

MIRASOL RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018
Canadian Funds

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Mirasol Resources Ltd.

We have audited the accompanying consolidated financial statements of Mirasol Resources Ltd., which comprise the consolidated statements of financial position as at June 30, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Mirasol Resources Ltd. as at June 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

October 26, 2018



Mirasol Resources Ltd.
Consolidated Statements of Financial Position

Canadian Funds
As at

	June 30, 2018	June 30, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,892,948	\$ 4,629,130
Short-term investments (Note 6)	23,650,478	16,792,765
Receivables and advances (Note 7)	733,591	544,502
	<u>27,277,377</u>	<u>21,966,397</u>
Equipment and Software (Note 8)	101,661	103,677
Exploration and Evaluation Assets (Note 9)	3,000,762	3,000,762
	<u>\$ 30,379,800</u>	<u>\$ 25,070,836</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities (Note 10)	\$ 743,842	\$ 532,649
Advances from JV Partner (Note 9)	67,892	-
	<u>811,734</u>	<u>532,649</u>
EQUITY		
Share Capital (Note 11)	57,426,143	48,303,568
Reserves	16,615,061	16,361,942
Accumulated Other Comprehensive loss	(28,122)	(23,438)
Deficit	<u>(44,445,016)</u>	<u>(40,103,885)</u>
	<u>29,568,066</u>	<u>24,538,187</u>
	<u>\$ 30,379,800</u>	<u>\$ 25,070,836</u>

Nature of Business (Note 1)
Subsequent Event (Note 14)

On Behalf of the Board:

“ *Stephen C. Nano* ” _____ , Director

“ *Nick DeMare* ” _____ , Director

Mirasol Resources Ltd.**Consolidated Statements of Loss and Comprehensive Loss**

For the Years Ended June 30

Canadian Funds

	2018	2017
Operating Expenses		
Exploration expenditures (Note 9 and 10b)	\$ 2,762,028	\$ 4,105,942
Business development	667,361	297,574
Share-based payments (Note 11c)	500,620	711,454
Management fees (Note 10a)	478,613	320,473
Office and miscellaneous	307,142	529,691
Marketing and investor communications	241,370	489,116
Director's fees (Note 10a)	186,241	135,623
Professional fees (Note 10b)	170,141	197,397
Travel	98,369	42,153
Transfer agent and filing fees	40,871	58,549
Depreciation (Note 8)	5,229	14,490
	<u>(5,457,985)</u>	<u>(6,902,462)</u>
Interest income	360,756	157,577
Foreign exchange gain (loss)	756,098	(200,762)
	<u>1,116,854</u>	<u>(43,185)</u>
Loss for the Year	<u>\$ (4,341,131)</u>	<u>\$ (6,945,647)</u>
Other Comprehensive loss to be Reclassified to Profit or Loss in Subsequent Periods		
Exchange differences on translation of foreign operations	<u>(4,684)</u>	<u>(159)</u>
Loss and Comprehensive Loss for the Year	<u>(4,345,815)</u>	<u>(6,945,806)</u>
Loss per Share (Basic and Diluted)	<u>\$ (0.09)</u>	<u>\$ (0.15)</u>
Weighted Average Number of Shares Outstanding (Basic and Diluted)	<u>49,450,240</u>	<u>47,781,853</u>

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

Mirasol Resources Ltd.

Consolidated Statement of Changes in Equity

Canadian Funds

	Share Capital Common Shares	Reserves	Accumulated Other Comprehensive Loss	Deficit	Total	
	Number	\$	\$	\$	\$	
Balance – June 30, 2016	44,664,411	38,393,240	15,418,454	(23,279)	(33,158,238)	20,630,177
Shares issued – Rights offering	4,166,667	10,000,000	-	-	-	10,000,000
Shares issue costs	-	(492,138)	339,700	-	-	(152,438)
Option exercised (Note 11b)	285,000	402,466	(107,666)	-	-	294,800
Share-based payments (Note 11c)	-	-	711,454	-	-	711,454
Foreign currency translation adjustment	-	-	-	(159)	-	(159)
Loss for the year	-	-	-	-	(6,945,647)	(6,945,647)
Balance – June 30, 2017	49,116,078	48,303,568	16,361,942	(23,438)	(40,103,885)	24,538,187
Shares issued – Private Placement	4,317,750	8,635,500	-	-	-	8,635,500
Share issue costs	-	(196,090)	-	-	-	(196,090)
Option exercised (Note 11b)	388,800	683,165	(247,501)	-	-	435,664
Share-based payments (Note 11c)	-	-	500,620	-	-	500,620
Foreign currency translation adjustment	-	-	-	(4,684)	-	(4,684)
Loss for the year	-	-	-	-	(4,341,131)	(4,341,131)
Balance – June 30, 2018	53,822,628	57,426,143	16,615,061	(28,122)	(44,445,016)	29,568,066

