SERENGETI
RESOURCES INC.

Condensed Consolidated Interim Financial Statements

For the Nine-month Period Ended November 30, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Condensed Consolidated Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim unaudited financial statements for the nine-month period ended November 30, 2018.

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars - Unaudited)

	Note	November 30, 2018	February 28, 2018
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 562,556	$ 1,032,838
Receivables	4	39,130	26,002
Prepaid expenses		12,801	15,952
		614,487	1,074,792
Non-current assets			
Investment in joint venture	5	14,885,034	15,214,032
Reclamation deposits	7	31,760	94,284
Equipment		1,692	2,183
Exploration and evaluation assets	6	2,378,893	1,901,659
		17,297,379	17,212,158
TOTAL ASSETS		**$ 17,911,866**	**$ 18,286,950**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	8,10	$ 104,046	$ 80,212
Deferred revenue	5	175,838	679,000
TOTAL LIABILITIES		279,884	759,212
SHAREHOLDERS' EQUITY			
Share capital	9	41,526,689	40,710,973
Warrant reserve	9	4,346	175,345
Other reserves	9	8,014,649	7,836,703
Deficit		(31,913,702)	(31,195,283)
TOTAL SHAREHOLDERS' EQUITY		**17,631,982**	**17,527,738**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 17,911,866**	**$ 18,286,950**

Nature of operations and going concern (note 1)

(Expressed in Canadian Dollars - Unaudited)

	Note	Three-month period ended November 30, 2018	Three-month period ended November 30, 2017	Nine-month period ended November 30, 2018	Nine-month period ended November 30, 2017
Expenses					
Consulting	10	$ 15,246	$ 30,858	$ 88,566	$ 96,966
Conventions and tradeshows		36,878	4,809	45,995	16,149
Corporate development		35,634	102,034	35,634	102,034
Depreciation		163	234	491	702
Director fees	10	11,750	-	36,750	-
Investor relations		7,385	14,277	23,553	45,043
Management fees	10	45,758	39,793	141,426	116,355
Office and miscellaneous		21,367	18,803	65,011	55,845
Professional fees		11,178	42,714	32,206	78,937
Project investigation costs		1,612	1,890	26,252	2,515
Salaries		33,370	-	33,370	-
Share-based compensation	9	-	10,393	231,104	10,393
Transfer agent and filing fees		5,506	5,909	23,344	18,352
		(225,847)	(271,714)	(783,702)	(543,291)
Other Items					
Impairment	6	-	(1,841,910)	(125,253)	(1,841,910)
Interest income		681	1,280	6,372	3,919
Share of joint venture loss	5	(49)	-	(1,943)	-
Other income	6	-	-	10,000	-
Management income	5	44,847	-	176,107	-
		45,479	(1,840,630)	65,283	(1,837,991)
Loss and comprehensive loss for the period		**$ (180,368)**	**$ (2,112,344)**	**$ (718,419)**	**$ (2,381,282)**
Loss per share – basic and diluted		**$ (0.00)**	**$ (0.02)**	**$ (0.01)**	**$ (0.03)**
Weighted average number of common shares outstanding		**91,328,591**	**86,291,369**	**89,448,431**	**80,447,146**

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars - Unaudited)

