



INTERNATIONAL SAMUEL EXPLORATION CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended September 30, 2019

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report 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.

INTERNATIONAL SAMUEL EXPLORATION CORP.
STATEMENT OF COMPREHENSIVE LOSS
THREE MONTHS ENDED SEPTEMBER 30,
(Expressed in Canadian dollars)

	Note	2019	2018
EXPENSES			
Accounting and administration	11	\$ 6,000	\$ 21,675
Consulting		-	11,875
Investor relations		-	18,646
Management fees	11	7,500	-
Office and miscellaneous		1,320	4,736
Professional fees		3,500	3,500
Rent		3,600	3,600
Share-based payment	10	-	100,480
Transfer agent and filing fees		850	6,559
Travel and promotion		70	52
		(22,840)	(171,123)
OTHER ITEMS			
Write-off of exploration and evaluation assets	7	(2,854,696)	-
		(2,854,696)	-
Net and comprehensive loss for the year		\$ (2,877,536)	\$ (171,123)
Basic and diluted loss per common share	9	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding		50,828,653	37,976,438

Business development (Note 6)

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL SAMUEL EXPLORATION CORP.
STATEMENT OF CHANGES IN DEFICIENCY
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Expressed in Canadian dollars)

	Note	Post consolidation Number of shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, June 30, 2018		50,828,653	\$ 19,448,657	\$ 3,246,422	\$ (19,513,334)	\$ 3,181,745
Comprehensive loss for the year		-	-	-	(2,877,536)	(2,877,536)
Balance, September 30, 2019		50,828,653	\$ 19,448,657	\$ 3,246,422	\$ (22,390,870)	\$ 304,209

	Note	Post consolidation Number of shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, June 30, 2018		28,460,321	\$ 18,241,510	\$ 3,036,924	\$ (18,802,569)	\$ (2,475,865)
Issued for cash – non flow through shares	10	8,000,000	400,000	-	-	400,000
Issued for cash – flow through shares	11	3,150,000	157,500	-	-	157,500
Issued for cash – flow through shares		5,481,666	328,900	-	-	328,900
Share-based payments	11	-	(36,202)	136,682	-	100,480
Share issue costs		-	(39,156)	-	-	(39,156)
Comprehensive loss for the year		-	-	-	(171,123)	(171,123)
Balance, September 30, 2018		45,091,987	\$ 19,052,552	\$ 3,173,606	\$ (18,973,692)	\$ 3,252,466

The company completed a 2:1 consolidation of its share capital on July 5, 2018. These financial statements are presented on a post-consolidation basis.

INTERNATIONAL SAMUEL EXPLORATION CORP.
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Expressed in Canadian dollars)

	2019	2018
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net loss for the year	\$ (2,877,536)	\$ (171,123)
Items not affecting cash:		
Share-based payments	-	100,480
Write-off of exploration and evaluation assets	2,854,696	
	(22,840)	(70,643)
Changes in non-cash working capital items:		
Sales tax recoverable	2,460	(18,887)
Prepaid expenses	-	(241,278)
Trade and other payables	7,852	(2,148)
Net cash used in operating activities	(12,528)	(332,956)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation costs	-	(236,166)
Net cash used in investing activities	-	(236,166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance	-	886,400
Cash share issue costs	-	(39,156)
Net cash from financing activities	-	847,244
Change in cash during the year	(12,528)	278,122
Cash, beginning of the year	17,582	1,345
Cash, end of the year	\$ 5,054	\$ 279,467

Supplemental disclosures with respect to cash flows (Note 12)

The accompanying notes are an integral part of these consolidated financial statements.

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

1. GOING CONCERN

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which are applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business as they become due.

However, the use of such principles may not be appropriate because there is significant doubt surrounding the ability of the Company to continue as a going concern. As at September 30, 2019, the Company had a cash balance of \$5,054 (June 30, 2019 - \$17,582) compared with trade payables owing to non-related parties of \$123,068 (June 30, 2019 - \$127,025), and an accumulated deficit of \$22,390,870 (June 30, 2019 - \$19,513,334). During the three months ended September 30, 2019, the Company raised \$Nil (June 30, 2019 - \$1,170,600) in financing and the exercise of share purchase warrants and stock options, and generated negative operating cash flows of \$12,528 (June 30, 2019 - \$608,648). Further, the Company has deferred payment of administration, management and other fees to related parties (Note 12) and is incurring taxes and penalties for failure to spend and renounce expenditures under flow-through share agreements entered into (Note 14).

