



June 30, 2019 and 2018

## **Consolidated Financial Statements**

(Expressed in Canadian Dollars)

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- Consolidated Statements of Changes in Shareholders' Equity
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## Independent Auditors' Report

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To the Shareholders of:  
**XIMEN MINING CORP.**

### Opinion

We have audited the consolidated financial statements of Ximen Mining Corp. ("the Company"), which comprise the consolidated statements of financial position as at June 30, 2019 and June 30, 2018 and the consolidated statements of comprehensive loss, changes in shareholders' deficiency and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### Basis for Opinion

We conducted our audits 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 in the financial statements, which indicates that the Company incurred a net loss of \$5,601,091 during the year ended June 30, 2019, and as of that date, had accumulated losses since inception of \$23,142,643. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on 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 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.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. 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 IFRS, 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.

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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 Mike Kao.

*WDM*

*Chartered Professional Accountants*

Vancouver, B.C.  
October 28, 2019



WDM

# Ximen Mining Corp.

## Consolidated Statements of Financial Position

As at June 30, 2019 and 2018

(Expressed in Canadian Dollars)

|                                                      | Note | 2019<br>\$   | 2018<br>\$   |
|------------------------------------------------------|------|--------------|--------------|
| <b>ASSETS</b>                                        |      |              |              |
| <b>CURRENT</b>                                       |      |              |              |
| Cash                                                 |      | 41,164       | 22,988       |
| GST Recoverable                                      |      | 56,096       | 53,002       |
| Option Payments and Exploration Advances Receivable  | 8    | 444,343      | 171,051      |
| Marketable Securities                                | 5    | 364,847      | 67,871       |
| Prepaid Expenses and Deposits                        |      | 45,375       | -            |
|                                                      |      | 951,825      | 314,912      |
| <b>NON-CURRENT</b>                                   |      |              |              |
| Reclamation Bonds                                    | 6    | 98,300       | 52,500       |
| Property and Equipment                               | 7    | 1,795,898    | 24,640       |
| Exploration and Evaluation Assets                    | 9    | -            | -            |
|                                                      |      | 2,846,023    | 392,052      |
| <b>LIABILITIES</b>                                   |      |              |              |
| <b>CURRENT</b>                                       |      |              |              |
| Accounts Payable and Accrued Liabilities             |      | 583,914      | 218,523      |
| Payable on acquisition of subsidiary                 | 13   | 915,000      | -            |
| Due to Related Parties                               | 11   | 221,427      | 2,700        |
|                                                      |      | 1,720,341    | 221,223      |
| <b>NON-CURRENT</b>                                   |      |              |              |
| Payable on acquisition of subsidiary                 | 13   | 612,500      | -            |
|                                                      |      | 2,332,841    | 221,223      |
| <b>SHAREHOLDERS' EQUITY</b>                          |      |              |              |
| Share Capital                                        | 10   | 22,424,213   | 16,941,165   |
| Share Subscriptions Received                         |      | 2,500        | 2,500        |
| Share-Based Payment Reserve                          |      | 939,087      | 800,918      |
| Deficit                                              |      | (23,142,643) | (17,573,754) |
| Equity Attributed to Ximen Mining Corp. Shareholders |      | 223,157      | 170,829      |
| Non-Controlling Interest                             | 8    | 290,025      | -            |
|                                                      |      | 513,182      | 170,829      |
|                                                      |      | 2,846,023    | 392,052      |

Nature of Operations and Ability to Continue as a Going Concern (Note 1)

Commitment (Note 13)

Subsequent Events (Note 18)

The accompanying notes are an integral part of the financial statements.

Approved on Behalf of the Board:

**“Christopher Anderson”**  
Christopher Anderson, Director

**“Scott Kent”**  
Scott Kent, Director

# Ximen Mining Corp.

## Consolidated Statements of Changes in Shareholders' Equity

For the Years Ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

|                                                      | Note      | Number of<br>Post-<br>Consolidated<br>Common<br>Shares | Share<br>Capital<br>\$ | Share<br>Subscription<br>Received<br>\$ | Share-<br>Based<br>Payment<br>Reserve<br>\$ | Deficit<br>\$ | Non-<br>Controlling<br>Interest<br>\$ | Total<br>Shareholders'<br>Equity<br>\$ |
|------------------------------------------------------|-----------|--------------------------------------------------------|------------------------|-----------------------------------------|---------------------------------------------|---------------|---------------------------------------|----------------------------------------|
| <b>Balance, June 30, 2017</b>                        |           | 17,243,287                                             | 16,111,136             | -                                       | 763,900                                     | (16,665,962)  | -                                     | 209,074                                |
| Shares Issued for Cash, Net of Share Issuance Costs  | 10(b)(i)  | 4,062,000                                              | 515,252                | -                                       | -                                           | -             | -                                     | 515,252                                |
| Shares Issued for Exploration and Evaluation Assets  | 10(b)(i)  | 1,832,900                                              | 322,993                | -                                       | -                                           | -             | -                                     | 322,993                                |
| Share Subscription Received                          |           | -                                                      | -                      | 2,500                                   | -                                           | -             | -                                     | 2,500                                  |
| Fair Value of Stock Options Cancelled                |           | -                                                      | -                      | -                                       | (38,911)                                    | 38,911        | -                                     | -                                      |
| Fair Value of Agents' Warrants Issued                | 10(b)(i)  | -                                                      | (8,216)                | -                                       | 8,216                                       | -             | -                                     | -                                      |
| Share-Based Payments                                 | 10(g)     | -                                                      | -                      | -                                       | 67,713                                      | -             | -                                     | 67,713                                 |
| Net Comprehensive Loss                               |           | -                                                      | -                      | -                                       | -                                           | (946,703)     | -                                     | (946,703)                              |
| <b>Balance, June 30, 2018</b>                        |           | 23,138,187                                             | 16,941,165             | 2,500                                   | 800,918                                     | (17,573,754)  | -                                     | 170,829                                |
| Shares Issued for Cash, Net of Share Issuance Costs  | 10(b)(ii) | 3,475,001                                              | 1,157,515              | -                                       | -                                           | -             | -                                     | 1,157,515                              |
| Shares Issued for Exploration and Evaluation Assets  | 10(b)(ii) | 2,612,888                                              | 1,005,671              | -                                       | -                                           | -             | -                                     | 1,005,671                              |
| Shares Issued for Acquisition of 0995237 B.C. Ltd    | 8         | 3,528,769                                              | 1,746,741              | -                                       | -                                           | -             | -                                     | 1,746,741                              |
| Shares Issued for Royalty Option Asset               | 8         | 285,918                                                | 142,959                | -                                       | -                                           | -             | -                                     | 142,959                                |
| Shares Issued on Exercise of Share Purchase Warrants | 10(e)     | 4,005,837                                              | 1,026,771              | -                                       | -                                           | -             | -                                     | 1,026,771                              |
| Shares Issued on Exercise of Agents' Warrants        | 10(f)     | 102,100                                                | 27,480                 | -                                       | (9,103)                                     | -             | -                                     | 18,377                                 |
| Shares Issued on Exercise of Stock Options           | 10(d)     | 620,000                                                | 289,547                | -                                       | (67,547)                                    | -             | -                                     | 222,000                                |
| Fair Value of Agents' Warrants Issued                | 10(b)(ii) | -                                                      | (16,136)               | -                                       | 16,136                                      | -             | -                                     | -                                      |
| Fair Value of Stock Options Expired                  |           | -                                                      | -                      | -                                       | (7,566)                                     | 7,566         | -                                     | -                                      |
| Restricted Stock Units Exercised                     | 10(c)     | 250,000                                                | 102,500                | -                                       | -                                           | -             | -                                     | 102,500                                |
| Share-Based Payments                                 | 10(g)     | -                                                      | -                      | -                                       | 206,249                                     | -             | -                                     | 206,249                                |
| Non-Controlling Interest                             | 8         | -                                                      | -                      | -                                       | -                                           | -             | 314,661                               | 314,661                                |
| Net Comprehensive Loss                               |           | -                                                      | -                      | -                                       | -                                           | (5,576,455)   | (24,636)                              | (5,601,091)                            |
| <b>Balance, June 30, 2019</b>                        |           | 38,018,700                                             | 22,424,213             | 2,500                                   | 939,087                                     | (23,142,643)  | 290,025                               | 513,182                                |

Share Consolidation (Note 10(b))

The accompanying notes are an integral part of the financial statements.

