

ICONIC MINERALS LTD.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED MAY 31, 2019

Expressed in Canadian Dollars
(Unaudited – prepared by management)

NOTICE TO READER

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

The accompanying unaudited condensed consolidated interim financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

VANCOUVER, BC
July 15, 2019

Iconic Minerals Ltd

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian dollars - unaudited)

	May 31, 2019	August 31, 2018
	-\$-	-\$-
ASSETS		
Current assets		
Cash	5,244	70,921
Prepaid	12,500	-
Receivables (Note 3)	11,566	9,529
Marketable securities (Note 4)	100,700	2,000
	130,010	82,450
Non-current assets		
Exploration and evaluation assets (Schedule, Note 5)	4,321,406	4,133,871
TOTAL ASSETS	4,451,416	4,216,321
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	2,454,214	1,977,814
Current portion of long-term liabilities (Note 8)	150,000	150,000
	2,604,214	2,127,814
Long-term liabilities (Note 8)	1,963,006	1,873,207
Rehabilitation obligation (Note 5)	65,966	63,266
TOTAL LIABILITIES	4,633,186	4,064,287
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	41,728,355	41,728,355
Reserves (Note 9)	4,083,201	4,083,201
Performance shares issuable (Note 5)	284,740	165,240
Deficit	(46,278,066)	(45,824,762)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	(181,770)	152,034
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,451,416	4,216,321

Nature of Operations and Going Concern (Note 1)

Approved by the Directors:

"Jurgen Wolf"

"Richard Kern"

See accompanying notes to the condensed consolidated interim financial statements

Iconic Minerals Ltd.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars - unaudited)

	Nine months ended		Three months ended	
	May 31, 2019	May 31, 2018	May 31, 2019	May 31, 2018
	-\$-	-\$-	-\$-	-\$-
EXPENSES				
Business development	24,166	24,322	12,235	11,805
Consulting (Note 7)	39,900	342,430	15,900	64,486
Foreign exchange loss	49,325	34,920	32,155	16,132
Interest expense (Note 8)	89,799	150,000	29,933	50,000
Management fees (Note 7)	77,806	75,172	26,154	25,332
Office administration (Note 7)	115,836	115,297	38,608	38,118
Professional fees	31,360	38,939	7,500	8,450
Shareholder communications	2,924	42,653	760	16,153
Share-based compensation (Notes 7 and 9)	-	500,131	-	-
Transfer agent and regulatory fees	20,787	26,590	7,359	10,751
Operating loss	(451,903)	(1,350,454)	(170,604)	(241,227)
Impairment of exploration and evaluation assets (Note 5)	(101)	(6,017)	(1)	(112)
Unrealized loss on marketable securities (Note 4)	(1,300)	(400)	(300)	-
Loss and comprehensive loss for the period	(453,304)	(1,356,871)	(170,905)	(241,339)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	80,630,778	72,152,147	80,630,778	80,630,778

See accompanying notes to the condensed consolidated interim financial statements

Iconic Minerals Ltd.

Condensed Consolidated Interim Statements of Changes In Shareholders' Equity (Deficiency)
(Expressed in Canadian dollars - unaudited)

	Share capital		Reserves	Performance shares issuable	Deficit	Total
	Number of shares	Amount				
Balance at August 31, 2017	70,712,597	\$ 40,382,450	\$ 3,735,894	\$ -	\$ (44,382,480)	\$ (264,136)
Shares issued for cash	6,000,000	600,000	-	-	-	600,000
Stock options exercised	1,200,000	264,131	(120,131)	-	-	144,000
Warrants exercised	2,718,181	511,112	(4,976)	-	-	506,136
Share-based compensation	-	-	500,131	-	-	500,131
Share issue cost	-	(25,612)	-	-	-	(25,612)
Loss for the period	-	-	-	-	(1,356,871)	(1,356,871)
Balance at May 31, 2018	80,630,778	\$ 41,732,081	\$ 4,110,918	\$ -	\$ (45,739,351)	\$ 103,648
Balance at August 31, 2018	80,630,778	\$ 41,728,355	\$ 4,083,201	\$ 165,240	\$ (45,824,762)	\$ 152,034
Loss for the period	-	-	-	119,500	(453,304)	(333,804)
Balance at May 31, 2019	80,630,778	\$ 41,728,355	\$ 4,083,201	\$ 284,740	\$ (46,278,066)	\$ (181,770)

See accompanying notes to the condensed consolidated interim financial statements

Iconic Minerals Ltd.