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

Mirasol Resources Ltd.**Consolidated Statement of Changes in Cash flows**

For the Years Ended June 30

Canadian Funds

	2018	2017
Operating Activities		
Loss for the year	\$ (4,341,131)	\$ (6,945,647)
Adjustments for:		
Share-based payments	500,620	711,454
Interest income	(360,756)	(157,577)
Depreciation	5,229	14,490
Depreciation included in exploration expenses	29,562	24,431
Unrealized foreign exchange	91,592	18,531
	<u>(4,074,884)</u>	<u>(6,334,318)</u>
Changes in non-cash working capital items:		
Receivables and advances	166,110	(125,909)
Due from joint venture partners – receivables and advances	-	-
Accounts payable and accrued liabilities	211,193	(251,804)
Advance from joint venture partner	67,892	-
Income taxes received	-	-
	<u>(3,629,689)</u>	<u>(6,712,031)</u>
Investing Activities		
Short-term investments	(6,857,713)	(16,333,765)
Acquisition of exploration and evaluation assets	(61,491)	-
Recovery of exploration and evaluation assets	61,491	-
Interest received	5,197	23,476
Purchase of equipment and software	(32,775)	(77,333)
	<u>(6,885,291)</u>	<u>(16,387,622)</u>
Financing Activities		
Shares issued, net of issuance costs	8,439,410	9,847,562
Exercise of incentive share purchase options	435,664	294,800
	<u>8,875,074</u>	<u>10,142,362</u>
Effect of Exchange Rate Change on Cash and Cash Equivalents	<u>(96,276)</u>	<u>(18,690)</u>
Change in Cash and Cash Equivalents	<u>(1,736,182)</u>	<u>(12,975,981)</u>
Cash and Cash Equivalents - Beginning of Year	<u>4,629,130</u>	<u>17,605,111</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,892,948</u>	<u>\$ 4,629,130</u>
Supplemental Schedule of Non-Cash Investing and Financing Transactions:		
Fair value of options exercised	\$ 247,501	\$ 107,666
Fair value of bonus warrants	\$ -	\$ 339,700
Cash and Cash Equivalents Consist of:		
Cash	\$ 2,498,954	\$ 1,415,944
Cash equivalents	\$ 393,994	\$ 3,213,186
	<u>\$ 2,892,948</u>	<u>\$ 4,629,130</u>

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

Mirasol Resources Ltd.

Notes to Consolidated Financial Statements

June 30, 2018

Canadian Funds

1. Nature of Business

Mirasol Resources Ltd. (“Mirasol” or the “Company”) is incorporated under the laws of the Province of British Columbia, Canada. The Company’s corporate registered and records office is located at 400 – 725 Granville Street, Vancouver, British Columbia and the head office is located at 910 – 850 West Hastings Street, Vancouver, British Columbia.

Mirasol engages in the acquisition and exploration of mineral properties, principally located in Chile and Argentina, with the objective of identifying mineralized deposits economically worthy of subsequent development, mining or sale.

The business of mining and exploration involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company has no source of revenue and has significant cash requirements to meet its administrative overhead and maintain its exploration and evaluation assets. The recovery of the Company’s exploration and evaluation assets is dependent on the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these properties, and future profitable production or proceeds from disposition of exploration and evaluation assets. While the Company has been successful in the past with its financing efforts, there can be no assurance that it will be able to do so in the future.

Management estimates that the Company has sufficient working capital to maintain its operations and activities for at least next twelve months.

2. Basis of Presentation

Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). The policies presented in Note 3 were consistently applied to all periods presented. The Board of Directors approved the consolidated financial statements on October 26th, 2018.

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis. Financial instruments classified as financial instruments at fair value through profit or loss are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for the cash flow information.

3. Significant Accounting Policies

a) Consolidation

These consolidated financial statements include the accounts of the Company (the “Parent”) and its subsidiaries. The principal subsidiaries of the Company, their activities, and their geographic locations as at June 30, 2018 were as follows:

Mirasol Resources Ltd.

Notes to Consolidated Financial Statements

June 30, 2018

Canadian Funds

Subsidiary	Principal activity	Location	Proportion of interest held by the Company
Minera Mirasol Chile Limitada	Mineral exploration	Chile	100%
Cabo Sur S.A.	Mineral exploration	Argentina	100%
Australis S.A.	Mineral exploration	Argentina	100%
Minera Del Sol S.A.	Mineral exploration	Argentina	100%
Nueva Gran Victoria S.A.	Mineral exploration	Argentina	100%
La Curva Exploraciones S.A.	Mineral exploration	Argentina	100%
Oroaustral Exploraciones S.A.	Mineral exploration	Argentina	100%
Recursos Mirasol Holdings Ltd.	Holding company	British Virgin Islands	100%
MDS Property Holdings Ltd.	Holding company	British Virgin Islands	100%

The transactions among the entities in the consolidated group pertain to the transfer of funds and payment of third party costs. All inter-group transactions and balances have been eliminated upon consolidation.

La Curva Exploraciones S.A and Oroaustral Exploraciones S.A were incorporated as of July 10, 2017 and December 28, 2017 respectively in order to carry out exploration on joint ventured projects.

b) Significant Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Significant accounting estimates and judgments are related to, but are not limited to, the following:

- (i) Impairment of exploration and evaluation assets: The capitalized carrying value of each property group is reviewed regularly for conditions that are indicators of impairment. This review requires significant judgment as the Company does not have any proven and probable reserves that enable future cash flows to be compared to the carrying values. Factors considered in the assessment of asset impairment include, but are not limited to, whether there has been a significant adverse change in the legal, regulatory, accessibility, title, environmental or political factors that could affect the claims' value; whether there has been an accumulation of costs significantly in excess of the amounts originally expected for the claims' acquisition, or cost of holding; whether exploration activities produced results that are not promising such that no more work is being planned in the foreseeable future; and whether the Company has the necessary funds to be able to maintain its interest in the mineral claims.

