration expenditures, which will constitute "Canadian Exploration Expenses" ("CEE") that are "Flow-Through mining expenditures", as defined in the *Income Tax Act* (Canada) which can be renounced to purchasers of the FT Units for the 2017 taxation year in the aggregate amount of not less than the total amount of the gross proceeds raised from the flow-through offering. The CEE shall be incurred no later than December 31, 2018.

7. Share capital (cont.)

Issued share capital *(cont.)*

In connection with the closing of the financing, the Company paid finders an aggregate commission of $100,294 and issued an aggregate of 352,898 unit broker warrants. Each unit broker warrant entitles the holder thereof to acquire one Unit at a price of $0.15 per Unit for a period of 24 months from the Closing Date. The fair value of the unit broker warrants was calculated to be $84,000 using the Black-Scholes Option Pricing Model and the following assumptions:

Expected life: 2 years
Risk free rate: 0.76%
Expected volatility: 120%
Expected dividend rate: 0%
Expected forfeiture rate: 0%

Shares issued for debt

The Company issued an aggregate of 156,250 common shares with a fair value of $21,875 in satisfaction of $25,000 of indebtedness on July 14, 2017. This indebtedness was owing to the optionor of the Company's QV Property for the 2017 advance royalty payment (see also Notes 5 and 13).

Basic and diluted loss per share

The calculation of basic and diluted earnings (loss) per share for the nine month period ended June 30, 2018 was based on the loss attributable to common shareholders of $361,604 (2017 – $855,183) and the weighted average number of common shares outstanding of 77,754,115 (2017 – 64,123,267).

Diluted loss per share for the three and nine month periods ended June 30, 2018 do not include the effect of 6,215,000 stock options (2017 – 6,561,000) and 33,475,728 share purchase warrants (2017 – 34,291,897) as the effect would be anti-dilutive.

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 Exchange requirements, grant to directors, officers, employees and 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 10% of the Company’s issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 30 days following cessation of the optionee’s position with the Company.

(Expressed in Canadian dollars - Unaudited)

7. Share capital (cont.)

Stock options *(cont.)*

The changes in options during the nine months ended June 30, 2018 and 2017 are as follows:

	June 30, 2018		**June 30, 2017**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning	6,520,000	$ 0.26	3,321,000	$ 0.35
Issued	2,450,000	$ 0.06	3,300,000	$ 0.20
Expired	(2,755,000)	$ 0.26	(60,000)	$ 1.50
Options outstanding and exercisable, ending	**6,215,000**	**$ 0.18**	**6,561,000**	**$ 0.26**

The options granted during the nine months ended June 30, 2018 were valued at $128,000 (2017 - $472,269) using the Black-Scholes Option Pricing Model and the following assumptions:

Expected life: 5 years
Risk free rate: 2.08% - 2.11%
Expected volatility: 120%
Expected dividend rate: 0%
Expected forfeiture rate: 0%

The following options were outstanding and exercisable as of June 30, 2018:

Expiry date	**Quantity**	**Exercise price**
March 17, 2021	610,000	$0.25
April 7, 2021	120,000	$0.25
August 15, 2021	935,000	$0.355
September 16, 2021	200,000	$0.28
March 1, 2022	1,900,000	$0.195
May 30, 2023	1,600,000	$0.07
June 15, 2023	850,000	$0.05
	6,215,000	

At June 30, 2018, the weighted average remaining contractual life of options outstanding and exercisable was 3.96 years (June 30, 2017 – 4.23 years).

(Expressed in Canadian dollars - Unaudited)

7. **Share capital** (cont.)

Warrants

The changes in warrants during the nine months ended June 30, 2018 and 2017 are as follows:

	June 30, 2018		June 30, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	30,538,831	$ 0.20	18,812,892	$ 0.76
Exercised	-	-	(9,625)	$ 0.12
Issued	3,366,552	$ 0.15	15,488,630	$ 0.20
Expired	(429,655)	$ 0.13	-	-
Warrants outstanding, ending	**33,475,728**	**$ 0.20**	**34,291,897**	**$ 0.51**

The following warrants were outstanding as of June 30, 2018:

Expiry date	Quantity	Exercise price
*December 9, 2019	10,458,397	$0.18
*December 27, 2019	2,048,274	$0.18
July 26, 2018	2,120,000	$0.35
** July 26, 2018	3,500	$0.25
February 27, 2019	15,126,107	$0.20
*** February 27, 2019	352,898	$0.15
June 28, 2019	3,366,552	$0.15
	33,475,728	

* The Company extended the life of these warrants by 18 months.

** Broker unit: entitles the holder thereof to purchase one unit of the Company until July 26, 2018 at an exercise price of $0.25 per unit. Each unit consists of one common share of the Company and one-half of one common share purchase warrant of the Company with an exercise price of $0.35.

*** Broker unit: entitles the holder thereof to purchase one unit of the Company until February 27, 2019 at an exercise price of $0.15 per unit. Each unit consists of one common share of the Company and one common share purchase warrant of the Company with an exercise price of $0.20.

At June 30, 2018, the weighted average remaining contractual life of warrants outstanding was 0.95 years (June 30, 2017 – 1.19 years).