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian dollars - unaudited)

	Nine months ended	
	May 31, 2019	May 31, 2018
	-\$-	-\$-
OPERATING ACTIVITIES		
Loss for the period	(453,304)	(1,356,871)
Adjustments for non-cash items:		
Interest expense accreted	89,799	150,000
Impairment of exploration and evaluation assets	101	-
Foreign exchange	2,700	-
Share-based compensation	-	500,131
Unrealized loss on marketable securities	1,300	400
Net change in non-cash working capital accounts:		
Receivables	(2,037)	260
Prepaid	(12,500)	(11,672)
Accounts payable and accrued liabilities	417,308	159,744
NET CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	43,367	(558,008)
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(9,044)	(164,617)
Marketable securities purchased	(100,000)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(109,044)	(164,617)
FINANCING ACTIVITIES		
Shares issued	-	1,224,524
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	-	1,224,524
Increase (decrease) in cash in the period	(65,677)	501,899
Cash, beginning	70,921	8,801
CASH, ENDING	5,244	510,700

The significant non-cash transactions during the periods presented include:

	May 31, 2019	May 31, 2018
Performance shares issuable for exploration and evaluation assets	119,500	-

See accompanying notes to the condensed consolidated interim financial statements

Iconic Minerals Ltd.

Consolidated Schedule of Exploration and Evaluation Assets
(Expressed in Canadian dollars - unaudited)

	May 31, 2019 -\$ -	Current Expenditures -\$ -	Current Impairment -\$-	August 31, 2018 -\$ -
UNITED STATES				
New Pass, Nevada				
Acquisition costs	681,966	-	-	681,966
Claims renewals and reclamation bonds	232,523	54	-	232,469
Consulting geological	267,406	-	-	267,406
Drilling, geophysics and assay	1,783,197	-	-	1,783,197
Fieldwork	144,318	-	-	144,318
Rehabilitation obligation	21,000	-	-	21,000
Site office	109,526	-	-	109,526
Travel	51,649	-	-	51,649
Less: Impairment	(3,285,637)	-	(54)	(3,285,583)
	5,948	54	(54)	5,948
Hercules Project, Nevada				
Acquisition costs	10,804	-	-	10,804
Claims renewals and reclamation bonds	272,294	671	-	271,623
Consulting geological	281,373	864	-	280,509
Drilling, geophysics and assay	623,528	1,838	-	621,690
Fieldwork	26,596	-	-	26,596
Rehabilitation obligation	11,684	-	-	11,684
Site office	31,065	1,054	-	30,011
Travel	50,666	-	-	50,666
	1,308,010	4,427	-	1,303,583
Squaw Creek, Nevada				
	1	-	-	1
Claims renewals	49,109	46	-	49,063
Less: Impairment	(49,109)	-	(46)	(49,063)
	1	46	(46)	1
Bonnie Claire Lithium Project, Nevada				
Acquisition costs	26,493	-	-	26,493
Claims renewals and reclamation bonds	892,319	-	-	892,319
Consulting geological	539,536	57,911	-	481,625
Drilling, geophysics and assay	978,485	531	-	977,954
Fieldwork	12,142	-	-	12,142
Exploration expenditure, extraction technology	284,740	119,500	-	165,240
Rehabilitation obligation	25,802	-	-	25,802
Site office	234	-	-	234
Travel	77,227	1,531	-	75,696
	2,836,978	179,473	-	2,657,505
Smith Creek Lithium Project, Nevada				
Claims renewals and reclamation bonds	22,038	-	-	22,038
Consulting geological	7,842	-	-	7,842
Drilling, geophysics and assay	129,288	1,861	-	127,427
Fieldwork	3,528	-	-	3,528
Travel	7,773	1,774	-	5,999
	170,469	3,635	-	166,834
Total Exploration and Evaluation Assets	4,321,406	187,635	(100)	4,133,871