These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The ability of the Company to continue as a going concern is dependent on the continued financial support of related parties, obtaining financing, and considering other unrelated business opportunities. In recognition of these circumstances, the Company is continuing to investigate possible sources of financing as well as alternatives, including partnerships, to continue with the evaluation of its mineral properties.

While there can be no assurance that these initiatives will be successful, management believes that related party support and additional financing will contribute adequate cash flow for the Company to continue as a going concern. These financial statements do not reflect any adjustments to the carrying values of assets, liabilities and reported expenses and balance sheet classifications that might be necessary should the Company be unable to generate the necessary capital and continue as a going concern. Such adjustments could be material.

2. NATURE OF BUSINESS

International Samuel Exploration Corp. (the "Company") was incorporated under the laws of British Columbia, Canada and maintains its registered and head office at 888 – 700 West Georgia St. Vancouver, British Columbia, Canada, V7Y 1G5. The Company is engaged in the acquisition, exploration, and development of mineral properties in Canada. The common shares of the Company are listed for trading on the TSX Venture Exchange (TSX-V) under the symbol "ISS".

3. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2019, which have been prepared in accordance with IFRS as issued by the IASB.

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THREE MONTHS ENDED SEPTEMBER 30, 2019
(Expressed in Canadian dollars)

3. BASIS OF PREPARATION (cont'd)

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and judgements

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates:

- (i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount;
- (ii) The determination of the fair value of stock options and warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants; and
- (iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- (i) the determination that the Company will continue as a going concern for the next year. This involves judgment regarding the nature, timing and extent of future funding available for exploration projects and working capital requirements; and
- (ii) the determination of the effects of events or changes in circumstances on the recoverable amounts of exploration and evaluation assets.

4. SIGNIFICANT ACCOUNTING POLICIES

Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of any rehabilitation obligation. Amortization is recognized on a declining balance basis over their estimated useful lives at annual rates of 30% for office furniture and equipment, 30% for computer equipment and 100% for computer software. Additions during the year are amortized at one-half the annual rate.

An item of equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income. The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

Exploration and evaluation assets

Once a license to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized into intangible assets on a property by property basis until such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, in which case the capitalized exploration and evaluation costs are transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Proceeds received from a partial sale or options of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in the statement of loss and comprehensive loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in the statement of loss and comprehensive loss in the period the transfer takes place. No initial value is assigned to any retained royalty interest. A royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Impairment of non-financial assets

Management assesses the exploration and evaluation assets and equipment for impairment at least annually and whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. For exploration and evaluation assets, the assessment is based on the development program, the nature of the mineral deposit, commodity prices and the Company's intentions and ability for development of the undeveloped property. If, after management review, it is determined that the carrying amount of an asset is impaired, that asset is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provision for decommissioning and restoration

As at September 30, 2019, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. On initial recognition, financial assets are classified and measured at amortized cost, fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI").

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is to hold assets to collect contractual cash flows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: (i) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities classified as FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in the statement of loss and comprehensive loss.

The Company's financial instruments are classified and subsequently measured as follows:

Account	Classification
Cash	Amortized cost
Trade and other payables	Amortized cost

Impairment

The Company recognizes an allowance using the Expected Credit Loss ("ECL") model on financial assets classified as amortized cost. The Company has elected to use the simplified approach for measuring ECL by using a lifetime expected loss allowance for all amounts recoverable. Under this model, impairment provisions are based on credit risk characteristics and days past due. When there is no reasonable expectation of collection, financial assets classified as amortized cost are written off. Indications of credit risk arise based on failure to pay and other factors. Should objective events occur after an impairment loss is recognized, a reversal of impairment is recognized in the statement of loss and comprehensive loss.

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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Share capital

The Company records proceeds from the issuance of its common shares as share capital, a component of equity. Incremental costs directly attributable to the issuance of new common shares are shown in equity as a deduction, net of any current tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

The Company engages in private placement financing transactions that may involve issuance of units, comprising of common shares and warrants. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Share-based payments

The fair value of stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares, whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. On issue, the share capital is recorded at the trading value, as of the date of issue, of an ordinary common share. The difference between the proceeds and the ordinary common share value is recorded as a flow-through share premium liability. The flow-through share premium liability is recognized as an income tax recovery when the related qualifying expenditures are incurred.