The Company has concluded that impairment conditions do not exist as at June 30, 2018.

Ownership of exploration and evaluation assets involves certain risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many exploration and evaluation assets.

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

Mirasol Resources Ltd.

Notes to Consolidated Financial Statements

June 30, 2018

Canadian Funds

- (ii) Valuation of share purchase options: The Company provides compensation benefits to its employees, directors and officers through a stock option plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes option pricing model. Expected volatility assumption used in the model is based on the historical volatility of the Company's share price. The Company uses historical data to estimate the period of option exercises and their forfeiture rates for use in the valuation model.

The risk-free interest rate for the expected term of the option is based on the yields of government bonds. Changes in these assumptions, especially the volatility and the expected life determination could have a material impact on the Company's profit or loss. All estimates used in the model are based on historical data which may not be representative of future results.

- (iii) Income taxes: The Company is subject to income taxes in numerous jurisdictions. Uncertainties exist with respect to interpretations of tax regulations. The Company has recognized current tax refundable based on its interpretations of tax regulations, which may differ from the interpretations of the tax authorities (*Note 13*).

Judgment is required in determining whether deferred tax assets are recognized on the statement of financial position. The recognition of deferred tax assets requires management to assess the likelihood that the Company will generate taxable income in future periods to utilize the deferred tax assets. Due to a history of losses deferred tax assets have not been recognized.

- (iv) Functional currencies: The functional currency of an entity is the currency of the primary economic environment in which an entity operates. The determination of an entity's functional currency requires judgement based on analysis of relevant factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("IAS 21").

Except for the Company's subsidiaries in the British Virgin Islands (Note 3a) above), the Company has determined that its subsidiaries in Chile and Argentina incur costs in United States Dollars, Canadian Dollars, Australian dollars as well as the Chilean and Argentine Pesos and therefore do not indicate a single primary currency for operating in these jurisdictions. These subsidiaries including the British Virgin Islands are financed entirely by its Canadian Parent and therefore act as its extension. The Company has therefore determined that the functional currency of all of its subsidiaries is the Canadian Dollar, similar to the Parent.

c) Foreign Currencies

The functional currency of the Company and its operating subsidiaries, Minera Del Sol S.A., Australis S.A., Nueva Gran Victoria S.A., Cabo Sur S.A., La Curva Exploraciones S.A., Oroaustral Exploraciones S.A., and Minera Mirasol Chile Limitada, is the Canadian Dollar ("C\$"). The functional currency of its holding subsidiaries, Recursos Mirasol Holdings Ltd., and MDS Property Holdings Ltd. is the United States Dollar.

Any transactions in currencies other than the functional currency have been translated to the Canadian Dollar in accordance with IAS 21. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at rates prevailing at the date when the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Assets and liabilities of entities with a functional currency other than the Canadian Dollar are translated at the period end rates of exchange, and the results of their operations are translated at average rates of exchange for the period. The resulting changes are recognized in accumulated other comprehensive income (loss) ("AOCI") in equity as a foreign currency translation adjustment.

The Company's presentation currency is the Canadian Dollar.

d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks and short-term interest-bearing investments with maturities of three months or less at the purchase date. Deposits with banks and short-term interest-bearing investments with original term to maturity greater than three months but less than one year are presented as short-term investments.

e) Financial Instruments

All financial instruments are initially recognized at fair value on the statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss ("FVTPL"), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in profit or loss. Financial assets available-for-sale are subsequently measured at fair value with changes in fair value recognized in other comprehensive income loss ("OCI"), net of tax. Financial assets and liabilities held-to-maturity, loans and receivables, and other financial liabilities are subsequently measured at amortized cost using the effective interest method. Refer to Note 5 for further disclosure.

f) Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

- (i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- (ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in profit or loss. This amount represents the cumulative loss in accumulated OCI that is reclassified to profit or loss.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale financial assets are not reversed.

g) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating units" or "CGUs").

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in profit or loss in the period of such reversal.

h) Equipment and Software

Equipment and software is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

The Company provides for depreciation as follows:

- Exploration equipment: 30% declining balance;
- Computer hardware: 30% declining balance; and
- Computer software: straight-line over the estimated life of three years.

The Company allocates the amount initially recognized to each asset's significant components and depreciates each component separately. Residual values, depreciation methods and useful lives of the assets are reviewed periodically and adjusted on a prospective basis as required.

i) Exploration and Evaluation Assets

The Company capitalizes the direct costs of acquiring mineral property interests as exploration and evaluation assets. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Exploration and evaluation costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, and is technically feasible, in which case the balance is tested for impairment and subsequent development costs are capitalized. Exploration costs include value-added taxes because the recoverability of these amounts is uncertain.