See accompanying notes to the condensed consolidated interim financial statements

Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine months ended May 31, 2019

1. NATURE OF OPERATIONS AND GOING CONCERN

Iconic Minerals Ltd. (the "Company") is engaged in the acquisition and exploration of exploration and evaluation assets. The Company was incorporated under the laws of British Columbia on September 14, 1979. The Company's head office and principle place of business is located at 303 - 595 Howe Street, Vancouver, British Columbia, V6C 2T5.

These consolidated financial statements have been prepared on the assumption that the Company and its subsidiary will continue as a going concern, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At May 31, 2019, the Company had a working capital deficiency of \$2,474,204. The Company's ability to meet its obligations and maintain its current operations is contingent upon successful completion of additional financing arrangements, continued cooperation of creditors and related parties, and ultimately upon the discovery of proven reserves and generating profitable operations. These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern.

The Company is currently evaluating its exploration and evaluation assets and has not determined whether any of these properties contain reserves that are economically recoverable. The recoverability of amounts recorded for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves. The Company's future capital requirements depend on many factors, including costs of exploration and development of the exploration and evaluation assets, cash flow from operations, costs to complete additional exploration, and competition and global market conditions. The Company's operating losses and working capital deficiency will require that it obtain additional capital to continue operations.

The Company will depend almost exclusively on outside capital. Such outside capital will include the issuance of additional equity shares. There can be no assurance that capital will be available to meet the continuing exploration costs or, if the capital is available, that it will be on terms acceptable to the Company. The issuances of additional equity securities by the Company may result in significant dilution to the equity interests of its current shareholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the business and future success may be adversely affected, thus giving rise to doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION

Statement of compliance to International Financial Reporting Standards

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board. These financial statements do not contain all of the information required for full annual financial statements and should be read in conjunction with the Company's 2018 annual audited financial statements.

The accounting policies applied in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended August 31, 2018, except for the Company's adoption of IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement, on September 1, 2018, further described below (Note 2 – Changes in accounting standards).

The directors of the Company authorized the financial statements for issue on July 15, 2019.

Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine months ended May 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Principles of consolidation

These financial statements have been prepared on a consolidated basis and include the accounts of the Company and its wholly-owned subsidiary Bonaventure Nevada Inc. incorporated in the State of Nevada, USA. All significant inter-company balances and transactions have been eliminated on consolidation. All amounts are expressed in Canadian dollars which is the functional currency of the parent company and its subsidiary, unless denominated otherwise.

Exploration and evaluation assets

Upon acquiring the legal right to explore, all costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that property is written down to its estimated net realizable value. An exploration and evaluation asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Joint venture participation and accounting

From time to time the Company enters into agreements that provide for specified percentage interests in exploration and evaluation asset rights to be allocated to joint venture participants in exchange for funding or joint funding of exploration programs.

Where agreements specify the Company as the operator and where controlling interest of the exploration program remains with the Company, such arrangements are considered to be participation funding and not considered to be joint ventures.

Tax credits

Any federal or provincial tax credits received by the Company, with respect to exploration or development work conducted on any of its exploration and evaluation assets are credited as a reduction to the carrying costs of the exploration and evaluation assets to which the credits relate. Until such time that there is significant certainty with regard to collections and assessments, the Company will record any recovered tax credits at the time of receipt. No gain or loss is realized during the exploration stage until all carrying costs of the specific interest have been offset.

Future site restoration costs

Provision for environmental rehabilitation

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

Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine months ended May 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Future site restoration costs (cont'd...)

The Company's estimates of decommissioning costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed at the end of each reporting period for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of decommissioning costs, are charged to profit or loss.