Upon renouncement by the Company of the tax benefits associated with the related expenditures, the loss of tax benefits is recorded as a deferred income tax liability to the extent that these expenditures are capitalized for accounting purposes. To the extent that pre-existing deferred income tax assets are also available, the Company may use these to reduce or eliminate this liability and record a deferred income tax recovery.

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the earnings/loss attributable to common shareholders by the weighted-average number of common shares outstanding during the period. The diluted earnings/loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
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4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New standards, interpretations, and amendments

The following new standard has been applied for the Company's accounting periods beginning after January 1, 2018:

- IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018 and the Company has retrospectively adopted the standard without restatement.

The Company also completed an assessment of its financial instruments as at July 1, 2018 and no changes in classification were made under IFRS 9 from the original classifications under IAS 39.

The following new standard, which has not been applied in these financial statements, will or may have an effect on the Company's future financial statements:

- IFRS 16 Leases

IFRS 16 Leases is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. This standard has a proposed effective date of January 1, 2019. The Company has determined the adoption of IFRS 16 will not have a material impact on the Company.

5. PREPAID EXPENSES AND DEPOSITS

As at September 30, 2019, the Company's refundable deposits outstanding consisted of the following:

	September 30, 2019	June 30, 2019
Prepaid expenses	\$ 417	\$ 160,625
Reclamation deposits	47,500	47,500
	\$ 47,917	\$ 208,125

6. BUSINESS DEVELOPMENT

During the year ended June 30, 2016, the Company paid a total of US\$250,000 (CAD\$351,593) to American Greener Technologies, Inc. ("AGT") to purchase chemicals used in testing of the Polarchem Cleaning System for business development purposes.

Any amounts recovered in connection with these advances will be included in income if and when received.

7. MINERAL PROPERTIES

Lucifer Property

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(Expressed in Canadian dollars)

In August 2017 the Company entered into an option agreement to acquire a 100% interest in the Lucifer Property located in north western British Columbia for a total consideration of \$100,000 (paid) and 3,000,000 common shares, of which 2,000,000 shares are to be issued upon TSX acceptance (issued on October 2, 2017) and 1,000,000 shares are to be issued by October 31, 2018 (issued on June 27, 2018). The Company also issued 300,000 common shares as a finder's fee. The vendor retains a 2% NSR royalty, of which the Company may repurchase up to 1.5% for \$500,000 per 0.5%.

Mickey Davis Property

In September 2017 the Company entered into a Purchase and Sale agreement to acquire a 100% interest in the Mickey Davis Gold & Copper Property, located in north western British Columbia, for total consideration of \$100,000 (paid) and 12,000,000 common shares to be issued upon TSX acceptance (issued on October 2, 2017). The Company also issued 1,200,000 common shares as a finder's fee. One of the vendors retains a 2% NSR royalty.

Grizzly Property

In September 2017 the Company entered into a Purchase and Sale agreement to acquire a 100% interest in the Grizzly Property, located in north western British Columbia, for consideration of 3,000,000 common shares, of which 2,000,000 shares are to be issued upon TSX acceptance (issued on October 2, 2017) and 1,000,000 shares are to be issued by October 2, 2018 (issued on October 16, 2018 – see Note 16). The Company also issued 120,000 common shares to buy out a 2% NSR royalty previously granted by the vendor to a prior owner of the property (issued on October 2, 2017). The Vendor was granted a 1% NSR royalty.

In 2018 the Company undertook an exploration program on the Lucifer Property, Mickey Davis Property, and Grizzly "LGM" properties, including 508 metres of drilling in 3 drill holes, prospecting, ~5 line-kilometres of induced polarization ground geophysical surveying, collection of 410 soil samples, collection of thirteen grab surface rock samples, and a total of 179 line km of aero magnetic survey including radiometric data. As a result of this work the company considers the LGM properties discover potential low.

Williams Property

In October 2017 the Company entered into an agreement to purchase a 100% interest in the Williams Property, located in northern British Columbia, for the following consideration:

- The issuance of 4,000,000 common shares at closing (issued on October 25, 2017);
- The issuance of 1,000,000 common shares upon the Company announcing an NI 43-101-compliant mineral resource estimate of at least 500,000 ounces of gold; and
- The issuance of an additional 750,000 common shares upon the Company announcing an NI 43-101-compliant mineral resource estimate of at least 1,000,000 ounces of gold.