	Note	Share capital: Number of shares	Share capital: Amount	Warrant reserves	Other reserves	Deficit	Total Shareholders' Equity
Balance at February 28, 2017		**71,543,821**	**$ 39,361,430**	**$ 221,959**	**$ 7,836,634**	**$ (28,009,682)**	**$ 19,410,341**
Shares issued for cash - private placement		5,502,000	825,300	-	-	-	825,300
Share issuance costs		-	(29,140)	-	-	-	(29,140)
Shares issued for cash - exercise of warrants		9,164,300	471,445	-	-	-	471,445
Shares issued for cash - exercise of stock options		175,000	12,500	-	-	-	12,500
Reallocation of fair market value of stock options exercised		-	3,947	-	(3,947)	-	-
Reallocation of fair market value of warrants exercised		-	60,215	(60,215)	-	-	-
Broker warrants issued		-	(13,601)	13,601	-	-	-
Shares issuable on warrant exercised		-	-	-	-	-	-
Share-based payments		-	-	-	10,393	-	10,393
Net loss for the period		-	-	-	-	(2,381,282)	(2,381,282)
Balance at November 30, 2017		**86,385,121**	**$ 40,692,096**	**$ 175,345**	**$ 7,843,080**	**$ (30,390,964)**	**$ 18,319,557**
Balance at February 28, 2018		**86,635,121**	**$ 40,710,973**	**$ 175,345**	**$ 7,836,703**	**$ (31,195,283)**	**$ 17,527,738**
Shares issued for cash - exercise of warrants	9	3,670,000	421,240	-	-	-	421,240
Shares issued for cash - exercise of stock options	9	1,950,000	154,250	-	-	-	154,250
Shares issued for acquisition of property interests	9	212,058	29,688	-	-	-	29,688
Share issuance costs	9	-	(13,619)	-	-	-	(13,619)
Reallocation of fair market value of warrants exercised		-	119,315	(119,315)	-	-	-
Reallocation of fair market value of stock options exercised		-	104,842	-	(104,842)	-	-
Reallocation of fair market value of warrants expired		-	-	(51,684)	51,684	-	-
Share-based payments	9	-	-	-	231,104	-	231,104
Net loss for the period		-	-	-	-	(718,419)	(718,419)
Balance at November 30, 2018		**92,467,179**	**$ 41,526,689**	**$ 4,346**	**$ 8,014,649**	**$ (31,913,702)**	**$ 17,631,982**

(Expressed in Canadian Dollars - Unaudited)

	Three-month period ended November 30, 2018	2017	Nine-month period ended November 30, 2018	2017
Operating activities				
Net loss for the period	$ (180,368)	$ (2,112,344)	$ (718,419)	$ (2,381,282)
Adjustments for non-cash items:				
Depreciation	163	234	491	702
Share of joint venture loss	49	-	1,943	-
Impairment	-	1,841,910	125,253	1,841,910
Management fee income	(44,847)	-	(176,107)	-
Share-based compensation	-	10,393	231,104	10,393
items:				
Receivables	2,294	(90,545)	(11,477)	(95,065)
Prepaid expenses	5,086	5,882	3,151	(793)
liabilities	8,562	114,382	23,810	99,214
Net cash flows used in operating activities	(209,061)	(230,088)	(520,251)	(524,921)
Investing activities				
Expenditures on exploration and evaluation assets	(343,308)	(829,129)	(574,426)	(1,013,968)
Less: recovery of exploration and evaluation property expenditures	-	178,927	-	178,927
Reclamation deposits	-	8,740	62,524	(21,260)
Net cash flows used in investing activities	(343,308)	(641,462)	(511,902)	(856,301)
Financing activities				
Proceeds on issuance of common shares net of share issuance costs of $13,619 (2017: $29,139)	137,838	41,005	561,871	1,280,106
Shares issuable	-	(6,750)	-	-
Notes payable- repayments	-	-	-	(57,300)
Net cash flows provided by financing activities	137,838	34,255	561,871	1,222,806
Decrease in cash and cash equivalents	(414,531)	(837,295)	(470,282)	(158,416)
Cash and cash equivalents, beginning of period	977,087	1,085,330	1,032,838	406,451
Cash and cash equivalents, end of period	**$ 562,556**	**$ 248,035**	**$ 562,556**	**$ 248,035**

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of operations and going concern

Serengeti Resources Inc. (the "Company" or "Serengeti") was incorporated on March 5, 1973, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "SIR".

The head office and principal address of the Company is 800 West Pender Street, Suite 520, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered and records office address is 1185 West Georgia Street, Suite 1750, Vancouver, British Columbia, Canada, V6E 4E6.