The receipt of option payments from the Company's joint venture partners are applied first towards the capitalized cost for the acquisition of pertinent mineral property interests. Option payments in excess of the capitalized acquisition costs are netted against the exploration costs for the period. JV management fees are included in exploration expenditures on the statement of loss and comprehensive loss.

j) Provisions

- (i) Decommissioning and restoration provision: Future obligations to retire an asset, including dismantling, remediation and ongoing treatment and monitoring of the site related to normal operations are initially recognized and recorded as a liability based on estimated future cash flows discounted at a risk free rate. The decommissioning and restoration provision is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the pre-tax rate for risk specific to the liability.

The liability is also accreted to full value over time through periodic charges to profit or loss. This unwinding of the discount is charged to financing expense in profit or loss.

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

For the years presented, the Company does not have any decommissioning or restoration provisions.

- (ii) Other provisions: Provisions are recognized when a current legal or constructive obligation exists, as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted using an appropriate pre-tax rate for risk specific to the liability.

k) Income Taxes

Income tax expense (recovery) is comprised of current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the date of statement of financial position and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented as non-current.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority and when the Company intends to settle its current tax assets and liabilities on a net basis.

l) Share-based Payments

The Company grants share options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based payment expense based on the estimated fair value of the options. A fair value measurement is made for each vesting instalment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based payment expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to share capital.

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 equity instruments issued. Otherwise, such share-based payments are measured at the fair value of goods or services received.

m) Loss per Share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the year.

The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the loss per share. The dilutive effect of convertible securities is reflected in the diluted loss per share by application of the "if converted" method. For the year presented, this calculation proved to be anti-dilutive.

n) Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and other comprehensive income (loss) and represents the change in equity which results from transactions and events from sources other than the Company's shareholders. The Company's translation of its subsidiaries which have a functional currency other than the Canadian Dollar is the only item affecting comprehensive income (loss) for the years presented.

o) Share Capital

Common shares of the Company are classified as equity. Transactions costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effect.

The Company uses the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the quoted bid price on the issuance date. The balance, if material, was allocated to the attached warrants. Any fair value attributed to the warrants on exercise is recorded as equity. If the warrants are exercised the related reserves are reclassified from reserves to share capital.

4. Recent Accounting Pronouncements

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC.

The following new standards and amendments to standards which are applicable to the Company have been issued with effective dates into the later fiscal years:

- a) IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through OCI and FVTPL. The basis of classification depends on entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes in fair value in OCI. There is a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designated at FVTPL.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after January 1, 2018. Adoption of this standard is not expected to have a significant impact on the Company other than increased disclosure.

- b) IFRS 15 Revenue from Contracts with Customers deals with revenue recognition and establishes principles of reporting useful information to the users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when the customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 Revenue, and IAS 11 Construction Contracts and related interpretations.

Mirasol Resources Ltd.

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It is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. Adoption of this standard is not expected to have an impact on the Company.

- c) IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of the standard on the Company.

5. Financial Instruments

Categories of financial instruments

	June 30, 2018	June 30, 2017
Financial assets		
Fair Value Through Profit or Loss		
Cash and cash equivalents	\$ 2,892,948	\$ 4,629,130
Short-term investments	23,650,478	16,792,765
Loans and receivables		
Receivables and advances	568,692	396,323
	<u>\$ 27,112,118</u>	<u>\$ 21,818,218</u>
Financial liabilities		
Other financial liabilities		
Advances from JV Partner	\$ 67,892	\$ -
Accounts payable and accrued liabilities	743,842	532,649
	<u>\$ 811,734</u>	<u>\$ 532,649</u>

a) Fair Value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 – Inputs other than quoted prices that are directly or indirectly observable for the asset or liability; and,

Level 3 – Inputs that are not based on observable market data;

	June 30, 2018	June 30, 2017
Level 1		
Cash and cash equivalents	\$ 2,892,948	\$ 4,629,130
Short-term investments	\$ 23,650,478	\$ 16,792,765

The fair values of the Company's other financial instruments approximate their carrying values because of the short-term nature of these instruments.

b) Management of Capital Risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the development of its exploration and evaluation assets 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 the components of equity.

The Company manages the capital structure and adjusts 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, enter into joint ventures or obtain debt financing. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

To maximize ongoing exploration, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of twelve months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company is not subject to externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year.

c) Management of Financial Risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

(i) Currency risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada, Argentina and Chile and a portion of its expenses are incurred in United States ("US") dollars, Australian dollars and in Argentine and Chilean Pesos. A significant change in the currency exchange rates between the US and Australian dollar relative to the Canadian dollar and the Argentine and Chilean Peso to the Canadian dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

Mirasol Resources Ltd.

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June 30, 2018

Canadian Funds

At June 30, 2018, the Company is exposed to currency risk through the following assets and liabilities denominated in US and Australian dollars and Argentine and Chilean Pesos:

	US Dollars	Australian Dollars	Argentine Peso	Chilean Peso
Cash and cash equivalents	1,124,657	128,522	12,059,164	139,740,623
Short-term investments	8,250,001	1,660,252		
Receivables and advances	200,000	-	1,819,899	23,846,893
Accounts payable and accrued liabilities	(13,763)	(95,570)	(4,452,833)	(121,721,852)

Based on the net exposures as at June 30, 2018, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US and Australian dollar would result in an increase/decrease of \$1,273,824 and \$168,972, respectively in the Company's comprehensive loss. Likewise, a 10% depreciation or appreciation of the Canadian dollar against the Argentine and Chilean Peso would result in an increase/decrease of \$45,228 and \$8,582, respectively in the Company's comprehensive loss.