Share-based payment reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

(Expressed in Canadian dollars - Unaudited)

8. Related party transactions

The Company incurred the following transactions with respect to officers and directors of the Company or corporations controlled by them during the nine months ended June 30, 2018 and 2017:

Key management personnel compensation

		June 30, 2018		June 30, 2017
Administration, director and consulting fees	$	83,200	$	71,500
Management fees		135,000		135,000
Share-based compensation		128,000		345,160
	$	**346,200**	$	551,660

Related party balances included in accounts payable and accrued liabilities

		June 30, 2018		September 30, 2017
Due to directors for reimbursement of expenses	$	-	$	2,301
Due to directors for consulting fees		7,500		4,180
Due to company with common directors		3,647		2,683
	$	**11,147**	**$**	**9,164**

The Company paid $20,687 for shared rent and office services to a company with common directors during the nine months ended June 30, 2018 (2017 - $20,391).

9. Flow-through share liability

For the purposes of calculation any premium related to the issuance of the flow-through units, 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 (Note 7). As a result, the Company's flow-through liability on issuance of flow through shares in connection with private placements is as follows:

		Nine months ended June 30, 2018		Year ended September 30, 2017
Balance, beginning of the year	$	107,000	$	58,000
Additions		59,000		107,000
Adjustments		-		6,480
Reversal		(107,000)		(64,480)
Balance, end of the period/year	**$**	**59,000**	**$**	**107,000**

(Expressed in Canadian dollars - Unaudited)

10. Segmented information

The Company operates in one reportable operating segment, being exploration and development of mineral properties. Summarized financial information for the geographic segments the Company operates in are as follows:

	Canada	Mexico	Total
June 30, 2018			
Non-current assets	**$ 13,579,600**	**$ 1**	**$ 13,579,601**
September 30, 2017			
Non-current assets	$ 12,938,680	$ 1	$ 12,938,681

11. Capital management

The Company identifies capital as cash and share capital. The Company manages its capital structure and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management.

The properties in which the Company has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and raise additional capital as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no changes in its approach to capital management during the nine months ended June 30, 2018.

12. Financial instruments and risk management

The Company's financial instruments consist of cash, and accounts payable. The carrying value of these financial instruments approximates their fair value. Cash is measured based on Level 1 of the fair value hierarchy. The Company's financial instruments are exposed to certain financial risks, including credit risk, liquidity risk and interest risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation causing the other party to incur a financial loss. The Company is exposed to credit risks arising from its cash. The Company manages credit risk by placing cash with major Canadian financial institutions. Management believes that credit risk is low.

Interest Rate Risk

Interest rate risk is the risk that an investment's value will change due to a change in the level of interest rates. The Company's exposure to interest rate risk relates to its ability to maintain the current rate of interest on its cash equivalents. Management believes the interest rate risk to be minimal.

12. Financial instruments and risk management (cont.)

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient funds to meet its financial obligations when they are due. To manage liquidity risk, the Company reviews additional sources of capital to continue its operations and discharge its commitments as they become due. Management believes liquidity risk is high.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Company's functional currency is the Canadian dollar. The Company does not use any form of derivative or hedging instruments to reduce its foreign currency risk. The Company is not affected by price risk. Management believes market risk is low.

13. Subsequent events

Private Placement

On July 3, 2018 (the "Closing Date"), the Company closed a non-brokered private offering of units ("Units"). Pursuant to the offering, the Company issued a total of 12,127,400 Units at a price of $0.05 per Unit raising aggregate gross proceeds of $606,370.

Each Unit was issued at a price of $0.05 and consists of one common share in the capital of the Company (a "Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Share at an exercise price of $0.10 per Share for a period of 24 months from the Closing Date.

The Warrants include an acceleration clause, whereby, if the closing price of the Company's common shares on the TSX Venture Exchange (or such other exchange on which the common shares may trade) is at a price equal to or greater than $0.15 for a period of 10 consecutive trading days, the Company will have the right to accelerate the expiry date of the Warrants. If the Company exercises such right, it will give written notice to the holders of the Warrants that such warrants will expire 30 days from the date of notice to the warrant holders. Such notice by the Company to the holders of the Warrants may not be given until 4 months and one day after the Closing Date.

In connection with the closing of the financing the Company paid finders an aggregate fee of $6,300 and issued an aggregate of 126,000 compensation options. Each compensation option entitles the holder thereof to acquire one Unit at a price of $0.05 per Unit for a period of 24 months from the Closing Date. All securities issued are subject to a four month hold period which will expire on November 4, 2018.

13. Subsequent events (cont.)

Debt Settlement

On July 12, 2018, the Company announced that it proposed to issue an aggregate of 500,000 common shares in satisfaction of $25,000 of indebtedness. This indebtedness is owing to the optionor of the Company's QV Property for the 2018 advance royalty payments (see Note 5). The deemed issue price of the common shares for this indebtedness is $0.05 per share. The shares will be issued upon acceptance by the TSX Venture Exchange. The common shares issued in satisfaction of the indebtedness will be subject to a four month hold period from the date of issuance.

Option Grant

A consultant was granted 100,000 options with an exercise price of $0.055 and expiry date of July 1, 2023.