Going concern

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 was not expected to continue operations for the foreseeable future. At November 30, 2018, the Company had not achieved profitable operations, had a net loss of $718,419 for the period ended November 30, 2018 and accumulated losses of $31,913,702 (February 28, 2018 - $31,195,283) since inception, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company is in the process of completing a preliminary feasibility study on its Kwanika property that is funded by its joint venture partner. In addition, the Company has sufficient cash on hand to fund operations for the next twelve months. The Company's continuation as a going concern is dependent upon successful completion of the preliminary feasibility study on its Kwanika property and its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

2. Significant accounting policies and new accounting standards

These condensed consolidated interim financial statements were authorized for issue by the directors of the Company on January 11, 2019.

Statement of compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent 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 accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended February 28, 2018 with the exception of the new accounting policy adopted in the current period.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended February 28, 2018.

2. Significant accounting policies and new accounting standards

Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of March 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilize a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application.

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 adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on March 1, 2018.

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 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 consolidated statements of loss and comprehensive 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 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.

(Expressed in Canadian Dollars - Unaudited)

2. Significant accounting policies and new accounting standards (cont')

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 statements of loss and comprehensive loss.

Revenue from Contracts

The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers at March 1, 2018. As the Company does not have revenue from contracts with customers, the adoption of this new standard had no effect on its financial statements.

New accounting standards not yet adopted

IFRS 16 Leases IFRS 16 is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. This standard has a proposed effective date of January 1, 2019. The Company is a lessee in respect of its office lease and this new standard will apply. However, the Company's leasing activity is incidental to its operations and the associated costs, and differences in their treatment arising under the new standard, are minor. Accordingly, the Company has determined that the adoption of this new standard will have a minor but not significant effect on its financial statements.

3. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

		November 30, 2018		February 28, 2018
Cash at bank	$	335,056	$	805,338
Guaranteed investment certificates		227,500		227,500
	$	562,556	$	1,032,838

4. Receivables

		November 30, 2018		February 28, 2018
Exploration costs recoverable from joint venture		8,651		12,281
HST / GST receivable		23,843		12,156
Other receivables		6,636		1,565
	$	39,130	$	26,002

(Expressed in Canadian Dollars - Unaudited)

5. Investment in joint venture – Kwanika Copper Corporation

On November 24, 2017, Serengeti completed a transaction whereby Serengeti, POSCO DAEWOO Corporation ("PDC") and Kwanika Copper Corporation ("KCC") (formerly known as Daewoo Minerals Canada Corporation) signed a definitive joint venture agreement (the "JVA") for the exploration and development of the Kwanika and surrounding properties (the "Project"). Pursuant to the JVA, the respective interests of Serengeti and PDC in the Project have been transferred to KCC, which serves as the vehicle for the joint venture.

PDC contributed a total of $8,300,000 in cash and holds 8,200,000 common shares of KCC (representing 35% of the total issued shares of KCC). Serengeti contributed its 95% ownership of the Kwanika property, in exchange for 15,228,571 common shares of KCC (representing 65% of the total issued shares of KCC).

Serengeti will remain as project operator so long as it maintains a majority interest and will receive a 10% operator's fee on expenditures. During the year ended February 28, 2018, Serengeti received an operator's fee of $700,000. Of this amount, $175,838 is recorded as deferred revenue and will be recognized as income at 10% of budgeted Project expenditures as they are incurred. Management fee income of $176,107, representing 35% of the management fee income earned from the joint venture in the current period, has been recorded in the condensed consolidated interim statement of loss and comprehensive loss for the period ended November 30, 2018.

In addition to maintaining its Project interest, Serengeti will be granted a 1% Net Smelter Royalty ("NSR") if its Project interest is diluted below 50% and an additional 0.5% NSR if its interest is diluted below 33 ⅓%, subject to partial buyback provisions to KCC. KCC will have certain concentrate offtake rights from production on the project, subject to Serengeti's ability to enter into separate streaming arrangements.

During the year ended February 28, 2018, based on the valuation assigned to Kwanika and other properties that were transferred to KCC, Serengeti recorded an impairment of $1,841,910 on the Kwanika property and an impairment of $593,879 on other properties prior to their transfer to KCC for a total impairment of $2,435,789.