(ii) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents is held through large financial institutions. The Company's receivables primarily consist of interest receivable due from major financial institutions on short term investments. Management believes that credit risk concentration with respect to receivables is remote.

(iii) 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 risk through the management of its capital structure and financial leverage as outlined above. As at June 30, 2018, the Company's financial liabilities consist of accounts payable and accrued liabilities totalling \$743,842. All of the Company's obligations are expected to be paid within 90 days. Management believes the Company has sufficient funds to meet its liabilities as they become due.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is limited because these investments are generally held to maturity. The applicable rates of interest on such investments range between 0.05% and 3.25%.

(v) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk and foreign currency risk. The Company is not exposed to significant other price risk.

Mirasol Resources Ltd.

Notes to Consolidated Financial Statements

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Canadian Funds

6. Short-term Investments

Short term investments comprise cashable and non-cashable Guaranteed Investment Certificates ("GIC") placed with major Canadian and US financial institutions. Maturity dates of these GIC's are between three to twelve months.

7. Receivables and Advances

		June 30, 2018		June 30, 2017
Goods and services tax receivable	\$	10,134	\$	7,961
Income taxes recoverable		-		23,991
Interest receivable		199,656		129,345
Prepaid expenses and advances		165,259		116,227
Due from joint venture partners		358,902		266,978
	\$	733,951	\$	544,502

8. Equipment and Software

		Exploration Equipment		Computer Hardware		Computer Software		Total
Cost								
Balance as at June 30, 2016	\$	399,898	\$	57,883	\$	37,834	\$	495,615
Additions for the year		77,333		-		-		77,333
Balance as at June 30, 2017	\$	477,231	\$	57,883	\$	37,834	\$	572,948
Additions for the year		-		32,775		-		32,775
Balance as at June 30, 2018	\$	477,231	\$	90,658	\$	37,834	\$	605,723
Accumulated Depreciation								
Balance as at June 30, 2016	\$	364,670	\$	38,924	\$	26,756	\$	430,350
Depreciation for the year		22,156		5,687		11,078		38,921
Balance as at June 30, 2017	\$	386,826	\$	44,611	\$	37,834	\$	469,271
Depreciation for the year (i)		27,122		7,669		-		34,791
Balance as at June 30, 2018	\$	413,948	\$	52,280	\$	37,834	\$	504,062
Carrying Amounts								
As at June 30, 2017	\$	90,405	\$	13,272	\$	-	\$	103,677
As at June 30, 2018	\$	63,283	\$	38,378	\$	-	\$	101,661

(i) Allocated between depreciation expense (\$5,229) (2017 - \$14,490) and exploration costs (\$29,562) (2017- \$24,431) on the statement of loss and comprehensive loss.

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Canadian Funds

9. Exploration and Evaluation Assets

A reconciliation of capitalized acquisition costs is as follows:

Acquisition Costs

	Balance at June 30, 2017	Cost	Recoveries	Balance at June 30, 2018
Chile				
Atlas - Dos Hermanos	\$ 171,777	\$ -	\$ -	\$ 171,777
Zeus	-	61,491	(61,491)	-
Argentina				
Santa Rita and Virginia	2,808,819	-	-	2,808,819
Pipeline projects	20,166	-	-	20,166
	\$ 3,000,762	\$ 61,491	\$ (61,491)	\$ 3,000,762

	Balance at June 30, 2016	Cost	Recoveries	Balance at June 30, 2017
Chile				
Atlas - Dos Hermanos	\$ 171,777	\$ -	\$ -	\$ 171,777
Argentina				
Santa Rita and Virginia	2,808,819	-	-	2,808,819
Pipeline projects	20,166	-	-	20,166
	\$ 3,000,762	\$ -	\$ -	\$ 3,000,762

The Company owns 100% of the mineral exploration rights to a large portfolio of properties focused in two mining regions, namely the Atacama region in northern Chile and the Santa Cruz Province in southern Argentina. As well the Company holds several other properties in both San Juan and Catamarca provinces of northern Argentina. The Company also focuses on generative exploration to identify and acquire new prospects.

Chile

The Company has a portfolio of gold, silver and copper projects in northern Chile.

a) **Gorbea Belt - Properties Joint Ventured to Other Companies:**

The Company currently has a 100% interest in precious metals properties that define the Gorbea Belt (the "Gorbea Project"). The Gorbea Project is a reconnaissance program engaged in prospect generation and exploration of disseminated gold and silver prospects in the region. The Company's focus along the Gorbea Belt has been on the advancement of its Atlas and Titan properties.

i. Atlas Property

The Company holds a 100% interest in the Atlas Property in northern Chile, acquired by staking on open ground.

ii. Titan Property

The Company holds a 100% interest in the Titan Property in northern Chile. The property was acquired by staking on open ground.

iii. Letter Agreement with Yamana Gold Inc. (“Yamana”)

On March 25, 2015, the had Company entered into a joint venture agreement, granting Yamana the option to acquire up to a 75% interest in the Gorbea Project (“the Letter Agreement”).