# Ximen Mining Corp.

## Consolidated Statements of Comprehensive Loss

For the Years Ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

|                                                           | Note  | 2019<br>\$         | 2018<br>\$         |
|-----------------------------------------------------------|-------|--------------------|--------------------|
| <b>EXPENSES</b>                                           |       |                    |                    |
| Audit and Legal                                           |       | 119,784            | 168,927            |
| Advertising and Marketing                                 |       | 415,747            | 56,017             |
| Bank Charges and Interest                                 |       | 10,043             | 5,091              |
| Consulting                                                |       | 346,870            | 62,875             |
| Depreciation                                              |       | 4,928              | 6,160              |
| Exploration and Evaluation Expenditures                   | 9     | 5,617,394          | 1,510,433          |
| Insurance                                                 |       | 9,500              | -                  |
| Management                                                | 11(c) | 296,800            | 260,000            |
| Office and Administration                                 | 11(c) | 127,465            | 163,440            |
| Rent                                                      |       | 39,000             | 36,000             |
| Regulatory Fees and Transfer Agent                        |       | 73,985             | 47,034             |
| Stock-Based Compensation                                  | 10(f) | 308,749            | 67,713             |
| Travel and Accommodation                                  |       | 175,282            | 80,381             |
| <b>LOSS BEFORE OTHER ITEMS</b>                            |       | <b>(7,545,547)</b> | <b>(2,464,071)</b> |
| BC Mining Exploration Tax Credit                          |       | 351                | 119,005            |
| Gain on Assumption of Notes Payable for 0995237 B.C. Ltd. | 8     | 1,465,128          | -                  |
| Loss on Sale of Marketable Securities                     |       | (116,534)          | (37,802)           |
| Mineral Exploration Property Recovery                     | 9     | 549,011            | 1,513,162          |
| Reversal of Flow-Through Share Premium Liability          |       | -                  | 42,150             |
| Write Up (Down) of Marketable Securities to Market Value  | 5     | 44,579             | (119,147)          |
| Write-off Accounts Payable                                |       | 1,921              | -                  |
| <b>NET LOSS AND COMPREHENSIVE LOSS FOR THE YEAR</b>       |       | <b>(5,601,091)</b> | <b>(946,703)</b>   |
| Attributable to the Shareholders                          |       | (5,576,455)        | (946,703)          |
| Attributable to the Non-Controlling Interest              |       | (24,636)           | -                  |
|                                                           |       | <b>(5,601,091)</b> | <b>(946,703)</b>   |
| Basic and Diluted Loss Per Share                          |       | <b>(0.20)</b>      | <b>(0.05)</b>      |
| Weighted Average Number of Common Shares Outstanding      |       | <b>28,571,492</b>  | <b>19,808,298</b>  |

The accompanying notes are an integral part of the financial statements.

# Ximen Mining Corp.

## Consolidated Statements of Cash Flows

For the Years Ended June 30, 2019 and 2018

(Expressed in Canadian Dollars)

|                                                                    | 2019<br>\$  | 2018<br>\$ |
|--------------------------------------------------------------------|-------------|------------|
| <b>CASH PROVIDED FROM (UTILIZED FOR):</b>                          |             |            |
| <b>OPERATING ACTIVITIES</b>                                        |             |            |
| Net Comprehensive Loss for the Year                                | (5,601,091) | (946,703)  |
| Non-Cash Items                                                     |             |            |
| Depreciation                                                       | 4,928       | 6,160      |
| Stock-Based Compensation                                           | 308,749     | 67,713     |
| Exploration and Evaluation Expenditures                            | 4,548,964   | 322,993    |
| Mineral property farm-out option payment in shares                 | (335,000)   | (200,000)  |
| Loss on Marketable Securities                                      | 116,534     | 37,802     |
| Write (Up) Down of Marketable Securities to Market                 | (44,579)    | 119,147    |
| Reversal of Flow-Through Share Premium Liability                   | -           | (42,150)   |
| Gain on Assumption of Note Payable for 0995237 B.C. Ltd.           | (1,465,128) | -          |
| Write-Off Accounts Payable                                         | (1,921)     | -          |
|                                                                    | (2,468,544) | (635,038)  |
| Change in Non-Cash Working Capital Accounts                        |             |            |
| GST Recoverable                                                    | 357         | (34,830)   |
| Prepaid Expenses and Deposits                                      | (42,375)    | 13,750     |
| Option Payments and Exploration Advances Receivable                | (273,292)   | (171,051)  |
| Accounts Payables and Accrued Liabilities                          | 363,521     | (53,415)   |
| Due to/from Related Parties                                        | 218,727     | (25,856)   |
|                                                                    | (2,201,606) | (906,440)  |
| <b>INVESTING ACTIVITIES</b>                                        |             |            |
| Proceeds from Sale of Marketable Securities                        | 267,865     | 199,299    |
| Purchase of Marketable Securities, Net of Trading Account Advances | (301,798)   | (4,120)    |
| Purchase of Vehicles and Equipment                                 | (60,000)    | (20,000)   |
| Acquisition of Subsidiary, Net of Cash Acquired                    | (110,948)   | -          |
| Reclamation Bonds                                                  | -           | (8,500)    |
|                                                                    | (204,881)   | 166,679    |
| <b>FINANCING ACTIVITIES</b>                                        |             |            |
| Proceeds from Issuance of Shares, Net of Share Issuance Costs      | 1,157,513   | 557,403    |
| Proceeds from Exercise of Share Purchase Warrants                  | 1,026,772   | -          |
| Proceeds from Exercise of Agents' Warrants                         | 18,378      | -          |
| Process from Exercise of Stock Options                             | 222,000     | -          |
| Share Subscription Received                                        | -           | 2,500      |
|                                                                    | 2,424,663   | 559,903    |
| <b>INCREASE IN CASH</b>                                            | 18,176      | (179,858)  |
| Cash, Beginning of the Year                                        | 22,988      | 202,846    |
| <b>CASH, END OF THE YEAR</b>                                       | 41,164      | 22,988     |

Supplementary Cash Flow Information (Note 12)

The accompanying notes are an integral part of the financial statements.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

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### NOTE 1 – NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN

Ximen Mining Corp. (the “Company”) was incorporated under the Business Corporations Act in British Columbia on December 4, 2006. The Company is currently engaged in the acquisition, exploration, and evaluation of its mineral property interests located in British Columbia. The Company’s shares are listed on the TSX Venture Exchange under the symbol XIM, on the Frankfurt Exchange under the symbol A1W2EG, and on the US OTCQX, under the symbol XXMMF. The head office, principal address, and registered office is located at 888 Dunsmuir Street, Suite 888, Vancouver, British Columbia, Canada.

The Company is in the process of exploring and developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves, and upon future production or proceeds from the disposition thereof.

These consolidated financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments that, if any, would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

As at June 30, 2019, the Company has an accumulated deficit of \$23,142,643 and working capital deficiency of \$768,516. The Company’s ability to continue operations is dependent upon the financial support from its shareholders and other parties, its ability to obtain additional financing, the existence of economically recoverable reserves, the attainment of profitable operations, and sufficient proceeds from disposition of properties. The outcome of these matters cannot be predicted at this time. While management has been successful in obtaining sufficient funding for its operating, capital development, and exploration requirements from the inception of the Company to date, there is no assurance that additional future funding will be available to the Company or on terms that are acceptable to management.

The current cash resources are not adequate to pay the Company’s accounts payable and to meet its minimum commitments at the date of these financial statements, including planned corporate and administrative expenses, and other project implementation costs; accordingly, there is significant doubt about the Company’s ability to continue as a going concern. These financial statements do not give effect to adjustments that would be necessary to the carrying amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

#### a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value.

These audited consolidate financial statements were approved and authorized for issue by the Board of Directors on October 28, 2019.

#### b) Basis of Consolidation

These consolidated financial statements include the accounts of its subsidiary (collectively, the “Company”). Intercompany balances and transactions are eliminated in preparing these consolidated financial statements. The net assets and net profit attributable to outside shareholders are presented as amounts attributable to non-controlling interests in the consolidated statement of financial position and consolidate statement of comprehensive income. The following companies have been consolidated within these consolidated financial statements :

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### b) Basis of Consolidation (Continued)

| Entity             | Country of Incorporation | Ownership      | Functional Currency |
|--------------------|--------------------------|----------------|---------------------|
| Ximen Mining Corp. | Canada                   | Parent Company | Canadian Dollar     |
| 0995475 B.C. Ltd.  | Canada                   | 78%            | Canadian Dollar     |

#### c) Business Combinations and Asset Acquisitions

Acquisitions of businesses are accounted for using the acquisition method. The cost of a business combination is measured as the sum of the acquisition-date fair values of the assets transferred, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. The Company recognizes identifiable assets acquired and liabilities assumed at their acquisition date fair values. Acquisition related costs are expensed to profit or loss.

Acquisitions that do not meet the definition of a business combination are accounted for as an asset acquisition. The cost of an asset acquisition is allocated to the individual identifiable assets acquired and liabilities assumed based on their relative fair values. Asset acquisitions do not give rise to goodwill.

#### d) Reclamation Bonds

Reclamation bonds are recorded at amortized cost and held by Canadian government agencies or in trust.

#### e) Property and Equipment

Property and equipment is carried at cost, less accumulated depreciation and accumulated impairment losses.

The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Depreciation is provided at rates calculated to write off the cost of equipment, less their estimated residual value, using the declining balance method of 20% per year.

The estimated useful lives, residual values, and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

#### f) Impairment of Non-Current Assets

The carrying amounts of non-current assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indications of impairment, then the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Individual assets are grouped together as a cash generating unit for impairment assessment purposes at the lowest level at which there are identifiable cash flows that are independent from other group assets.

The recoverable amount of an asset or cash generating unit is the higher of its fair value less costs to sell and its value in use. An impairment loss exists if the asset's or cash generating unit's carrying amount exceeds the recoverable amount and is recorded as an expense immediately. In assessing the value in use, the estimated future cash flows are adjusted for the risks specific to the cash generating unit and are discounted to their present value with a discount rate that reflects the current market indicators.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### g) Exploration and Evaluation Assets

Expenditures related to the acquisition, exploration, and development of exploration and evaluation assets are expensed and charged to earnings in the period in which they are incurred. Any option payments received by the Company from third parties or tax credits refunded to the Company are charged against exploration expenses in the statement of comprehensive loss.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with general industry standards, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and, as such, title may be affected.