Summarized statement of financial position – Kwanika Copper Corporation

		November 30, 2018 (unaudited)
Current assets	$	1,981,741
Non-current assets		21,770,990
Total assets	**$**	**23,752,731**
Current liabilities	$	323,612
Shareholders' equity		
Common shares		
Serengeti Resources Inc.		15,228,571
Daewoo Minerals Canada Corporation		8,300,000
Deficit		(99,452)
Total shareholders' equity		23,429,119
Total equity and liabilities	**$**	**23,752,731**

(Expressed in Canadian Dollars - Unaudited)

5. Investment in joint venture - Kwanika Copper Corporation (cont'd)

Serengeti's share of the joint venture loss of $2,989 for the period from March 1, 2018 to November 30, 2018, was $1,943 and has been recorded in the Condensed Consolidated Interim Statement of Loss and Comprehensive Loss for the current period.

Changes in the investment in joint venture for the period ended November 30, 2018 are as follows:

Balance February 28, 2018	$	15,214,032
Share of joint venture loss from March 1, 2018 to November 30, 2018		(1,943)
65% of management fee income earned from joint venture from March 1, 2018 to November 30, 2018		(327,055)
Balance November 30, 2018	$	14,885,034

6. Exploration and evaluation assets

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the period ended November 30, 2018:

		Atty		Milligan West		Other		Total
Property acquisition costs								
Balance, beginning of period	$	-	$	43,111	$	791,175	$	834,286
Additions		54,879		-		6,938		61,817
Balance, end of period	$	54,879	$	43,111	$	798,113	$	896,103
Exploration and evaluation costs								
Balance, beginning of year	$	-	$	513,115	$	554,258	$	1,067,373
Costs incurred during period:								
Aircraft		135,515		-		30,781		166,296
Analysis		15,699		359		3,117		19,175
Camp and operations		44,284		2,106		16,270		62,660
Consulting		61,108		5,137		31,903		98,148
Geophysics		101,036		-		64,021		165,057
Travel and accommodation		17,914		2,750		10,321		30,985
		375,556		10,352		156,413		542,321
Other items:								
Cost recoveries		-		(1,651)		-		(1,651)
Impairment		-		-		(125,253)		(125,253)
Balance, end of period	$	375,556	$	521,816	$	585,418	$	1,482,790
Total	$	430,435	$	564,927	$	1,383,531	$	2,378,893

6. Exploration and evaluation assets (cont'd)

a) Atty and ATG Claims

The Company entered into an agreement to acquire a 100% interest in the Atty property from Finlay Minerals Ltd. ("Finlay") and adjacent claims ("ATG Claims") from Electrum Resource Corp. ("Electrum") on March 4, 2018 and the agreement was approved by the TSX Venture Exchange on April 10, 2018.

In consideration for the interest in the Atty property the Company is required to complete aggregate exploration expenditures of $12,000,000 over eight years, of which $300,000 is required for 2018, make aggregate cash payments of $625,000 over eight years of which $25,000 was due on signing (paid), and make $975,000 in payments, payable in cash or shares of the Company, of which $25,000 was due on TSX approval of the transaction (172,058 shares and $568 cash were issued). Electrum is entitled to a net smelter return royalty of 3% on the property which may be reduced to 1.5% by making aggregate optional payments of $500,000.

The Company also agreed to make a payment of the lesser of $1,000,000 or the value of 500,000 shares of the Company upon a production decision for the property.

In consideration for the ATG Claims, the Company is required to issue 200,000 shares of the Company, of which 40,000 were to be issued on TSX approval (issued) with the remaining 160,000 shares to be issued at 40,000 shares per year for a period of four years.

b) Net Smelter Return Royalties – Thor Marmot and Deer Lake Properties

During the period ended November 30, 2018, the Company acquired net smelter return royalties of 0.75% on each of the Thor Marmot and Deer Lake Properties located in the Kemess and Kamloops Mining Districts from Electrum as well as a payment of $10,000 in exchange for Portable Assessment Credits that the Company transferred to Electrum to enable Electrum to advance the legacy claims on both properties for the maximum allowable five-year period.

c) Milligan West

The Company owns a 56.3% interest in the Milligan West property in joint venture with Fjordland Exploration Inc., an arms-length company also listed on the TSX-V.

d) Other B.C. Properties
Serengeti holds a 100% interest in fifteen other properties. All of the Company's current mineral properties are located in British Columbia. During the period ended November 30, 2018, the Company recorded an impairment of $125,253 on its Red Chris North properties.