Estimated future removal and site restoration costs will be provided for on the unit-of-production method. Costs will be based on estimates in accordance with current legislation and industry practices. Actual removal and site restoration expenditures will be charged to the accumulated provision account as incurred.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVOCI"); or (iii) fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income.

The classification determines the method by which the financial assets are carried on the balance sheet subsequent to inception and how changes in value are recorded. Receivables and reclamation bonds are measured at amortized cost with subsequent impairments recognized in profit or loss and cash and marketable securities are classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the balance sheet subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as other financial liabilities and carried on the balance sheet at amortized cost.

Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

(Expressed in Canadian dollars - unaudited)

For the nine months ended May 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Loss per share

The Company computes earnings (loss) per share assuming that proceeds received from in-the-money stock options and share purchase warrants are used to repurchase common shares at the prevailing market rate.

Basic loss per share figures is calculated using the weighted average number of shares outstanding during the respective years. Diluted loss per share is computed by dividing net loss by the weighted average shares outstanding adjusted for additional shares from the assumed exercise of stock options, restricted share units, or warrants, if dilutive. The number of additional shares is calculated by assuming the outstanding dilutive stock options are exercised and that the assumed proceeds are used to acquire common shares at the average market price during the year. Diluted loss per share figures for the years presented are equal to those of basic loss per share for the years since the effects of stock options and warrants are anti-dilutive.

Significant accounting judgments, estimates and assumptions

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

Areas requiring a significant degree of estimation and judgment relate to the determination of the recoverability of the carrying value of exploration and evaluation assets, rehabilitation obligation, fair value measurements for long term liabilities and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

Rehabilitation obligation - The Company has recorded an estimated present value of a rehabilitation obligation that is expected to be paid at a future date, determined by estimates of amounts to be paid in future years. Such estimates are revised based on market conditions.

Long term debt - The Company has non-interest bearing long-term debt as described in Note 8. The Company has recorded an estimate of the current value of such debt expected to be repaid over 20 years. In determining the present value of the liabilities, assumptions and estimates are made in relation to discount rates, the expected amounts to be repaid in future years, and the expected timing of those repayments. Such estimates are revised based on market conditions.

Valuation of Exploration and Evaluation assets - Management has determined that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project. Property under lease has attributes of an option agreement and accordingly the Company capitalizes annual lease payments and exploration and evaluation costs required under the lease agreement.

Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the nine months ended May 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Significant accounting judgments, estimates and assumptions (cont'd...)

Deferred income taxes - Judgement is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses require management to assess the likelihood that the Company will generate taxable earnings in future periods, in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. 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 date of the statement of financial position could be impacted. The Company has not recorded any deferred tax assets for the years presented.

Share-based compensation

The Company grants stock options to directors, officers and consultants. All share-based awards are measured and recognized using a fair value based method. The fair value of options and other share-based awards to employees or consultants, issued or altered in the period, are determined using the Black-Scholes option pricing model.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received. The vesting of share based payments is subject to estimation uncertainty.

Share-based compensation (cont'd...)

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can significantly change the fair value estimate and the Company's earnings and equity reserves.

Performance shares issuable is calculated based on the fair value of shares on the grant date effected for estimated forfeiture rates on performance benchmarks and is recorded as benchmarks are attained.

Deferred income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither the accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that the future taxable profits will be available against which the assets can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the nine months ended May 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Foreign currency translation

The Company's reporting currency and the functional currency of all its operations is the Canadian dollar as this is the principal currency of the economic environment in which the Company operates. The functional currency determination was conducted through an analysis of consideration factors identified in IAS 21, *The Effect of Changes in Foreign Exchange Rates*.

Transactions in foreign currencies are translated at the exchange rate in effect at the date of the transaction. Foreign denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the financial position reporting date. Exchange gains or losses arising on foreign currency translation are reflected in profit or loss.

Impairment of assets

The carrying amount of the Company's assets is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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

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

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

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resource or obligations between related parties.