#### h) Provisions

##### (i) Decommissioning and Restoration Provision

Future obligations to retire an asset, including dismantling, remediation, and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a provision based on estimated future cash flows discounted at a credit-adjusted risk-free rate. This decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows, and the discount rate. The provision is accreted to full value over time through periodic charges to profit. This unwinding of the discount is charged to financing expense in the statement of comprehensive income.

The amount of the decommissioning and restoration provision initially recognized is capitalized as part of the related asset's carrying value and depreciated to profit. The method of depreciation follows that of the underlying asset. The costs related to a decommissioning and restoration provision is only capitalized to the extent that the amount meets the definition of an asset and can bring about future economic benefit.

As at June 30, 2019 and 2018, the Company has no material decommissioning and restoration provision.

##### (ii) Other Provisions

Provisions are recognized when a present legal or constructive obligation exists as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate current market-based pre-tax discount rate.

#### i) Share Capital

Share capital includes cash consideration received for share issuances, net of commissions and issue costs.

Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants.

Shares issued for other than cash consideration are valued at the quoted price on the TSX Venture Exchange based on the date the shares are issued.

#### j) Loss per Share

Basic loss per share is calculated by dividing net loss by the weighted average number of common shares issued and outstanding during the reporting period. Diluted loss per share is the same as basic loss per share, as the issuance of shares on the exercise of stock options and share purchase warrants is antidilutive.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### k) Flow-Through Shares

Flow-through shares entitle a company that incurs certain resource expenditures in Canada to renounce them for tax purposes allowing the expenditures to be deducted for income tax purposes by the investors who purchased the shares.

To account for flow-through units, on issuance, the Company allocates flow-through share proceeds into i) share capital, equal to the market value of the shares, ii) a flow-through share premium liability, equal to the estimated premium investors pay for the flow-through feature, and iii) reserve for warrants, equal to the remaining proceeds received.

The amount recorded as a liability relating to the sale of tax benefits is reversed when the tax benefits are renounced. The difference between the amount originally recorded as a liability and the estimated income tax benefits on date of renouncement is recognized in profit or loss. The tax effect of the renunciation is recorded at the time the Company makes the renunciation, which may differ from the effective date of renunciation.

#### l) Share-Based Payments

The fair value method of accounting is used for share-based payment transactions. Under this method, the cost of stock options and other share-based payments is recorded based on the estimated fair value using the Black-Scholes option pricing model at the grant date and charged to profit over the vesting period. Upon the exercise of stock options and other share-based payments, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital.

#### m) Nature and Purpose of Equity and Reserves

The reserves recorded in equity on the Company's statement of financial position include 'Subscriptions Received', 'Share-based Payment Reserve', and 'Deficit'.

- 'Subscriptions Received' is used to recognize the value of cash received towards share subscriptions that have not been issued by year-end.
- 'Share-based Payment Reserve' is used to recognize the fair value of stock option grants and warrants prior to exercise, expiry or cancellation and the fair value of other share-based consideration paid at the date of payment.
- 'Deficit' is used to record the Company's change in deficit from earnings from period to period and to recognize the fair value of stock option grants and warrants after expiry or cancellation.

#### n) Refundable Mining Tax Credits

The Company qualifies for refundable mining tax credits on eligible mining exploration expenditures incurred in the Province of British Columbia, Canada. This tax credit is applied against exploration expenditures incurred and recorded as tax credit receivable when the terms and conditions of the government mineral exploration assistance program have been complied with, the credit can be reasonably estimated, and collection is reasonably assured.

#### o) Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

##### i) Current Income Tax

Current income tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### o) Income Taxes (Continued)

##### ii) Deferred Income Tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

#### p) Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments on January 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 payable             | 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 January 1, 2018.

##### (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.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

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### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### p) Financial Instruments (Continued)

##### (ii) Measurement (Continued)

###### 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 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 comprehensive loss in the period in which they arise.

###### Debt investments at FVTOCI

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 Other Comprehensive Income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

###### Equity investments at FVTOCI

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 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.

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

The Company did not restate prior periods and determined that the adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

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### NOTE 3 – SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's accounting policies which are described in Note 2, management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described as follows.

#### a) Useful Lives of Property and Equipment

Management reviews the useful lives of property and equipment at each reporting date, based on the expected utility of these assets to the Company. Actual useful lives of these assets may differ from the estimate.

#### b) Business Combinations and Asset Acquisitions

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in the income statement in the subsequent period.

#### c) Impairment of Non-Current Assets

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In addition, when determining the applicable discount rate, estimation is involved in determining the appropriate adjustments to market risk and asset-specific risk factors. Actual results may vary and may cause significant adjustments to the Company's assets within the next financial year.

#### d) Deferred Tax Assets

Deferred tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. The Company has recorded a full valuation allowance against its deferred tax assets due to the uncertainty in the realization of these assets.

### NOTE 4 – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company's financial statements. The Company intends to adopt the following standards when they become effective.

#### a) IFRS 16 – Leases

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 "Leases", and the distinction between operating and finance leases is retained. The standard is effective for annual period beginning on or after January 1, 2019. The Company has determined there is no impact of this standard on its financial statements.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 5 – MARKETABLE SECURITIES

Marketable securities consist of a portfolio of investments held for trading. The fair value of the marketable securities has been determined directly by reference to public price quotations in an active market. These marketable securities are comprised of common shares of publicly traded companies and are classified as fair value through profit or loss and measured at fair value with unrealized gains and losses recognized through the statement of operations.

|                                                           | 2019           | 2018          |
|-----------------------------------------------------------|----------------|---------------|
|                                                           | \$             | \$            |
| Opening Balance                                           | 67,871         | 220,000       |
| Marketable Securities Purchased (at Cost)                 | 301,797        | 73,405        |
| Marketable Securities Received from Property Option Sales | 335,000        | 200,000       |
| Marketable Securities Sold (at Cost)                      | (453,686)      | (237,101)     |
| Write Up (Down) Marketable Securities to Market Value     | 44,579         | (119,147)     |
| Advances from Trading Account                             | 69,286         | (69,286)      |
|                                                           | <b>364,847</b> | <b>67,871</b> |

### NOTE 6 – RECLAMATION BONDS

The Company posts non-interest-bearing reclamation bonds against any potential land restoration costs that may be incurred in the future on its mineral properties. The funds are held in trust and may be released after required reclamation is satisfactorily completed.

As at June 30, 2019, the amount on deposit was \$98,300 (2018 – \$52,500) with respect to the Brett Property (\$31,000), Gold Drop Property (\$16,500), Treasure Mountain Property (\$5,000), and Kenville Property (\$45,800).

### NOTE 7 – PROPERTY AND EQUIPMENT

|                                 | Vehicle<br>\$ | Property and<br>Equipment<br>\$ | Office<br>Furniture<br>\$ | Total<br>\$      |
|---------------------------------|---------------|---------------------------------|---------------------------|------------------|
| <b>COST</b>                     |               |                                 |                           |                  |
| Balance, June 30, 2017          | -             | 12,000                          | 4,000                     | 16,000           |
| Additions                       | -             | 20,000                          | -                         | 20,000           |
| Balance, June 30, 2018          | -             | 32,000                          | 4,000                     | 36,000           |
| Additions                       | 60,000        | 1,716,186                       | -                         | 1,776,186        |
| Balance, June 30, 2019          | <b>60,000</b> | <b>1,748,186</b>                | <b>4,000</b>              | <b>1,812,186</b> |
| <b>ACCUMULATED DEPRECIATION</b> |               |                                 |                           |                  |
| Balance, June 30, 2017          | -             | 1,200                           | 4,000                     | 5,200            |
| Depreciation                    | -             | 6,160                           | -                         | 6,160            |
| Balance, June 30, 2018          | -             | 7,360                           | 4,000                     | 11,360           |
| Depreciation                    | -             | 4,928                           | -                         | 4,928            |
| Balance, June 30, 2019          | <b>-</b>      | <b>12,288</b>                   | <b>4,000</b>              | <b>16,288</b>    |
| <b>NET BOOK VALUE</b>           |               |                                 |                           |                  |
| Balance, June 30, 2018          | -             | 24,640                          | -                         | 24,640           |
| Balance, June 30, 2019          | <b>60,000</b> | <b>1,735,898</b>                | <b>-</b>                  | <b>1,795,898</b> |

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

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### NOTE 8 – INVESTMENT IN KENVILLE GOLD MINE AND PROPERTY

In April and May 2019, the Company entered into various agreements whereby it acquired approximately 78% of the issued and outstanding shares of 0995237 B.C. Ltd (“099 BC”), a private arm’s length company, in exchange for common shares and future cash payments by the Company. The principal asset of 099 BC is its option to acquire the Kenville Gold Mine, located west of Nelson, B.C.

#### Acquisition of Subsidiary - 0995237 B.C. Ltd.

In May 2019, the Company issued a total of 3,528,769 common shares from treasury (approximately 10.62% of the Company’s total issued outstanding common shares) for common shares and notes payable of 099 BC as follows:

- (i) 2,253,769 common shares of the Company, fair valued at \$1,115,616, to former shareholders of 099 BC in exchange for 43,261,811 common shares of 099 BC, representing 78% of the total outstanding common shares of 099 BC (the “78% Interest”).
- (ii) 1,275,000 common shares of the Company, fair valued at \$631,125, to a former shareholder of 099 BC in exchange for his promissory note receivable from 099 BC – principal amount of \$1,000,000 plus accrued interest receivable of \$118,388, for total face value of \$1,118,388. The excess of the total face value of the note payable and interest over the fair value of the Company’s shares issued, \$487,263, is recognized as gain on assumption of the promissory note payable.