7. Reclamation deposits

The Company has posted bonds and investment certificates to provide for certain potential reclamation liabilities as agreed with the Province of British Columbia – Ministry of Energy, Mines and Petroleum Resources.

(Expressed in Canadian Dollars - Unaudited)

7. Reclamation deposits (cont'd)

During the period ended November 30, 2018, the Company transferred the reclamation deposits for the Kwanika Copper property to KCC for a payment of $60,500.

		November 30, 2018		February 28, 2018
Balance, beginning of period	$	94,284	$	73,024
Changes in period		(62,524)		21,260
Balance, end of period	$	31,760	$	94,284

8. Trade payables and accrued liabilities

		November 30, 2018		February 28, 2018
Trade payables	$	79,073	$	57,847
Amounts due to related parties (note 10)		9,973		4,280
Accrued liabilities		15,000		18,085
	$	104,046	$	80,212

9. Share capital and reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At November 30, 2018, there were 92,467,179 issued and fully paid common shares (February 28, 2018 – 86,635,121).

On April 9, 2018, 212,058 common shares were issued at a fair value of $29,688 in connection with the acquisition of a 100% interest in the Atty property and the ATG Claims. (See note 6).

During the period ended November 30, 2018, 3,670,000 warrants were exercised for gross proceeds of $421,240.

During the period ended November 30, 2018, 1,950,000 stock options were exercised for gross proceeds of $154,250.

Basic and diluted loss per share

The basic and diluted loss per share for the period ended November 30, 2018 was $0.01 (2017 - $0.03). The calculation of basic and diluted loss per share for the period ended November 30, 2018 was based on the loss attributable to common shareholders of $718,419 (2017 - $2,381,282) and the weighted average number of common shares outstanding of 89,448,431 (2017 – 80,447,146). The diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive. At November 30, 2018, the total number of potentially dilutive warrants was 2,193,400 (2017 – 4,850,100) and the total number of potentially dilutive stock options was 6,295,000 (2017 – 8,520,000). The aggregate number of potentially dilutive shares was 8,488,400 (2017 – 13,370,100).

(Expressed in Canadian Dollars - Unaudited)

9. Share capital and reserves (cont'd)

Warrants

The Company carried out a warrant exercise incentive program (the "Incentive Program") designed to encourage the early exercise of up to 3,306,000 of its outstanding unlisted warrants (the "Warrants"). The Warrants, exercisable at a price of $0.15 per common share until August 5, 2018, were originally issued by the Company as part of a unit private placement financing which closed on August 5, 2016. Pursuant to the Incentive Program, the Company offered an inducement to each Warrant holder that exercises their Warrants during a 20-calendar-day early exercise period, by the issuance of one additional share purchase warrant for each warrant early exercised. Each new warrant (the "Incentive Warrant") entitles the holder to purchase one additional common share of the Company for a period of 18 months from the date of issuance of such Incentive Warrant, at a price of $0.22. In connection with the Incentive Program, as of November 30, 2018, 2,200,000 warrants at an exercise price of $0.15 were exercised for gross proceeds of $330,000.

During the period ended November 30, 2018, an additional 1,470,000 warrants at exercise prices ranging from $0.05 to $0.22 were exercised for gross proceeds of $91,240.

During the period ended November 30, 2018, 1,186,700 warrants, exercisable at $0.15 per share, expired unexercised.