Changes in accounting standards

New standard, interpretations and amendments adopted

The following new standard and amendments to existing standards have been adopted from September 1, 2018.

IFRS 9, *Financial Instruments – Classification and Measurement*

On September 1, 2018, the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes significant changes to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. The Company adopted the standard retrospectively. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities.

Iconic Minerals Ltd.

Notes to the Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars - unaudited)
For the nine months ended May 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION (cont'd...)

Changes in accounting standards (cont'd...)

The following summarizes the significant changes in IFRS 9 compared to the previous standard:

- IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments for principal and interest. The change did not impact the carrying amounts of any of the Company's financial assets on the transition date. Prior periods were not restated and no material changes resulted from adopting this new standard.
- The adoption of the new "expected credit loss" impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had no impact on the carrying amounts of our financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings. They 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. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

New standards, interpretations and amendments not yet effective

The following new standards, amendments to standards and interpretations are not yet effective for the period ended May 31, 2019, and have not been applied in preparing these financial statements.

IFRS 16, Leases

IFRS 16 is a new standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

The Company has not early adopted these revised standards and none of these standards are expected to have a material effect on the financial statements other than note disclosure.

3. RECEIVABLES

The components of receivables are as follows:

	May 31, 2019	August 31, 2018
Due from government agencies	\$ 11,566	\$ 9,529
	\$ 11,566	\$ 9,529

4. MARKETABLE SECURITIES

Marketable securities consist of shares of publicly listed companies which are carried at market value.

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5. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets 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 exploration and evaluation assets. The Company has investigated title to its exploration and evaluation assets and, to the best of its knowledge, they are in good standing.

NEVADA, USA PROPERTIES

New Pass - The property consists of a 50% interest in certain unpatented mining claims located in Churchill County, Nevada.

The Company has estimated a rehabilitation obligation of \$25,901 (August 31, 2018 - \$25,901) related to this property.

As at May 31, 2019, the Company has posted a bond of \$5,948 (August 31, 2018 - \$5,948).

Squaw Creek - The property consists of a 50% interest in certain unpatented mining claims located in Elko County, Nevada.

Hercules Project – The Company entered into an earn-in agreement on September 20, 2011 to obtain up to a 70% interest in a lease of unpatented mining claims located in Lyon County, Nevada.

During fiscal 2014, the Company amended the earn-in agreement to obtain an additional 30% interest in the lease of the property (for a total of 100%), in consideration of a one-time payment of US \$10,000. The term of the lease agreement matures on April 20, 2031 at which time there is a right to renew.

The Company has estimated a rehabilitation obligation of \$11,465 (August 31, 2018 - \$11,465) related to this property.

Under the revised agreement, which is payable to a company with a common director, the Company will be responsible to make cash payments of US \$20,000 per year for two years and thereafter US \$50,000 per year (indexed for inflation) until 2031, and undertake exploration expenditures of US \$3,100,000 over 5 years.

On August 28, 2018, the Company amended the terms of the Hercules gold project earn-in agreement in Nevada by extending its payments and work expenditures requirements by two years.

The cash payments and exploration expenditure commitments begin in April 2015 and are payable as follows:

Cash payments required	Payment
On or before April 20, 2015 (Paid)	US \$ 20,000
On or before November 17, 2015 (Paid)	20,000
On or before November 17, 2016 (Unpaid)	20,000
On or before November 17, then annually from 2019-2021 with increase tied to inflation	50,000

The Company is currently finalizing negotiations to amend the November 17, 2016 cash payment; however, the vendor has confirmed the option remains in good standing.

Exploration expenditures to be incurred	Expenditures
On or before November 17, 2015	Incurred US \$ 350,000
On or before November 17, 2016	Incurred 450,000
On or before November 17, 2019	550,000
On or before November 17, 2020	750,000
On or before November 17, 2021	1,000,000
Total expenditures required	US \$ 3,100,000

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5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

The property is subject to a 3% net smelter royalty ("NSR"), payable to a company with a common director.