The Company also has additional obligations as it acquired the following payables of 099 BC from a former shareholder of 099 BC as follows:

- (iii) Cash payable of \$980,000 in exchange for 099 BC note payable – principal amount of \$780,000 plus accrued interest payable of \$1,177,865, for total face value of \$1,957,865. The excess of the total face value of the note payable and interest over the future cash payment, \$977,865, is recognized as gain on assumption of the promissory note payable. This future cash payment is unsecured, is non-interest bearing, and includes repayment dates (Note 13). A payment of \$122,500 was made during the year ended June 30, 2019.
- (iv) Cash payable of \$400,000 in exchange for the same amount of debt owed to a former shareholder of 099 BC who paid for a mining equipment owned by 099 BC. This future cash payment is unsecured, is non-interest bearing, and includes repayment dates (Note 13).
- (v) Assumption of debt totaling \$270,000 to two former shareholders of 099 BC by 099 BC. This amount was incurred on exploration expenditures related to Kenville property.

The following table summarizes the recognized fair value amounts of assets acquired and liabilities assumed on May 30, 2019, the date of acquisition of 78% interest in 099 BC:

|                                       | \$          |
|---------------------------------------|-------------|
| Cash                                  | 11,552      |
| Term Deposit (Reclamation Bond)       | 45,800      |
| GST Recoverable                       | 3,451       |
| Property                              | 984,200     |
| Equipment purchase                    | 708,262     |
| Accounts Payable                      | (400,793)   |
| Promissory Notes Payable (8(ii)(iii)) | (3,076,253) |
| Royalty Option Payable                | (220,000)   |
| Shareholder Advances (8(v))           | (79,000)    |
|                                       | <hr/>       |
| Net Liabilities of 0995237 B.C. Ltd.  | (2,022,781) |

The acquisition of 78% interest of 099 BC by the Company does not meet the requirement of IFRS 3, Business Combination. As such, this acquisition was accounted for under IFRS 6, Exploration and Evaluation of Mineral Resources. The premium of the consideration paid by the Company over the net liabilities of the acquired 099 BC was expensed as exploration and evaluation expenditures as the Company’s accounting policy is expensing both the acquisition costs and exploration costs during the period where the expenditures were incurred.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

### NOTE 8 – INVESTMENT IN KENVILLE GOLD MINE AND PROPERTY (Continued)

#### Acquisition of Subsidiary - 0995237 B.C. Ltd. (Continued)

The fair value of the consideration given by the Company for the 78% controlling interest in 099 BC, was \$1,115,616, (2,253,769 common shares issued at \$0.495 per share). The fair value of the 22% non-controlling interest in 099 BC was therefore valued at \$314,661, using the 78% valuation amount. Accordingly, the premium in the amount of \$3,453,057, comprising of the fair value of the shares issued by the Company plus the fair value of the 22% non-controlling interest, totaling \$1,430,277, over the fair value of the net liabilities of 0995237 BC Ltd. acquired by the Company, were recognized as exploration and evaluation expenditures for 2019.

#### Acquisition of Royalty Option from Gungnir Resources Inc.

On April 25, 2019, the Company entered into a royalty option agreement with Gungnir Resources Inc. (“Gungnir”) to acquire Gungnir’s receivable from 099 BC in the amount of \$220,000 and all of Gungnir’s remaining interest in its 4% gross metal royalty over 099 BC owned Kenville Gold Mine Property for total consideration of \$1,700,000. The option is exercisable at the Company’s sole discretion.

Under the terms of the option agreement, to exercise the option, the Company is required to pay the \$1,700,000 as follows:

- \$500,000 in cash (paid);
- \$200,000 in common shares of Ximen (285,918 shares issued fair valued at \$142,959);
- \$1,000,000 in cash, to be paid on or before October 31, 2019 (unpaid).

The exercise of the option is conditional on Ximen paying the full purchase price as set out above and receipt of TSXV approval. TSXV approved the transaction on May 24, 2019.

### NOTE 9 – EXPLORATION AND EVALUATION EXPENDITURES

Cumulative acquisition and exploration costs incurred by the Company to June 30, 2019 on its mineral properties are summarized below.

|                               | Brett<br>\$ | Gold Drop<br>\$ | Treasury<br>Mountain<br>\$ | Kenville<br>\$ | Carmelia<br>\$ | Bouleau;<br>Dentonia;<br>Providence<br>\$ | General<br>Exploration<br>\$ | Total<br>\$ |
|-------------------------------|-------------|-----------------|----------------------------|----------------|----------------|-------------------------------------------|------------------------------|-------------|
| <b>Balance, June 30, 2017</b> | 4,219,148   | 929,038         | 367,557                    | -              | -              | 716,071                                   | 152,982                      | 6,384,796   |
| Acquisition Costs             | 269,993     | -               | -                          | -              | -              | 53,000                                    | -                            | 322,993     |
| Exploration Costs             | 87,570      | 1,046,592       | 49,055                     | -              | -              | 4,223                                     | -                            | 1,187,440   |
| Exploration Advance           | -           | (838,162)       | -                          | -              | -              | -                                         | -                            | (838,162)   |
| Option payments received      | -           | (500,000)       | (175,000)                  | -              | -              | -                                         | -                            | (675,000)   |
|                               | 357,563     | (291,570)       | (125,945)                  | -              | -              | 57,223                                    | -                            | (2,729)     |
| <b>Balance, June 30, 2018</b> | 4,576,711   | 637,468         | 241,612                    | -              | -              | 773,294                                   | 152,982                      | 6,382,067   |
| Acquisition Costs             | 912,000     | -               | -                          | 4,043,293      | 93,671         | -                                         | -                            | 5,048,964   |
| Exploration Costs             | 98,281      | 109,774         | 237,286                    | 112,119        | 500            | -                                         | 10,470                       | 568,430     |
| Exploration Advance           | -           | -               | (289,011)                  | -              | -              | -                                         | -                            | (289,011)   |
| Option payments received      | -           | (250,000)       | (10,000)                   | -              | -              | -                                         | -                            | (260,000)   |
|                               | 1,010,281   | (140,226)       | (61,725)                   | 4,155,412      | 94,171         | -                                         | 10,470                       | 5,068,383   |
| <b>Balance, June 30, 2019</b> | 5,586,992   | 497,242         | 179,887                    | 4,155,412      | 94,171         | 773,294                                   | 163,452                      | 11,450,450  |

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

### NOTE 9 – EXPLORATION AND EVALUATION EXPENDITURES (Continued)

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing. All properties are located in Canada.

#### a) Brett Property, British Columbia, Canada

On December 3, 2013, the Company entered into an option agreement to acquire a 100% interest in the Brett Gold Project situated in the North Okanagan region of southwest British Columbia approximately 29 kilometers west of Vernon. Under the terms of the agreement, the Company may acquire a 100% undivided interest by making cash option payments totalling \$1,000,000, issuing 200,000 common shares, and issuing additional common shares of the Company with an aggregate deemed value of \$350,000 as follows:

|                           |                                     | Number of<br>Post-Consolidated<br>Shares | Cash<br>\$       |
|---------------------------|-------------------------------------|------------------------------------------|------------------|
| On execution of agreement | (Paid)                              | -                                        | 50,000           |
| By December 18, 2013      | (Paid)                              | -                                        | 50,000           |
| By December 23, 2013      | (Issued – fair valued at \$290,000) | 200,000                                  | -                |
| By January 17, 2014       | (Paid)                              | -                                        | 200,000          |
| By January 05, 2015       | (Paid)                              | -                                        | 300,000          |
| By January 05, 2015       | (Issued – fair valued at \$126,000) | 140,000                                  | -                |
| By December 03, 2015      | (Paid)                              | -                                        | 400,000          |
| By December 03, 2015      | (Issued – fair valued at \$166,667) | 666,667                                  | -                |
|                           |                                     | <b>1,006,667</b>                         | <b>1,000,000</b> |

The Company has earned a 100% undivided interest as it has complied with all the terms of the option agreement.

On January 24, 2014, the Company entered into an option agreement to acquire a 100% interest in the 2% net smelter royalty (“NSR”) on the Brett Gold Project. The agreement was amended on February 14, 2017 and May 17, 2017 under the following amended terms: the issuance of \$50,000 worth of the Company’s common shares based on a ten day weighted average upon signing of the amended agreement, the issuance of \$420,000 worth of the Company’s common shares upon TSX approval of the amended agreement, the payment or issuance of \$60,000 in cash or common shares of the Company on February 18, 2018 and \$75,000 on February 18, 2019, and final cash payment of \$830,000 payable by February 20, 2020.