The following table summarizes information about the issued and outstanding warrants for the nine-month period ended November 30, 2018, and the year ended February 28, 2018, as follows:

	November 30, 2018		February 28, 2018	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of period	4,850,100	$ 0.12	13,878,600	$ 0.08
Warrants issued	2,200,000	0.22	135,800	0.15
Warrants exercised	(3,670,000)	0.11	(9,164,300)	0.05
Warrants expired	(1,186,700)	0.15	-	-
Warrants outstanding, end of period	2,193,400	$ 0.22	4,850,100	$ 0.12

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 TSX-V policies, grant to directors, officers, employees and consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance does not exceed a fixed total of 12,624,000. Such options may be exercisable for a period of up to five years from the date of grant.

During the period ended November 30, 2018, the Company granted 1,600,000 stock options exercisable at $0.15 per share for a period of 5 years and 200,000 stock options exercisable at $0.15 per share for a period of 2 years. All options vested upon grant.

During the period ended November 30, 2018, 1,950,000 options were exercised for gross proceeds of $154,250.

(Expressed in Canadian Dollars - Unaudited)

9. Share capital and reserves (cont'd)

***Stock options** (cont'd)*

During the period ended November 30, 2018, 1,825,000 stock options, exercisable at $0.12 per share, expired unexercised.

The changes in stock options during the period ended November 30, 2018, and the year ended February 28, 2018, are as follows:

	November 30, 2018		**February 28, 2018**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Options outstanding, beginning of period	8,270,000	$ 0.10	8,545,000	$ 0.09
Options granted	1,800,000	0.15	150,000	0.20
Options exercised	(1,950,000)	0.08	(425,000)	0.06
Options expired	(1,825,000)	0.12	-	-
Options outstanding, end of period	6,295,000	$ 0.11	8,270,000	$ 0.10
Options exercisable, end of period	6,295,000	$ 0.11	8,195,000	$ 0.10

Details of options outstanding as at November 30, 2018 are as follows:

Weighted average exercise price	**Weighted average contractual life**	**Number of options outstanding**	**Number of options exercisable**
$0.05 - $0.08	2.30 years	2,645,000	2,645,000
$0.14 - $0.20	3.53 years	3,650,000	3,650,000
	3.02 years	6,295,000	6,295,000

During the period ended November 30, 2018, the Company granted 1,800,000 (2017 – 150,000) stock options with a weighted average fair value of $0.12 (2017 – $0.20) per option. The Company recorded share-based compensation of $231,104 (2017 - $10,393) relating to options vested during the period.

The fair value of options granted was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	November 30, 2018	November 30, 2017
Expected life of options	4.67 years	5 years
Annualized volatility	124.32%	110%
Risk-free interest rate	2.03%	1.52%
Dividend rate	0%	0%

Warrant and share-based payment reserves

The share-based payment and warrant reserves comprise stock-based compensation expense and other warrant payments. When stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

(Expressed in Canadian Dollars - Unaudited)

10. Related party transactions

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities and have arisen from amounts owing for expense reimbursements (Note 8). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

	November 30, 2018	February 28, 2018
Directors and officers of the Company	$ 9,973	$ 4,280

Key management personnel compensation – paid or accrued

Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company as a whole. The Company has determined that its key management personnel consists of the Company's Board of Directors and corporate officers.

	Nine Months Ended	
	November 30, 2018	November 30, 2017
Management fees (1)	$ 138,238	$ 126,000
Consulting (2)	93,706	50,949
Director fees	36,750	-
Share-based compensation	195,074	-
	$ 463,768	$ 176,949

(1) A portion of management fees are allocated to exploration and evaluation assets.

(2) Includes accounting fees paid to a company controlled by the CFO of $70,441 (2017: $38,439). A portion of consulting fees are allocated to share issuance costs. A total of $11,215 (2017: $Nil) was recovered from Kwanika Copper Corp.

11. Financial risk 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 summarized 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. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

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.

11. Financial risk management (cont'd)

Liquidity risk *(cont'd)*

Historically, the Company's principal 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 necessary levels of equity funding.

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 not exposed to significant interest rate risks.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves 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 Company's financial instruments consist of cash and cash equivalents, receivables, reclamation deposits and trade payables. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Cash and cash equivalents are measured at fair value using Level 1 inputs.

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.