The Company granted the vendor a 0.50% NSR and also assumes the obligation to pay a further 2% NSR stemming from two existing NSR agreements, including a 0.75% NSR previously granted to the vendor's parent company and a 1.25% NSR previously granted to a third-party prospector. Pursuant to terms of the 1.25% NSR with the third-party prospector, the Company also assumes the obligation to make an annual \$5,000 advance royalty payment to the prospector and retains the right to buy back 30% of that NSR (0.375%) for \$500,000 or 60% of it (0.75%) for \$1,000,000.

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7. MINERAL PROPERTIES (cont'd)

Expenditures on mineral property acquisition and deferred exploration and development costs for the three months ending September 30, 2019 and the year ended June 30, 2019 are as follows:

Fiscal 2020	Lucifer Property	Mickey Davis Property	Grizzly Property	Williams Property	Total
Acquisition costs					
Balance, beginning of year	\$ 414,500	\$ 1,618,000	\$ 278,800	\$ 414,439	\$ 2,725,739
Total acquisition costs	414,500	1,618,000	278,800	414,439	2,725,739
Deferred exploration expenditures					
Balance, beginning of year	543,396	-	-	11,450	554,846
Total deferred exploration expenditures	543,396	-	-	11,450	554,846
Write-off of exploration and evaluation assets	(957,896)	(1,618,000)	(278,800)	-	(2,854,696)
Balance, September 30, 2019	\$ -	\$ -	\$ -	\$ 425,889	\$ 425,889

Fiscal 2019	Lucifer Property	Mickey Davis Property	Grizzly Property	Williams Property	Total
Acquisition costs					
Balance, beginning of year	\$ 414,500	\$ 1,618,000	\$ 243,800	\$ 409,439	\$ 2,685,739
Cash payments	-	-	-	-	-
Royalty payments	-	-	-	5,000	5,000
Share issuances	-	-	35,000	-	35,000
Total acquisition costs	414,500	1,618,000	278,800	414,439	2,725,739
Deferred exploration expenditures					
Balance, beginning of year	34,281	-	-	-	34,281
Incurred during the year					
Assaying	28,466	-	-	-	28,466
Drilling	88,860	-	-	-	88,860
Field costs	341,814	-	-	-	341,814
Geological	49,075	-	-	11,450	60,525
Travel	900	-	-	-	900
Total exploration expenditures during the year	509,115	-	-	11,450	520,565
Total deferred exploration expenditures	543,396	-	-	11,450	554,846
Balance, June 30, 2019	\$ 957,896	\$ 1,618,000	\$ 278,800	\$ 425,889	\$ 3,280,585

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8. TRADE AND OTHER PAYABLES

The Company's trade and other payables are broken down as follows:

	September 30, 2019	June 30, 2019
Trade payables	\$ 28,119	\$ 34,576
Amounts due to related parties (Note 11)	54,541	42,732
Accrued expenses	17,100	13,600
Part X11.6 tax	77,849	78,849
	\$ 177,609	\$ 169,757

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration and general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

9. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Share issuance

During the three months ended September 30, 2019, there were no transactions.

Details of the Company's share capital transactions during the year ended June 30, 2019 are as follows:

- a) On August 3, 2018 the Company completed a non-brokered private placement comprised of 8,000,000 post-consolidation units at a purchase price of \$0.05 per unit for gross proceeds of \$400,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for two years from the closing date and is subject to accelerated expiry provisions such that, if at any time after the date of closing of the private placement, the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.20 per share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice.

The Company paid finder's fees of \$2,600 cash and issued 52,000 finder warrants, with each finder warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.10 per share for two years from the closing date. In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four month hold period.

- b) On August 3, 2018 the Company completed a non-brokered private placement comprised of 3,150,000 post-consolidation flow-through units at a purchase price of \$0.05 per unit for gross proceeds of \$157,500. Each flow-through unit consisted of one flow-through common share and one-half of one common share purchase warrant. Each whole flow-through warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for one year from the closing date and is subject to accelerated expiry provisions such that, if at any time after the date of closing of the private placement the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.20 per share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice.