The first phase of the Letter Agreement entitled Yamana to earn a 51% interest on the first earn-in by incurring, over a period of four years, annual staged expenditures totalling US\$10,000,000, and making annual staged payments totalling US\$2,000,000. After the first earn-in, Yamana could earn up to 75% interest.

On April 13, 2018, the agreement was terminated.

b) Earn-In Joint Venture (“JV”) on Third Party Projects:

Frontera JV

In fiscal 2013, the Company signed a definitive exploration and option agreement (the “Agreement”) with an arms-length private Chilean company.

The Frontera JV Agreement provided for the Company to earn a 51% interest in any, or all, of the exploration properties by expending US\$3 million within a four-year period which commenced on December 26, 2012. On March 7, 2017 the Company terminated the agreement.

c) *Altazor Property*

The Company owns a 100% interest in mining claims of Altazor gold project in Northern Chile.

On November 7, 2017, the Company signed an exploration and option agreement with Newcrest International Pty Limited (“NCM”) on the Altazor property whereby, NCM has been granted the option to acquire up to an 80% interest in the property, exercisable in stages over a nine-year, or shorter, earn-in period. The agreement requires NCM to fund US\$1.5 million in exploration expenditures and make a US\$100,000 option payment (received) in the first year of the option. The Company will serve as operator for exploration during the option period in return for 10% management fee.

NCM can earn up to 51% of the interest of the property by making a one-time US\$500,000 cash payment to the Company at the start of the earn in period and by spending an additional US\$8.5 million in exploration within the next four years of the agreement.

NCM can earn in stages up to a 75% interest in the property by delivering a positive preliminary economic assessment (‘PEA’) and a bankable feasibility study (‘BFS’) (total expenditure capped at US\$100 million after the completion of the PEA stage) and by making US\$1.3 million cash payments to the Company within the four years after earning the 51% interest.

The Company can retain a participating 25% interest in the project or 20% funded-to production interest with NCM financing the development cost to the production. The agreement is in good standing as of June 30, 2018.

d) *Zeus Property*

The Company owns a 100% interest in certain mining claims of which now forms part of the Zeus gold project in Northern Chile acquired by way of staking.

During the year ended June 30, 2018, the Company acquired another project by way of option agreement and consolidated to form part of the Zeus project.

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The Company can acquire the claims under option agreement by making staged option payments totalling US\$2.747 million over 5 years with US\$2.45 million of the payments due in the 5th year of the option and incur US\$300,000 in exploration expenditures within 3 years. The property owner will retain 1.5% NSR royalty. The Company has a right to buy 0.5% of the royalty for US\$3.0 million. Option payments are due as follows:

On signing (paid)	US \$12,000
On or before October 10, 2018 (paid)	US \$30,000
On or before October 10, 2019	US \$50,000
On or before October 10, 2020	US \$70,000
On or before October 10, 2021	US \$90,000
On or before October 10, 2022	US \$2,495,000
Total	US \$2,747,000

On February 22, 2018, the Company signed an exploration and option agreement with NCM whereby, NCM has been granted the option to acquire up to an 80% interest in the property, exercisable in stages over a nine-year, or shorter, earn-in period. The agreement requires NCM to fund US\$1.5 million in exploration expenditures in the first 18 months and make a US\$100,000 option payment (received) upon signing option agreement. The Company will serve as operator for exploration during the option period in return for 10% management fee.

NCM can earn up to 51% of the interest of the property by making a one-time US\$400,000 cash payment to the Company at the start of the earn in period and by spending an additional US\$8.0 million in exploration within the next four years of the agreement.

NCM can earn in stages up to a 65% interest in the property by delivering a positive preliminary economic assessment ('PEA') and a bankable feasibility Study ('BFS') (total expenditure capped at US\$100 million after the completion of the PEA stage) and by making US\$1.3 million cash payments to the Company within the four years after earning the 51% interest.

The Company can retain a participating 25% interest in the project or 20% funded-to production interest with NCM financing the development cost to the production. The agreement is in good standing as of June 30, 2018.

Argentina

In the Santa Cruz province of Argentina, the Company controls the mineral exploration rights to various precious metals properties.

e) *Claudia Property*

The Company owns a 100% interest in the Claudia property situated in south-central part of the Santa Cruz Mining District, Argentina.

On October 20, 2017, the Company signed a definitive agreement with OceanaGold Corporation ("OGC") whereby, OGC has been granted the option to acquire up to a 75% interest in the property, exercisable in 4 stages over an eight-year, or shorter, earn-in period. The agreement requires OGC to make a first-year commitment of US\$1.75 million in exploration expenditures, complete 3,000 metres of drilling, and make a US\$100,000 option payment (received) to the Company on signing the Agreement.

The first earn-in option for OGC to earn 51% interest over four years from the date of Agreement requires spending US\$10.5 million on exploration, making US\$1 million in payments to the Company. The Company will serve as operator for exploration for first year in return for 5% management fee and the Company will retain a 30% funded-to production interest in the property. The agreement is in good standing as of June 30, 2018.