On December 4, 2018, the agreement was further amended whereby the outstanding amount of \$905,000 would be made in a final payment of 2,400,000 shares at a deemed price of \$0.30 for a total of \$720,000 thereby completing any and all payment. TSX approval was received on December 7, 2018. The fair value recognized of \$912,000 was based on the closing quoted price of the Company’s share at the date of issuance.

|                      |                                     | Number of<br>Post-Consolidated<br>Shares | Cash<br>\$ |
|----------------------|-------------------------------------|------------------------------------------|------------|
| By February 20, 2014 | (Issued – fair valued at \$30,000)  | 20,000                                   | -          |
| By February 20, 2015 | (Issued – fair valued at \$49,077)  | 51,660                                   | -          |
| By February 20, 2016 | (Issued – fair valued at \$67,739)  | 225,800                                  | -          |
| By February 18, 2017 | (Issued – fair valued at \$56,601)  | 125,780                                  | -          |
| Upon TSX Approval    | (Issued – fair valued at \$210,000) | 1,200,000                                | -          |
| By February 18, 2018 | (Issued – fair valued at \$59,993)  | 352,900                                  | -          |
| By December 7, 2018  | (Issued – fair valued at \$912,000) | 2,400,000                                | -          |
|                      |                                     | <b>4,376,140</b>                         | <b>-</b>   |

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

### NOTE 9 – EXPLORATION AND EVALUATION EXPENDITURES (Continued)

#### b) Gold Drop Property, British Columbia, Canada

On November 27, 2013, the Company entered into an option agreement to acquire a 100% interest in the Gold Drop Property located about 9 kilometers northeast from Greenwood, British Columbia, in the Greenwood Gold Mining district. Under the terms of the option agreement, the Company may acquire a 100% undivided interest by making cash option payments totalling \$170,000, and issuing an aggregate of 150,000 common shares as follows:

|                      |                                               | Number of<br>Post-Consolidated<br>Shares | Cash<br>\$     |
|----------------------|-----------------------------------------------|------------------------------------------|----------------|
| On November 27, 2013 | (Paid)                                        | -                                        | 25,000         |
| On February 23, 2014 | (Issued – fair valued at \$49,500, and paid)  | 30,000                                   | 15,000         |
| By February 24, 2015 | (Issued – fair valued at \$120,000, and paid) | 50,000                                   | 60,000         |
| By February 24, 2016 | (Issued – fair valued at \$168,000, and paid) | 70,000                                   | 70,000         |
|                      |                                               | <u>150,000</u>                           | <u>170,000</u> |

During the year ended June 30, 2016, the Company earned a 100% undivided interest by making the final cash payment of \$70,000, therefore, complying with all the terms of the option agreement.

On June 21, 2016, the Company entered into an option agreement with GGX Gold Corp. (“GGX”) to sell its 100% interest in the Gold Drop Property. GGX is required to make cash option payments totalling \$400,000, issue 1,000,000 common shares, issue additional common shares with a fair value of \$450,000, and incur exploration expenditures on the property as follows:

#### Cash Payments:

- \$50,000 on execution of the agreement (received);
- \$50,000 within five business day following the approval by TSX Venture (received); and
- \$100,000 on or before July 26, 2017 (received), July 26, 2018 (received), and July 26, 2019 (received subsequent to June 30, 2019).

#### Share Payments:

- 1,000,000 common shares within five business day following the approval by TSX Venture (received); and
- Additional common shares with a fair value of \$150,000 per year on or before July 26, 2017 (received), July 26, 2018 (received), and July 26, 2019 (received subsequent to June 30, 2019).

#### Exploration Expenditures:

- A minimum of \$1,000,000 on the property on or before July 26, 2019, but not less than \$150,000 per year on the property on or before July 26, 2017, July 26, 2018, and July 26, 2019.

The Company will retain a 2.5% net smelter return royalty (the “NSR Royalty”) which GGX may buy down 1% of the NSR Royalty by paying \$1,000,000 to the Company. Upon the completion of the sale of the Property, the Company will have a right for nine months thereafter to elect to form a joint venture with GGX by paying to GGX the amount of money equal to 30% of the total amount expended on the Property by GGX.

If the Company exercises this joint-venture right, the Company and GGX will enter into a joint venture for the exploration and development of the Property.

The transaction was approved by TSX Venture on July 26, 2016.

GGX has a common director and officer of the Company.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

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### NOTE 9 – EXPLORATION AND EVALUATION EXPENDITURES (Continued)

#### c) Treasure Mountain Property, British Columbia, Canada

In March 2014, the Company entered into an option agreement whereby the Company acquired a 100% interest in the Treasure Mountain property located 30 kilometres east of Hope, British Columbia by making cash payments as follows: \$75,000 cash upon signing of the agreement (paid) and \$50,000 cash due 90 days after the signing of the agreement (paid).

In 2014, the Company also acquired a 100% interest in three surrounding mineral claims for cash payments of \$70,000 (paid).

On December 7, 2016, the Company acquired a mineral tenure claim north of Treasure Mountain Property for cash payment of \$15,000 (paid) from a director of the Company. The agreement is subject to a 2% net smelter return royalty (“NSR”) payable to the vendor.

On November 30, 2016, the Company entered into an option agreement with New Destiny Mining Corp (“New Destiny”) to sell its 100% interest in all mineral claims which comprise the Treasure Mountain Property. New Destiny is required to make cash and or issue common shares totalling \$400,000, issue an aggregate of 500,000 common shares, and incur exploration expenditures on the property as follows:

#### Cash Payments:

- \$25,000 on execution of the agreement (received);
- \$50,000 within five business day following the approval by TSX Venture;
- \$75,000 in cash and/or common shares equivalent (subject to a minimum of \$10,000 to be paid in cash) per year on or before the first, second, and third anniversaries of the approval by TSX Venture; and
- \$100,000 in cash and/or common shares equivalent (subject to a minimum of \$10,000 to be paid in cash) on or before the fourth anniversary of the approval by TSX Venture.

#### Share Payment:

- 500,000 common shares with a minimum fair value of \$50,000 within five business day following the approval by TSX Venture (received).

#### Exploration Expenditures:

- Annual minimum exploration expenditures of \$100,000, \$150,000, \$250,000, and \$250,000 on the property in each year ending on or before the first, second, third, and fourth anniversaries, respectively, of the approval by TSX Venture.

The Company will retain a 2.5% net smelter return royalty (the “NSR Royalty”) which New Destiny may buy down 1% of the NSR Royalty by paying \$1,000,000 to the Company. Upon the completion of the sale of the Property, the Company will have a right for nine months thereafter to elect to form a joint venture with New Destiny by paying to New Destiny the amount of money equal to 30% of the total amount expended on the Property by New Destiny. If the Company exercises this joint-venture right, the Company and New Destiny will enter into a joint venture for the exploration and development of the Property.

The transaction was approved by TSX Venture on November 9, 2017. New Destiny has a common director and officer of the Company.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 9 – EXPLORATION AND EVALUATION EXPENDITURES (Continued)

#### d) Kenville Property, British Columbia, Canada

In April and May 2019, the Company entered into various agreements whereby it acquired approximately 78% of the issued and outstanding shares of 0995237 B.C. Ltd (“099 BC”), a private arm’s length company, in exchange for common shares and future cash payments by the Company. The principal asset of 099 BC is its option to acquire the Kenville Gold Mine, located west of Nelson, B.C.

The acquisition costs comprised of: (i) the premium on the acquisition of 099 BC in the amount of \$3,429,334, the assumption of additional debts from former shareholders of 099 BC in the amount of \$191,000, and the considerations paid by the Company to Gungnir in the amount of \$500,000 (cash) and issuance of 200,000 shares with fair value of \$142,959, less assumption of the receivable from 099 BC in the amount of \$220,000 (Note 8).

#### e) Cariboo-Armelia (“Cararmelia”) Property, British Columbia, Canada

On June 4, 2019, the Company entered into an agreement to acquire crown granted mineral properties covering the Cariboo-Armelia gold mine in Camp McKinney in British Columbia. The acquisition includes crown-granted claims: Molson, Paragon, Burley#1, Edward VII, Wonder Y, Last Chance, Fontenoy, Emma, Alice, Cariboo, Armelia, Okanagan, Maple Leaf, Sawtooth and Wiarton. The properties Maple Leaf and Wiarton also include the surface rights as originally granted. In exchange for the 100% interest in all these properties, the Company issued 212,888 common shares fair valued at \$93,671.

#### f) Bouleau Property, British Columbia, Canada

On July 15, 2014, the Company entered into a property option agreement to acquire a 100% interest in the Bouleau Property which is adjacent to the Company’s Brett property located near Vernon, British Columbia. Under the terms of the option agreement, the Company may acquire a 100% undivided interest by making cash option payments totalling US\$250,000, and issuing additional common shares of the Company with an aggregate deemed value of \$300,000 as follows:

|                       |                                     | Number of<br>Post-Consolidated<br>Shares | Cash<br>US\$   |
|-----------------------|-------------------------------------|------------------------------------------|----------------|
| On September 05, 2014 | (Paid)                              | -                                        | 100,000        |
| On September 05, 2014 | (Issued – fair valued at \$102,174) | 43,478                                   | -              |
| By March 05, 2015     | (Paid)                              | -                                        | 50,000         |
| By March 05, 2015     | (Issued – fair valued at \$67,211)  | 96,015                                   | -              |
| By September 30, 2015 | (Paid)                              | -                                        | 50,000         |
| By September 30, 2015 | (Issued – fair valued at \$46,260)  | 264,340                                  | -              |
| By March 05, 2016     | (Paid)                              | -                                        | 50,000         |
| By March 05, 2016     | (Issued – fair valued at \$72,545)  | 241,818                                  | -              |
| By September 05, 2016 | (Issued – fair valued at \$82,944)  | 107,025                                  | -              |
|                       |                                     | <b>752,676</b>                           | <b>250,000</b> |

During the year ended June 30, 2017, the Company earned a 100% undivided interest by making the final share issuance payment, therefore, complying with all the terms of the option agreement.

#### g) Dentonia Property, South, British Columbia, Canada

On August 29, 2014, the Company entered into a property option agreement whereby the Company acquired a 100% interest in the Dentonia South Property, located 10 miles south of Greenwood, British Columbia, by issuing 30,000 common shares fair valued at \$51,000.