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10. SHARE CAPITAL (cont'd)

The Company paid finder's fees of \$9,000 cash and issued 180,000 finder warrants, with each finder warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.10 per share for one year from the closing date. In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four month hold period.

The Company was unable to accurately determine a specific premium liability associated with the issuance of flow-through units, and accordingly the proceeds received for the units issued were recorded entirely within share capital.

- c) On August 21, 2018 the Company completed a non-brokered private placement comprised of 5,481,666 post-consolidation flow-through units at a purchase price of \$0.06 per unit for gross proceeds of \$328,900. Each flow-through unit consisted of one flow-through common share and one common share purchase warrant. Each flow-through warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for one year from the closing date and is subject to accelerated expiry provisions such that, if at any time after the date of closing of the private placement the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.20 per share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice.

The Company paid finder's fees of \$21,912 in cash and issued 365,200 finder warrants, with each finder warrant entitling the holder to acquire one additional common share of the Company at an exercise price of \$0.10 share for one year from the closing date. In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four month hold period.

The Company was unable to accurately determine a specific premium liability associated with the issuance of flow-through units, and accordingly the proceeds received for the units issued were recorded entirely within share capital.

- d) On October 2, 2018, the Company issued 500,000 common shares upon the exercise of 500,000 share purchase options with an exercise price of \$0.08.
- e) On October 9, 2018, the Company completed a non-brokered private placement comprised of 3,736,666 post-consolidation units at a purchase price of \$0.06 per unit for gross proceeds of \$224,200. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for two years from the closing date and is subject to accelerated expiry provisions such that, if at any time after the date of closing of the private placement the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.20 per share for ten consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice.
- f) On October 15, 2018, the Company completed a non-brokered private placement comprised of 1,000,000 post-consolidation units at a purchase price of \$0.06 per unit for gross proceeds of \$60,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for two years from the closing date and is subject to accelerated expiry provisions such that, if at any time after the date of closing of the private placement the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.20 per share for ten consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice.
- g) On October 16, 2018, the Company issued 500,000 post consolidation shares for the acquisition of the Grizzly Property (Note 7). The common shares were recorded at a value of \$35,000.

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9. SHARE CAPITAL (cont'd)

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended September 30, 2019 was based on the net loss of \$2,877,536 (June 30, 2019 - \$710,765) and a weighted average number of common shares outstanding of 50,828,653 (June 30, 2019 – 47,405,229).

At September 30, 2019, all outstanding stock options and warrants were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

10. SHARE-BASED PAYMENTS

Stock options

The Company has a stock option plan under which it is authorized to grant options to officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

Stock option transactions are summarized as follows:

	Number of Options		Weighted Average Exercise Price
Options exercisable at June 30, 2018	2,796,033	\$	0.16
Granted	1,165,000	\$	0.07
Granted	500,000	\$	0.08
Granted	1,000,000	\$	0.08
Granted	100,000	\$	0.05
Exercised	(500,000)	\$	0.08
Options exercisable at June 30, 2019	5,061,033	\$	0.12
No transactions	-	\$	-
Options exercisable at September 30, 2019	5,061,033	\$	0.12
Weighted average fair value of options granted during the year		\$	Nil

As at September 30, 2019, the following stock options were outstanding with a weighted average remaining contractual life of 3.45 years (June 30, 2019 – 3.71 years):

Number of Options	Exercise Price	Expiry Date
735,000	\$ 0.10	April 27, 2022
1,500,000	\$ 0.20	October 3, 2022
561,033	\$ 0.10	June 4, 2023
1,165,000	\$ 0.07	August 9, 2023
1,000,000	\$ 0.08	October 16, 2023
100,000	\$ 0.05	May 10, 2024
5,061,033		

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10. SHARE-BASED PAYMENTS (cont'd)

For the three months ended September 30, 2019 \$Nil (2018 - \$100,480) was recorded as stock-based compensation related to the issuance of Nil incentive stock options (2018 – 1,165,000). The fair value of the options granted during the year was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Risk-free interest rate	-	2.09
Expected life of finder warrants	-	5 years
Annualized volatility	-	1.7531
Dividend rate	-	0