Bonnie Claire Lithium Project - In December 2015, the Company entered into a property option agreement with a related party to acquire a 100% interest in certain lithium claims located in Nye County, Nevada.

The Company earned its 100% interest in the property by: (a) reimbursing expenses not to exceed US \$20,000 for the property (paid); (b) expending initial claim filing fees and expenses estimated to be US \$76,500 (paid); and (c) expending US \$100,000 for the first year exploration development program (incurred), and by thereafter completing additional work requirements for the second year of US \$200,000 (incurred), third year of US \$400,000 (incurred) and fourth year of US \$600,000 (incurred) totaling US \$1,300,000.

The Vendor will retain a 4.5% NSR, 1.5% of which the Company shall have the right to buy back within 90 days of the property going into production for US \$2,000,000, and an additional 1.5% of which the Company shall have the right to buy back within 180 days of the property going into production for US \$4,000,000; and (b) a cash payment of US \$1,000,000 to be made by the Company to the Vendor upon the property attaining commercial production.

The Company has estimated a rehabilitation obligation of \$25,901 (August 31, 2018 - \$25,901) related to this property.

Smith Creek Lithium Project - In October 2016, the Company entered into an option agreement with a company related by virtue of a common director to acquire a 100% interest in certain mining claims in Nevada. The Company may earn its 100% interest by: (a) reimbursing the vendor for all documented expenses, not to exceed US \$40,000; (b) expending initial and annual claim filing fees and expenses estimated at US \$193,000; and (c) also expending for exploration in the first year US \$200,000, second year US \$500,000, third year US \$500,000 and fourth year US \$1,000,000, totaling US \$2,000,000. The Company is currently in default, however, the optionor has agreed to suspend the commitments under the option until additional funding is received to advance the property.

In January 2018, the Company entered into an exclusive definitive licensing agreement with St-Georges Eco-Mining Corp. ("St-Georges" or "SX"), a non-arm's length transaction by virtue of common chief financial officer, to utilize its proprietary lithium extraction, purification and processing technology. The agreement grants the Company the exclusive right to a site license within the state of Nevada, to use St-Georges' proprietary and related technology, products, patents and future improvements for the purpose of extracting, processing and selling lithium. Pursuant to the agreement, St-Georges has agreed to provide engineering and technical services on all licensed production sites.

In consideration for the licensing rights, the Company has agreed to issue St-Georges a total of 5,000,000 common shares in stages over a 36 month period, subject to performance benchmarks. The Company has assessed the initial fair value of the performance shares issuable at \$340,000. The performance shares vest in three tranches which are subject to the forfeiture rates of 0%, 25%, and 25% respectively. During the period ended May 31, 2019, the Company has capitalized \$284,740 (August 31, 2018 - \$165,240) to exploration and evaluation assets and performance shares issuable to record the fair value of the performance shares issuable should the performance benchmarks be achieved. The Company has agreed to pay a Net Revenue Interest Royalty (NRI) of 5% on all minerals produced and sold on all production sites licensed with SX's technologies. The Company is entitled to receive 20% of royalties received by SX from other operations within a specified area.

In the current period, the Company executed an option to invest \$100,000 into shares of SX at a price of \$0.10 per share in a private placement.

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6. ACCOUNTS PAYABLES AND ACCRUED LIABILITIES

	May. 31, 2019	Aug. 31, 2018
	- \$ -	- \$ -
Trade payables	387,367	313,717
Amounts due to related parties (Note 7)	1,359,353	956,077
Accrued liabilities	707,494	708,020
	2,454,214	1,977,814

7. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines key management as directors and officers of the Company. During the periods ended May 31, 2019 and 2018, transactions with key management were as follows:

	2019	2018
	- \$ -	- \$ -
Management fees paid or accrued to the CEO and CFO	77,806	75,172
Consulting fees paid or accrued to a company controlled by the corporate manager	36,000	36,000
Fees paid or accrued to a company controlled by the corporate manager for office administration, consulting, accounting and reimbursement of out of pocket expenses	112,500	112,500
Total	226,306	223,672