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Canadian Funds

f) La Curva Property

The Company owns a 100% interest in mining claims of La Curva property in the Santa Cruz Province of Argentina.

On May 25, 2017, the Company signed an exploration and option agreement with OGC whereby OGC has been granted the option to acquire up to a 75% interest in the La Curva Project, exercisable in 5 stages over an eight-year, or shorter, earn-in period.

The agreement requires OGC to make a first-year commitment of US\$1.25 million in exploration expenditures, complete 3,000 metres of drilling, and make a US\$100,000 (received) option payment to the Company on signing the Agreement.

The first earn-in option for OGC to earn 51% interest over four years from the date of Agreement requires spending US\$7 million on exploration, making US\$1.5 million in payments to the Company. The Company will serve as operator for exploration for first year in return for 5% management fee and the Company will retain a 30% funded-to production interest in the property. The agreement is in good standing as of June 30, 2018.

g) Santa Rita Property and Virginia Zone

The Company owns a 100% interest in the Santa Rita property situated in the Santa Cruz Mining District, Argentina.

The Santa Rita property also hosts the Virginia prospect, thus together Santa Rita and Virginia account for total expenditures on the Santa Rita property.

h) Pipeline Projects:

The Company carries out exploration programs on a number of projects which are prospective for gold and/or silver mineralization in Chile and Argentina.

In order to achieve cost efficiencies certain claims without merit were dropped during the year ended June 30, 2018 resulting in a write-off of \$Nil (June 30, 2017 - \$Nil).

i) Advances to/from joint venture partners:

The Company is the operator for four joint venture projects. As of June 30, 2018, the Company has \$67,892 (2017-\$Nil) of unspent exploration advances. Expense reimbursement receivable of \$118,467 is included in accounts receivable as of June 30, 2018.

10. Related Party Transactions

Details of the transactions between the Company's related parties are disclosed below.

a) Compensation of key management personnel

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

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Notes to Consolidated Financial Statements

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Canadian Funds

The remuneration of management and independent directors was as follows:

	Year Ended June 30,	
	2018	2017
Management compensation (i)	\$ 501,273	\$ 514,369
Share-based payments (ii)	261,084	250,749
Director's fees (iv)	186,241	135,623
	<u>\$ 948,598</u>	<u>\$ 900,741</u>

- (i) Management compensation is included in Management fees (2018 - \$272,046; 2017 - \$211,804) and in exploration expenditures (2018 - \$229,227; 2017 - \$302,565).
- (ii) Share-based payments represent the expense for the years ended June 30, 2018 (*Note 11c*) and 2017.
- (iii) In February 2016, the Company signed Consulting Agreements, effective July 2015, with each of Global Ore Discovery Pty Ltd. ("Global Ore") and Stephen Nano, to perform the duties of President, CEO and Qualified Person for the Company.

Under the terms of the Global Ore agreement, the Company has retained the services of Global Ore consultants until June 30, 2018, to provide target generation related consulting services to the Company on an exclusive basis throughout Chile and Argentina. The Company has agreed to a minimum monthly retainer of Australian Dollar ("AUD") \$35,000. The Global Ore contract can be terminated at any time by the Company by paying a fee of AUD \$225,000.

The CEO consulting agreement with Mr. Nano is for a term expiring on June 30, 2018 and was renewed on a month to month basis upon its expiry and provides for payment of a consulting fee of \$25,000 per month. The contract with Mr. Nano contains termination provisions which require payment of one-year's fees for termination without cause and two years for termination due to a change of control event, as defined.

- (iv) The independent directors of the Company are paid \$2,100 per month (2017 - \$2,100 per month) while the Chairman of the Board of Directors receives an additional \$3,000 per month for serving in this capacity (2017 - \$3,000). On June 14, 2017, the Chairman of the Board was appointed Executive Chairman and is paid an additional \$4,100 per month.

b) Transactions with other related parties

Certain of the Company's officers and directors render services to the Company as sole proprietors or through companies in which they are an officer, director, or partner.

The following companies are related parties through association of the Company's directors and officers:

	Nature of transactions
Miller Thomson	Legal fees
Global Ore Discovery Pty Ltd.	Project generation, exploration management and GIS services
Evrin Resources Corp. ("Evrin")	CFO services, office administration support services and office sharing

Mirasol Resources Ltd.

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The Company incurred the following fees and expenses with related parties as follows:

	Year Ended June 30,	
	2018	2017
Legal fees	\$ 189,138	\$ 226,101
CFO services	101,750	72,588
Office sharing and administration services	49,440	87,316
Project generation, exploration expenses and GIS services	711,619	965,443
	\$ 1,051,947	\$ 1,351,448

The Company had entered into an agreement with Evrim, a company with common management, to share CFO services, Administration services and office space. The Agreement was renewed on a month to month basis upon its expiry on February 28, 2018.

Included in accounts payable and accrued liabilities at June 30, 2018, is an amount of \$153,904 (2017 - \$149,287) owing to directors and officers of the Company and to companies where the directors and officers are principals.