#### h) Providence Property, South, British Columbia, Canada

In August 2017, the Company entered into a property option agreement whereby the Company acquired a 100% interest in the Providence South Property, near Greenwood, British Columbia, by issuing a total of 280,000 common shares fair valued at \$53,000.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

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### NOTE 10 – SHARE CAPITAL

#### a) Authorized Share Capital

Unlimited common shares without par value

#### b) Issued and Outstanding Share Capital

On January 8, 2018, the Company consolidated its share capital, options, and warrants at a ratio of five old common shares to one new common share. These financial statements reflect the retroactive application of this share consolidation.

As at June 30, 2019, there were 38,018,700 (2018 – 23,138,187) common shares issued and outstanding.

#### (i) Shares Issued during the Year Ended June 30, 2018

##### Shares Issued for Cash

- In December 2017, the Company completed a non-brokered private placement of 2,810,000 units (562,000 units post consolidation) at a price of \$0.05 per unit for gross proceeds of \$140,500. One unit comprise one flow-through common share and one full flow-through share purchase warrant, which may be exercised for a period of five years at a price of \$0.05 (\$0.25 post consolidation) per share. The term of the warrants may be accelerated in the event that the shares trade at or above a price of \$0.10 (\$0.50 post consolidation) per share for a period of ten consecutive days. The Company recognized flow share premium liability in the amount of \$42,150.
- In February 2018, the Company completed a non-brokered private placement of 2,160,000 units at a price of \$0.125 for gross proceeds of \$270,000. One unit consists of one common share and one transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase, for a period of eighteen months from the date of issue, one additional common share of the Issuer at an exercise price of \$0.18 per share. The term of the warrants may be accelerated in the event that the issuer's shares trade at or above a price of \$0.10 cents per share for a period of ten consecutive days. In such case of accelerated warrants, the issuer may give notice, in writing or by way of news release, to the subscribers that the warrants will expire thirty days from the date of providing such notice.
- In April 2018, the Company completed a non-brokered private placement of 1,340,000 units at a price of \$0.125 per unit for gross proceeds of \$167,500. One unit comprise one common share and one full share purchase warrant, which may be exercised for a period of 18 months at a price of \$0.18 per share. The Company paid \$12,500 in finders fees and issued 100,000 Agents' warrants in relation to the February and April 2018 private placements.

##### Shares Issued for Mineral Properties

- In July and August 2017, the Company issued, respectively, 1,000,000 (200,000 post consolidation) and 400,000 (80,000 post consolidation) common shares pursuant to the acquisition of the Providence Property (Note 9(h)). The fair value recognized of, respectively, \$35,000 and \$18,000, were based on the closing quoted market price of the Company's share at the date of issuance.
- In October 2017, the Company issued 6,000,000 (1,200,000 post consolidation) common shares as per the amended agreement on the Brett Gold Property (Note 9(a)). The fair value recognized of \$210,000 was based on the closing quoted market price of the Company's share at the date of issuance.
- In February 2018, the Company issued 352,900 common shares as per the option agreement to acquire a 100% interest in the net smelter royalty ("NSR") on the Brett Gold Project (Note 9(a)). The fair value recognized of \$59,993 was based on the closing quoted market price of the Company's share at the date of issuance.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

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### NOTE 10 – SHARE CAPITAL (Continued)

#### b) Issued and Outstanding Share Capital (Continued)

##### (ii) Shares Issued during the Year Ended June 30, 2019

###### Shares Issued for Cash

- In December 2018, the Company completed a non-brokered private placement of 1,800,001 units at a price of \$0.30 per unit for gross proceeds of \$540,000. One unit comprise one flow-through common share. The Company paid finder fees of \$28,000 and issued 93,333 Agents' warrants. The Agents' warrants may be exercised for a period of two years at a price of \$0.30.
- In January 2019, the Company completed a non-brokered private placement of 1,000,000 units at a price of \$0.25 per unit for gross proceeds of \$250,000. One unit consists of one common share and one transferable common share purchase warrant. One warrant entitles the holder to purchase, for a period of 2 years from the date of issue, one additional common share of the Issuer at an exercise price of \$0.30 per share. The Company paid finder fees of \$800 and issued 3,200 Agents' warrants. The Agents' warrants may be exercised for a period of two years at a price of \$0.30.
- On April 2019, the Company completed a non-brokered private placement of 675,000 flow through shares at a price of \$0.60 per share for gross proceeds of \$405,000. Each Flow-Through share consists of one common share that qualifies as a "flow-through share" as defined in subsection 66(15) of the Income Tax Act. All securities issued in connection with the Offering will be subject to a hold period expiring August 12, 2019.

###### Shares Issued for Mineral Properties

- In December 2018, the Company issued 2,400,000 shares as per the amended agreement on the Brett Gold Project (Note 9(a)). The fair value recognized of \$912,000 was based on the closing quoted market price of the Company's share at the date of issuance.
- In June 2018, the Company issued 212,888 common shares pursuant to the acquisition of the Caramerlia Property (Note 9(e)). The fair value recognized of \$93,671 was based on the closing quoted market price of the Company's share at the date of issuance.
- In May 2019, the Company issued 3,528,769 common shares, at an average issue price of \$0.495 per share for the acquisition of 78% of 099 BC and a promissory note payable to a former shareholder of 099 BC (Note 8). These 3,528,769 common shares are subject to a customary 4-month, plus one day, hold period running from the date on which they were issued.
- The Company also issued 285,918 shares fair valued at \$142,959, pursuant to the Royalty Option Agreement entered into in April 2019 with Gungnir Resources Inc (Note 8).

#### c) Shares issued Under Restricted Stock Unit ("RSU") Plan

During the year ended June 30, 2019, the board of directors approved the adoption of a new Restricted Share Unit Plan ("RSU Plan"), which was approved by the shareholders. The RSU Plan allows the eligible person to acquire restricted share units of the Company and is designed to provide the Company with an additional tool to compensate certain directors, officers, consultants and other key employees of the Company. The maximum number of RSU units that the Company may grant is 2,250,000 units.

During the year ended June 30, 2019, the Company issued a total of 250,000 common shares with a fair value of \$102,500 to employees, consultants and directors of the Company, pursuant to the RSU plan.

#### d) Stock Options

The Company has a stock option plan under which it is authorized to grant options to directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years. Vesting terms are determined by the board of directors at the time of grant.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 10 – SHARE CAPITAL (Continued)

#### d) Stock Options (Continued)

The continuity schedule of stock options for the year ended June 30, 2019 is as follows. For the year ended June 30, 2019, 1,815,000 options were outstanding with a weighted average exercise price of \$0.41 and an average remaining life of 3.06 years.

| Expiry Date       | Exercise Price | June 30, 2018 | Granted | Exercised | Expired/ Cancelled | June 30, 2019 |
|-------------------|----------------|---------------|---------|-----------|--------------------|---------------|
| February 16, 2019 | \$0.50         | 185,000       | -       | (100,000) | (85,000)           | -             |
| March 20, 2019    | \$0.45         | 260,000       | -       | (240,000) | (20,000)           | -             |
| April 29, 2020    | \$0.60         | 340,000       | -       | -         | -                  | 340,000       |
| February 2, 2021  | \$0.25         | 195,000       | -       | (40,000)  | -                  | 155,000       |
| October 5, 2021   | \$0.75         | 130,000       | -       | -         | -                  | 130,000       |
| November 22, 2021 | \$0.60         | 230,000       | -       | (20,000)  | -                  | 210,000       |
| February 14, 2023 | \$0.18         | 400,000       | -       | (200,000) | -                  | 200,000       |
| December 27, 2023 | \$0.30         | -             | 800,000 | (20,000)  | -                  | 780,000       |
|                   |                | 1,740,000     | 800,000 | (620,000) | (105,000)          | 1,815,000     |

The continuity schedule of stock options for the year ended June 30, 2018 is as follows. For the year ended June 30, 2018, 1,740,000 options were outstanding with a weighted average exercise price of \$0.44 and an average remaining life of 2.58 years.

| Expiry Date       | Exercise Price | June 30, 2017 | Granted | Exercised | Expired/ Cancelled | June 30, 2018 |
|-------------------|----------------|---------------|---------|-----------|--------------------|---------------|
| February 16, 2019 | \$0.50         | 200,000       | -       | -         | (15,000)           | 185,000       |
| March 20, 2019    | \$0.45         | 300,000       | -       | -         | (40,000)           | 260,000       |
| April 29, 2020    | \$0.60         | 350,000       | -       | -         | (10,000)           | 340,000       |
| February 2, 2021  | \$0.25         | 200,000       | -       | -         | (5,000)            | 195,000       |
| October 5, 2021   | \$0.75         | 140,000       | -       | -         | (10,000)           | 130,000       |
| November 22, 2021 | \$0.60         | 240,000       | -       | -         | (10,000)           | 230,000       |
| February 14, 2023 | \$0.18         | -             | 400,000 | -         | -                  | 400,000       |
|                   |                | 1,430,000     | 400,000 | -         | (90,000)           | 1,740,000     |

#### e) Share Purchase Warrants

The continuity schedule of share purchase warrants for the year ended June 30, 2019 is as follows. Total outstanding share purchase warrants as at June 30, 2019 is 6,172,540 with a weighted average exercise price of \$0.45.