The amounts due to key management personnel as at May 31, 2019 and August 31, 2018 were as follows:

	May. 31, 2019	Aug. 31, 2018
	- \$ -	- \$ -
Included in accounts payable and accrued liabilities are amounts due to the corporate manager or companies controlled by the corporate manager	560,348	263,943
Included in accounts payable are amounts due to a company controlled by the CFO	14,700	-
Included in accounts payable are amounts due to the CEO and companies controlled by the CEO.	784,305	692,134

The remuneration of directors and other key management personnel, which include the amounts disclosed above for the nine months ended May 31, 2019 and 2018, were as follows:

	2019	2018
	- \$ -	- \$ -
Short-term employee benefits – management, administrative, and consulting fees	113,806	111,172

On January 9, 2018, a total of 2,075,000 stock options were granted to the key management personnel to purchase common shares, exercisable on or before January 8, 2020, at an exercise price of \$0.25 per share. In connection to these options, the Company recorded a non-cash share based compensation expense of \$323,311.

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8. LONG-TERM LIABILITIES

Pursuant to debt settlements reached with some creditors during fiscal 2010, the Company agreed to repay their debts pro-rata at an aggregate amount of ten percent from the gross proceeds of future share financings plus twenty percent of any warrants exercised. The debts are unsecured and non-interest bearing.

The total amount of debt subject to the agreements was \$3,613,433. The amount expected to be repaid within the upcoming twelve months has been estimated at \$150,000. During the period ended May 31, 2019, the Company recorded an interest expense of \$89,799 (2018 - \$150,000). The long-term balance has been discounted to reflect a fair value long-term balance, using a net present value calculation to reflect an estimated 25 year repayment schedule, of which 19 years remain, and a risk-free rate of interest of 3.2% per annum. The discount is being accreted to interest expense and loan balance over the period of 25 years. Based on the financings completed, \$662,127 was due to the creditors, of which \$147,500 has been paid and \$514,627 remains in accounts payable and accrued liabilities as at May 31, 2019.

9. SHARE CAPITAL AND RESERVES

2018 Transactions

On December 28, 2017, the Company closed a private placement by issuing a total of 6,000,000 units at a price of \$0.10 per unit for gross proceeds of \$600,000, each unit being comprised of one common share and one share purchase warrant, each whole warrant being exercisable into one common share on or before December 27, 2019 at \$0.15 per share. The Company paid finders' fees of \$15,200 in connection with the financing.

On December 7, 2017, the Company signed an agreement pursuant to which common shares are issuable upon certain performance benchmarks as disclosed in Note 5.

Stock options

The Company's stock option plan allows for the granting of options to acquire a number of common shares equal to 10% of the issued and outstanding common shares at the time of the grant. Options granted under the plan will vest at a schedule determined by the board of directors.

Share-based payment

On January 9, 2018, a total of 3,000,000 stock options were granted to purchase common shares, exercisable on or before January 8, 2020, at an exercise price of \$0.25 per share. The estimated grant date fair value of these options was \$467,438.

The grant date fair values of the options granted above were based on the following assumptions: share price at grant date of \$0.225; exercise price of \$0.25; expected life of 2 years; expected volatility of 163%; risk free interest rate of 1.79%; expected dividend yield rate of 0%; and forfeiture rate of 0%.

	May 31, 2019		August 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of year	3,000,000	\$ 0.25	4,100,000	\$ 0.19
Options granted	-	-	3,000,000	0.25
Options expired	-	-	(2,900,000)	0.22
Options exercised	-	-	(1,200,000)	0.12
Options cancelled	(50,000)	0.25	-	-
Options outstanding, end of the period	2,950,000	0.25	3,000,000	0.25
Options exercisable, end of the period	2,950,000	\$ 0.25	3,000,000	\$ 0.25

Iconic Minerals Ltd.

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9. SHARE CAPITAL AND RESERVES (cont'd...)

Share-based payment (cont'd...)