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Warrants exercisable at June 30, 2018	5,050,000	\$ 0.22
Issued	8,000,000	\$ 0.10
Issued	1,575,000	\$ 0.10
Issued	5,481,666	\$ 0.10
Issued	3,736,666	\$ 0.10
Issued	1,000,000	\$ 0.10
Expired	(1,000,000)	\$ 0.30
Expired	(4,050,000)	\$ 0.20
Warrants exercisable at June 30, 2019	19,793,332	\$ 0.10
Expired	(1,575,000)	\$ 0.10
Expired	(5,481,666)	\$ 0.10
Warrants exercisable at September 30, 2019	12,736,666	\$ 0.10

As at September 30, 2019, outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
8,000,000	\$ 0.10	August 3, 2020
3,736,666	\$ 0.10	October 9, 2020
1,000,000	\$ 0.10	October 16, 2020
12,736,666		

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10. SHARE-BASED PAYMENTS (cont'd)

Finder's Warrants

Finder warrant transactions are summarized as follows:

	Number of Finder's Warrants	Weighted Average Exercise Price
Finder warrants outstanding, June 30, 2018	-	\$ -
Issued	180,000	\$ 0.10
Issued	52,000	\$ 0.10
Issued	365,200	\$ 0.10
Finder warrants exercisable at June 30, 2019	597,200	
Expired	(180,000)	\$ 0.10
Expired	(365,200)	\$ 0.10
Finder warrants exercisable at September 30, 2019	52,000	\$ 0.10

As at September 30, 2019, outstanding finder warrants were:

Number of Warrants	Exercise Price	Expiry Date
52,000	\$ 0.10	August 3, 2020
52,000		

For the three months ended September 30, 2019 \$Nil (2018 - \$36,202) was recorded as stock-based compensation related to the issuance of Nil finder warrants (2018 - 597,200). The fair value of the options granted during the year was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	2019	2018
Risk-free interest rate	-	2.09
Expected life of finder warrants	-	1-2 years
Annualized volatility	-	1,532-1.698
Dividend rate	-	0

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11. RELATED PARTY TRANSACTIONS

Included in trade and other payables is \$38,371 (June 30, 2019 - \$23,372) owed to companies controlled by key management for services rendered to the Company; this amount owing is unsecured, non-interest bearing, and has no specific terms of repayment.

Included in trade and other payables is \$16,170 (June 30, 2019 - \$19,360) owed to individuals or companies with common directors for accounting and administration fees rendered to the Company; this amount owing is unsecured, non-interest bearing, and has no specific terms of repayment.

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the three months ended September 30 is as follows:

	2019	2018
Management fees	\$ 7,500	\$ -
Accounting and administration	6,000	21,675
Total	\$ 13,500	\$ 21,675

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the three months ended September 30, 2018:

- a) Paid or accrued management fees of \$7,500 (2018 - \$Nil) to a private company controlled by the President of the Company.
- b) Paid or accrued accounting fees of \$2,250 (2018 - \$9,825) to the Chief Financial Officer of the Company.
- c) Paid or accrued administration fees of \$3,750 (2018 - \$11,850) to a private company controlled by the Secretary of the Company.

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the three months ending September 30, 2019, there were no significant non-cash investing and financing transactions.

During the year ending June 30, 2019:

- a) The Company incurred share issue costs of \$36,202 in relation to an issuance of 180,000, 365,200 and 52,000 finder's warrants all with an exercise price of \$0.10 and expiring August 3, 2019, August 21, 2019 and August 3, 2020 respectively.
- b) On October 16, 2018, the Company issued 500,000 post consolidation shares for the acquisition of the Grizzly Property (Note 7). The common shares were recorded at a value of \$35,000.

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13. FINANCIAL INSTRUMENTS

All financial instruments are included on the Company's statement of financial position and classified and measured at either fair value or amortized cost.

The Company's financial assets consist of cash, which is classified and measured at amortized cost.

The Company's financial liabilities consist of trade and other payables, which are classified and measured at amortized cost.

The carrying values of the Company's financial instruments measured at amortized costs approximate their fair values due to their short-term nature.

The capital of the Company consists of shareholders' equity of \$304,209 (March 31, 2018 - \$2,475,865).

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

The Company is not subject to any externally imposed capital requirements. The Company relies on capital markets to support continued growth.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes shareholders' equity in the definition of capital.

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 its capital structure, the Company may attempt to issue new shares, acquire or dispose of assets.

There were no changes in the Company's approach to capital management during the three months ended September 30, 2019.