| Expiry Date        | Exercise Price | June 30, 2018 | Issued    | Exercised   | Expired/ Cancelled | June 30, 2019 |
|--------------------|----------------|---------------|-----------|-------------|--------------------|---------------|
| January 4, 2019    | \$0.25         | 3,478,126     | -         | (683,337)   | (2,794,789)        | -             |
| August 27, 2019    | \$0.18         | 2,160,000     | -         | (1,810,000) | -                  | 350,000       |
| September 10, 2019 | \$0.18         | 1,340,000     | -         | (440,000)   | -                  | 900,000       |
| April 20, 2020     | \$0.25         | 230,000       | -         | -           | -                  | 230,000       |
| January 03, 2021   | \$0.30         | -             | 877,000   | -           | -                  | 877,000       |
| February 1, 2021   | \$0.30         | -             | 123,000   | -           | -                  | 123,000       |
| August 15, 2021    | \$0.50         | 852,000       | -         | (390,000)   | -                  | 462,000       |
| October 24, 2021   | \$1.00         | 924,040       | -         | -           | -                  | 924,040       |
| December 30, 2021  | \$0.50         | 200,000       | -         | -           | -                  | 200,000       |
| April 11, 2022     | \$0.375        | 940,000       | -         | -           | -                  | 940,000       |
| April 13, 2022     | \$0.375        | 1,087,000     | -         | (682,500)   | -                  | 404,500       |
| April 20, 2022     | \$0.375        | 200,000       | -         | -           | -                  | 200,000       |
| December 13, 2022  | \$0.25         | 562,000       | -         | -           | -                  | 562,000       |
|                    |                | 11,973,166    | 1,000,000 | (4,005,837) | (2,794,789)        | 6,172,540     |

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 10 – SHARE CAPITAL (Continued)

#### e) Share Purchase Warrants (Continued)

The continuity schedule of share purchase warrants for the year ended June 30, 2018 is as follows. Total outstanding share purchase warrants as at June 30, 2018 is 11,973,166 with a weighted average exercise price of \$0.35.

| Expiry Date        | Exercise Price | June 30, 2017 | Issued    | Exercised | Expired/ Cancelled | June 30, 2018 |
|--------------------|----------------|---------------|-----------|-----------|--------------------|---------------|
| December 7, 2018   | \$0.25         | 16,268        | -         | -         | (16,268)           | -             |
| January 4, 2019    | \$0.25         | 3,478,126     | -         | -         | -                  | 3,478,126     |
| August 27, 2019    | \$0.18         | -             | 2,160,000 | -         | -                  | 2,160,000     |
| September 10, 2019 | \$0.18         | -             | 1,340,000 | -         | -                  | 1,340,000     |
| April 20, 2020     | \$0.25         | 230,000       | -         | -         | -                  | 230,000       |
| August 15, 2021    | \$0.50         | 852,000       | -         | -         | -                  | 852,000       |
| October 24, 2021   | \$1.00         | 924,040       | -         | -         | -                  | 924,040       |
| December 30, 2021  | \$0.50         | 200,000       | -         | -         | -                  | 200,000       |
| April 11, 2022     | \$0.375        | 940,000       | -         | -         | -                  | 940,000       |
| April 13, 2022     | \$0.375        | 1,087,000     | -         | -         | -                  | 1,087,000     |
| April 20, 2022     | \$0.375        | 200,000       | -         | -         | -                  | 200,000       |
| December 13, 2022  | \$0.25         | -             | 562,000   | -         | -                  | 562,000       |
|                    |                | 7,927,434     | 4,062,000 | -         | (16,268)           | 11,973,166    |

#### f) Agents' Warrants

The continuity schedule of agents' warrants for the year ended June 30, 2019 is as follows. Total outstanding Agents' warrants as at June 30, 2019 is 119,533 with a weighted average exercise price of \$0.31.

| Expiry Date       | Exercise Price | June 30, 2018 | Issued | Exercised | Expired/ Cancelled | June 30, 2019 |
|-------------------|----------------|---------------|--------|-----------|--------------------|---------------|
| August 27, 2019   | \$0.18         | 102,100       | -      | (102,100) | -                  | -             |
| December 11, 2020 | \$0.30         | -             | 93,333 | -         | -                  | 93,333        |
| January 4, 2021   | \$0.30         | -             | 3,200  | -         | -                  | 3,200         |
| April 13, 2022    | \$0.375        | 23,000        | -      | -         | -                  | 23,000        |
|                   |                | 125,100       | 96,533 | (102,100) | -                  | 119,533       |

The continuity schedule of agents' warrants for the year ended June 30, 2018 is as follows. Total outstanding Agents' warrants as at June 30, 2018 is 125,100 with a weighted average exercise price of \$0.22.

| Expiry Date     | Exercise Price | June 30, 2017 | Issued  | Exercised | Expired/ Cancelled | June 30, 2018 |
|-----------------|----------------|---------------|---------|-----------|--------------------|---------------|
| August 27, 2019 | \$0.18         | -             | 102,100 | -         | -                  | 102,100       |
| April 13, 2022  | \$0.375        | 23,000        | -       | -         | -                  | 23,000        |
|                 |                | 23,000        | 102,100 | -         | -                  | 125,100       |

#### g) Share-Based Payments

Stock-based compensation costs have been determined based on the fair value of the stock options and agents' warrants at the grant date using the Black-Scholes option-pricing model. During the year ended June 30, 2019, the Company granted 800,000 (2018 – 400,000) stock options, and 96,533 agents' warrants (2018 - 102,100). Stock-based compensation using the Black-Scholes option pricing model was \$206,249 (2018 – \$67,713), and \$15,949 (2018 – \$8,403), respectively for stock options, agents' warrants, and warrants issued in settlement of interest payable.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 10 – SHARE CAPITAL (Continued)

#### g) Share-Based Payments (Continued)

The following assumptions were used for the Black-Scholes valuation of stock options granted:

|                                | 2019    | 2018    |
|--------------------------------|---------|---------|
| Risk-free interest rate        | 1.93%   | 2.14%   |
| Expected life of stock options | 5 years | 5 years |
| Annualized volatility          | 236.38% | 255.26% |
| Dividend rate                  | 0.00%   | 0.00%   |

The following assumptions were used for the Black-Scholes valuation of agents' warrants granted:

|                                   |                  |           |
|-----------------------------------|------------------|-----------|
| Risk-free interest rate           | 1.84 - 2.01%     | 1.72%     |
| Expected life of agents' warrants | 2 years          | 1.5 years |
| Annualized volatility             | 104.95 – 111.71% | 92.51%    |
| Dividend rate                     | 0.00%            | 0.00%     |

### NOTE 11 – RELATED PARTY TRANSACTIONS

Key management includes directors (executive and non-executive) and senior management, including the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”). The amounts paid by the Company for the services provided by related parties have been determined by negotiation among the parties and, in certain cases, are covered by signed agreements. These transactions are in the normal course of operations. Details of transactions between the Company and related parties, in addition to those transactions disclosed elsewhere in these financial statements, are described below.

#### a) Amount Due To Related Party

Amounts due to related parties are in the normal course of business, unsecured, non-interest bearing, and have no specific terms of repayment.

#### b) Compensation of Key Management Personnel

All related party transactions were in the ordinary course of business and were measured at their exchange amount.

|                                        | 2019           | 2018           |
|----------------------------------------|----------------|----------------|
|                                        | \$             | \$             |
| Consulting Fees                        | -              | 1,000          |
| Management Fees                        | 295,000        | 260,000        |
| Exploration                            | -              | 7,680          |
| Office Administration and Support Fees | 139,317        | 31,800         |
| Stock-Based Compensation               | 192,734        | 42,321         |
|                                        | <u>627,051</u> | <u>342,801</u> |

- c) During the year ended June 30, 2019, the Company incurred \$434,317 (2018 – \$291,800) in management and consulting fees, and reimbursements of travel and other expenses to a director and officer (and a company controlled by the director) of the Company. As at June 30, 2019, \$221,427 was payable.
- d) During the year ended June 30, 2019, the Company incurred consulting fees of \$Nil (2018 - \$1,000) to two directors of the Company.
- e) During the year ended June 30, 2019, the Company incurred exploration expenses of \$Nil (2018 -\$7,680) to a Company control by a director of the Company.
- f) During the year ended June 30, 2019, the Company incurred stock-based compensation of \$192,734 (2018 – \$42,321) to directors and officers of the Company for the granting of stock options and RSUs.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 12 – SUPPLEMENTAL CASH FLOW INFORMATION

#### a) Significant Non-Cash Financing Activities

|                                                           | 2019             | 2018           |
|-----------------------------------------------------------|------------------|----------------|
|                                                           | \$               | \$             |
| Shares Issued for Exploration and Evaluation Expenditures | 2,264,246        | 535,993        |
| Shares Issued for Settlement of Debts                     | -                | -              |
|                                                           | <u>2,264,246</u> | <u>535,993</u> |

#### b) Other Item

|               |          |          |
|---------------|----------|----------|
| Interest Paid | -        | -        |
|               | <u>-</u> | <u>-</u> |

### NOTE 13 – COMMITMENT

- a) The Company entered into a five-year agreement with its Director, President and Chief Executive Officer in December 2016, for consulting services to the Company for monthly consideration of \$15,000 (plus applicable taxes) plus automobile and reimbursement of all traveling and direct expenses incurred.
- b) The Company entered into four-month agreement with a firm to provide consulting services on capital markets and fund-raising activities. In consideration for the services proved, the Company shall pay a monthly fee of \$9,200 plus applicable taxes.
- c) Pursuant to the acquisition of 099 BC and mining equipment from former shareholders of 099 BC (Note 8), the cash payable due dates are as follows:
  - (i) \$270,000 due to two former shareholders of 099 BC – no fixed terms of repayment;
  - (ii) \$122,500 due to the former shareholders of 099 BC – on or before November 30, 2019;
  - (iii) \$522,500 due to the former shareholders of 099 BC – on or before May 30, 2020;
  - (iv) \$122,500 due to the former shareholders of 099 BC – on or before November 30, 2020;
  - (v) \$122,500 due to the former shareholders of 099 BC – on or before May 30, 2021;
  - (vi) \$122,500 due to the former shareholders of 099 BC – on or before November 30, 2021;
  - (vii) \$122,500 due to the former shareholders of 099 BC – on or before May 30, 2022; and
  - (viii) \$122,500 due to the former shareholders of 099 BC – on or before November 30, 2022.