In connection to an exclusive definitive licensing agreement with St-Georges (Note 5), the Company has recorded the fair value of performance shares issuable as \$284,740 (August 31, 2018 - \$165,240) based on meeting certain future performance benchmarks.

Warrants

Details of the Company's warrants are as follows:

	Number of Warrants	Weighted Average Prices - \$ -	Weighted Average Remaining Life
Balance, August 31, 2017	11,387,727	0.26	0.66 years
- warrants exercised during the year	(2,718,181)	0.186	
- warrants expired during the year	(7,915,000)	0.290	
- warrants issued during the year	6,000,000	0.150	1.32 years
Balance, August 31, 2018	6,754,546	0.156	1.34 years
Balance, May 31, 2019	6,754,546	0.156	0.59 years

During the year ended August 31, 2018 the Company extended the expiry date of previously issued warrants so they all expire on February 22, 2020:

- Warrants issued December 22, 2016 to purchase a total of 590,909 common shares of the Company at \$0.20 per share, expiring December 21, 2017; and
- Warrants issued February 22, 2017 to purchase a total of 1,681,818 common shares of the Company at \$0.20 per share, expiring February 21, 2018;

10. SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of properties.

Geographic information is as follows:

	United States - \$ -
Exploration and evaluation assets	
At August 31, 2018	4,133,871
At May 31, 2019	4,321,406

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11. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to carry out exploration and evaluation activities and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company depends on external financing to fund its activities. The capital structure of the Company currently consists of common shares. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets or adjust the amount of cash.

The issuance of common shares requires approval of the Board of Directors. It is the Company's objective to safeguard its ability to continue as a going concern, so that it can continue to explore and develop its properties for the benefit of its stakeholders. The Company seeks to place its cash with reputable financial institutions. Accordingly, the Company believes that it is exposed to minimal credit risks at the current time. There are no externally imposed capital requirements other than described in note 8.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

The fair value of cash and marketable securities are measured using level 1 of the fair value hierarchy. The carrying values of receivables and accounts payable and accrued liabilities approximate fair values because of the short-term nature of these instruments.

The carrying value of long-term debt differed from the fair value which was estimated based on discounted future cash flows using the Company's estimated risk-free rate of interest.

The Company's financial instruments are exposed to a number of financial and market risks, including credit, liquidity, interest rate and price risks. The Company may, or may not, establish from time to time active policies to manage these risks. The Company does not currently have in place any active hedging or derivative trading policies to manage these risks since the Company's management does not believe that the current size, scale and pattern of its operations would warrant such hedging activities.

Credit Risk

Credit risk arises from non-performance by counterparties of contractual financial obligations. The Company's credit risk is primarily attributable to cash and receivables. The Company's cash is invested in established Canadian and US banking and federal institutions and collection of receivables is primarily due from government agencies.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by endeavoring to maintain sufficient cash to meet its anticipated operational needs. Liquidity requirements are managed based on expected cash flow to ensure that there is adequate capital to meet short term and long term obligations. At May 31, 2019, the Company had a working capital deficiency of \$2,474,204 and is seeking additional financing.

Currency risk

The Company operates in Canada and the United States. The Company has foreign exchange risk with respect to US accounts payable of CAD \$1,211,123. If the Canadian dollar changes by one percent against all foreign currencies, with all other variables held constant, the impact of the foreign currency change on the Company's foreign denominated financial instruments would result in a reduction or increase of after tax net loss of approximately \$12,111 for the period ended May 31, 2019.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Financial Instruments (cont'd...)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has minimal risk as it does not carry interest bearing debt liabilities.

Commodity price risk

The ability of the Company to find and explore exploration and evaluation assets and the future profitability of the Company are directly related to the market price of base metals. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Risk management

The Company conducts business in Canada and the United States giving rise to exposure to market risks from changes in foreign currency rates. Currently, the Company does not use derivative instruments to reduce its exposure to foreign currency risk.

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company is at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations. The Company is not exposed to significant credit concentration risk or interest rate risk.