### NOTE 14 – INCOME TAXES

#### a) Provision for Income Taxes

The income tax recovery of the Company is reconciled to the net loss for the year as reported in the statements of comprehensive loss by applying the combined federal and provincial income tax rate of 27.0% (2018 – 27.0%) as follows:

|                                                        | 2019               | 2018             |
|--------------------------------------------------------|--------------------|------------------|
|                                                        | \$                 | \$               |
| Loss Before Income Tax                                 | <u>(5,601,091)</u> | <u>(946,703)</u> |
| Expected Income Tax Recovery                           | (1,512,000)        | (256,000)        |
| Non-Deductible Expenditures                            | 1,029,000          | 45,000           |
| Change in Unrecognized Deductible Temporary Difference | 644,000            | 352,000          |
| Change in opening tax balances                         | (179,000)          | (151,000)        |
| Other                                                  | <u>18,000</u>      | <u>10,000</u>    |
| Income Tax Expense                                     | <u>-</u>           | <u>-</u>         |

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 14 – INCOME TAXES (Continued)

#### b) Deferred Tax Assets and Liabilities

As at June 30, 2018 and 2017, the Company has temporary differences between the carrying value of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized to the extent that the realization of the related tax benefit through future taxable income is probable. The Company has recorded a full valuation allowance against its deferred tax assets because of uncertainty as to the realization of these assets. The Company's deferred tax assets not recognized consist of the following amounts:

|                                        | 2019      | 2018      |
|----------------------------------------|-----------|-----------|
|                                        | \$        | \$        |
| Property and Equipment                 | (182,000) | 42,000    |
| Exploration and Evaluation Assets      | 2,062,000 | 1,714,000 |
| Non-Capital Losses                     | 3,026,000 | 2,550,000 |
| Capital Losses                         | 21,000    | -         |
| Marketable Securities                  | (12,000)  | -         |
| Share Issue Costs                      | 14,000    | 10,000    |
| Net Deferred Tax Assets Not Recognized | 4,929,000 | 4,316,000 |

As at June 30, 2019, the Company has exploration and development expenditures of \$7,457,000, non-capital losses of approximately \$12,224,000 and share issuance costs of approximately \$53,000 that may be applied against future income for Canadian income tax purposes. Share issuance costs expire through to 2023. The non-capital losses expire as follows:

|              | \$         |
|--------------|------------|
| 2027         | 96,000     |
| 2028         | 481,000    |
| 2029         | 538,000    |
| 2030         | 478,000    |
| 2031         | 691,000    |
| 2032         | 763,000    |
| 2033         | 395,000    |
| 2034         | 2,418,000  |
| 2035         | 1,478,000  |
| 2036 to 2039 | 4,886,000  |
|              | 12,224,000 |

### NOTE 15 – NON-CONTROLLING INTEREST

The non-controlling interest consists of 22% ownership of 0995237 BC. The Company acquired 78%, the controlling shares, of 099 BC on May 30, 2019 (Note 8).

|                         | \$          |
|-------------------------|-------------|
| CURRENT:                |             |
| ASSETS                  | 14,196      |
| LIABILITIES             | (3,887,220) |
| CURRENT NET LIABILITIES | (3,873,024) |
| NON-CURRENT             |             |
| ASSETS                  | 922,656     |
| NON-CURRENT NET ASSETS  | 922,656     |
| NET LIABILITIES         | (2,950,368) |

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

### NOTE 15 – NON-CONTROLLING INTEREST (Continued)

The following is the summarized comprehensive loss of 099 BC for the period since acquisition to June 30, 2019:

|                          |                                  |
|--------------------------|----------------------------------|
|                          | May 30 to<br>June 30, 2019<br>\$ |
| Expenses                 | <u>111,981</u>                   |
| Total Comprehensive Loss | <u>111,981</u>                   |

### NOTE 16 – CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration, and development of resource properties. 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 to sustain future development of the business.

The Company manages its share capital as capital, which as at June 30, 2019, was \$22,424,213 (2018 – \$16,941,165). Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended June 30, 2019.

### NOTE 17 – FINANCIAL INSTRUMENTS

The fair value of the Company's loan receivable, accounts payable and accrued liabilities, convertible debentures payable, and amounts due to related parties approximate their carrying value, which is the amount recorded on the statement of financial position. The Company's other financial instruments and cash under the fair value hierarchy are recorded at fair value based on level one quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### a) Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Management believes that its credit risk is not significant.

#### b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company had a cash balance of \$41,164 to settle current liabilities of \$1,720,341. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. Management expects to fund those liabilities through the issuance of capital stock and loans from related parties over the coming year.

#### c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's loans receivable and amounts due to related parties are non-interest bearing. Interest on the Company's debentures payable are based on fixed rates, and as such, the Company is not exposed to significant interest rate risk.

#### d) Foreign Currency Risk

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents and accounts payable and accrued liabilities that are denominated in U.S. Dollars. The Company's financial instruments denoted in U.S. Dollars are insignificant and any fluctuation in foreign currency exchange rates would have an insignificant impact on net loss for the year.

# Ximen Mining Corp.

## Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

(Expressed in Canadian Dollars)

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### NOTE 17 – FINANCIAL INSTRUMENTS

#### e) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Management closely monitors commodity prices to determine the appropriate course of actions to be taken in its investing and financing activities. As the Company has not yet developed commercial mineral interests, it is not exposed to significant commodity price risk.

### NOTE 18 – SUBSEQUENT EVENTS

- a) On July 3, 2019, as part of the acquisition of 099 BC (Note 8), the Company acquired an additional 4,733,320 shares of 099 BC by issuing 236,333 common shares to shareholders of 099 BC. The additional share purchase brings total percentage owned of 099 BC from 78% to 87%.
- b) On July 11, 2019, the Company granted 1,000,000 stock options at an exercise price of \$0.70 and 500,000 restricted stock units to its directors, officers, and consultants. The options are exercisable for a five-year period.
- c) The Company entered into an investment agreement with Alumina Partners (Ontario), an affiliate of New York based private equity firm Alumina Partners, LLC. The investment agreement is structured to provide the Company with access to private placement financing as and when required. Under the agreement, the Company has the right to draw down on the facility, at its sole discretion, through equity private placement tranches of up to \$500,000 each. Each tranche will be a placement of units with each comprising of one common share and one common share purchase warrant. The units will be priced at a discount of 15% to 25% from the then most recent closing price of the shares on the TSX Venture at the time of the applicable Company draw down notice to Alumina. The warrants will be issued at a 25% premium over the market price of the shares and will have a term of 18 months. Each tranche of units issued under the investment agreement will be subject to the acceptance of the TSX Venture, and the securities issued will be subject to the customary four month hold period. The investment agreement with Alumina will provide the Company with up to \$8,000,000 over a twenty four month period to finance its exploration and on-going acquisition of gold assets in British Columbia.
- d) On July 11, 2019, the Company closed the first tranche of its draw-down equity financing facility with Alumina Partners Ltd. The Company drew down \$250,000 from Alumina by issuing 480,770 units consisting of one common share priced at \$0.52 per share and eighteen month warrants exercisable at \$0.8125 per share. The hold expiry date for the placement is November 12, 2019.
- e) On July 26, 2019, the Company closed its second tranche of its draw-down equity financing facility with Alumina Partners Ltd. The Company drew down \$250,000 from Alumina by issuing 446,428 units consisting of one common share priced at \$0.56 per share and eighteen month warrants exercisable at \$0.875 per share. The hold expiry date for the placement is November 27, 2019.
- f) In July 2019, the Company entered into an agreement for IR services. The term of the agreement is one year at a rate of \$8,000 per month. Stock options were also granted in the amount of 100,000 at an exercise price of \$0.75.
- g) In August, the Company received all payments of shares and cash as per the Gold Drop Property Option Agreement (Note 9(b)). Final payment received consisted of 600,000 common shares of GGX Gold Corp. ("GGX") shares with a value of \$150,000 and a cash payment of \$100,000. The Company will retain the 2.5% smelter return royalty (NSR) which GGX may buy down 1% of the NSR by paying \$1,000,000. Upon completion of the option requirements by GGX, the Company will have the right for nine months thereafter to elect to form a joint venture by paying GGX an amount of money equal to 30% of the total amount expended on the property. If the Company exercises this joint venture right, GGX will enter into a joint venture for the exploration and development of the property.
- h) On September 18, 2019, the Company closed its third tranche of its draw-down equity financing facility with Alumina Partners Ltd. The Company drew down \$150,000 from Alumina by issuing 487,804 units consisting of one common share priced at \$0.3075 per share and eighteen month warrants exercisable at \$0.5125 per share. The hold expiry date for the placement is January 19, 2020.