11. Share Capital

a) Authorized Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value. All issued common shares are fully paid.

b) Changes in Share Capital

(i) Financing

During the year ended June 30, 2018, the Company completed a non-brokered private placement issuing 4,317,750 units for gross proceeds of \$8,635,500. Each unit consisted of one common share and one-half of one non-transferable common share purchase warrant. Each full warrant is exercisable into one common share at a price of \$3.00 for two years from the closing date.

The Company incurred \$126,750 cash finder's fees, \$69,340 for regulatory and other related fees.

(ii) Rights offering

During the year ended June 30, 2017, the Company completed a rights offering for gross proceeds of \$10,000,000. Bonus warrants of 500,000 were issued to the guarantors of the rights offering. Each bonus warrant is exercisable at \$2.40 and expired unexercised on March 23, 2017. The fair value of these bonus warrants was estimated to be \$339,700 using the following weighted average assumptions in the Black-Scholes option pricing model.

Expected dividend yield	0.0%
Expected share price volatility	73.06%
Risk-free interest rate	0.58%
Expected life of options	0.5 years

The Company incurred \$152,438 of share issuance costs in connection with the rights offering.

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Canadian Funds

(iii) Options exercised

During the year ended June 30, 2018, the Company issued 388,800 (2017 - 285,000) shares on exercise of share purchase option for gross proceeds of \$435,664 (2017 - \$294,800). The options had a fair value of \$247,501 (2017 - \$107,666).

c) Share Purchase Options

The Company has established a share purchase option plan whereby the board of directors may, from time to time, grant options to directors, officers, employees or consultants. Options granted must be exercised no later than five years from the date of grant or such lesser period as determined by the Company's board of directors. The exercise price of an option is equal to or greater than the closing market price on the TSX Venture Exchange ("TSX-V") on the day preceding the date of grant. The vesting terms for each grant are set by the Board of Directors.

The option plan provides that the aggregate number of shares reserved for issuance under the plan shall not exceed 10% of the total number of issued and outstanding shares. At June 30, 2018, a total of 5,382,263 options were reserved under the option plan with 3,065,826 options outstanding.

(i) Movements in share purchase options during the year

A summary of the Company's share purchase options and the changes for the year are as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding as at June 30, 2016	2,553,750	\$1.07
Granted	740,876	\$2.81
Exercised	(285,000)	\$1.03
Expired	(25,000)	\$1.55
Options outstanding as at June 30, 2017	2,984,626	\$1.50
Granted	935,000	\$1.70
Exercised	(388,800)	\$1.12
Expired / Forfeited	(465,000)	\$1.08
Options outstanding as at June 30, 2018	3,065,826	\$1.67
Options exercisable at June 30, 2018	2,840,826	\$1.68

(ii) Fair value of share purchase options granted

During the year ended June 30, 2018, the Company amended the vesting provisions and adjusted 500,000 options issued during 2015 to 100,000 options. As a result, the Company recognized a credit of \$74,805 related to stock-based compensation.

Total share-based payments recognised for the year ended June 30, 2018 amounted to \$500,620 (June 30, 2017 - \$711,454).

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The fair value of options granted, and the incremental fair value of the amended options was estimated on the date of the grant using the Black-Scholes option pricing model, with the following weighted average assumptions:

	Year Ended June 30,	
	2018	2017
Expected dividend yield	0.0%	0.0%
Expected share price volatility	64.46%	49.19%
Risk-free interest rate	1.57%	0.576%
Expected life of options	2.33 years	2.13 years
Fair value of options granted (per share option)	\$0.65	\$0.36

(iii) Share purchase options outstanding at the end of the year

A summary of the Company's options outstanding as at June 30, 2018 is as follows:

Expiry Date	Exercise price \$	Options Outstanding	Weighted Average Remaining Life of Options (years)	Options Exercisable
December 16, 2018	0.88	3,750		3,750
March 23, 2019	0.88	165,000		165,000
August 4, 2019	0.88	142,500		142,500
May 14, 2018*	1.28	238,700		238,700
April 29, 2021	0.88	545,000		545,000
April 29, 2021	1.38	320,000		240,000
August 26, 2019	2.85	715,876		715,876
September 12, 2021	1.80	150,000		70,000
September 12, 2020	1.80	235,000		235,000
December 19, 2020	1.61	200,000		200,000
December 20, 2020	1.65	350,000		285,000
		3,065,826	1.92	2,840,826

* As of June 30, 2018, the options remain outstanding as the Company has an obligation to extend the expiry date pursuant to the terms of the option.

d) Warrants

On June 8, 2018, the Company issued 2,158,875 of share purchase warrants with an exercise price of \$3.00 expiring in twenty-four months. These warrants were outstanding as of June 30, 2018 (2017-Nil). During the year ended June 30, 2017, 500,000 share purchase warrants were granted with an exercise price of \$2.40. The share purchase warrants were issued in connection with the Company's Right offering (Note 11 b (i)) and expired on March 23, 2017.

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Notes to Consolidated Financial Statements

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Canadian Funds

e) Restricted Share Unit ("RSU") Plan

On April 26th, 2018 the shareholders approved a restricted share unit plan (the "RSU Plan"). The RSU plan was also approved by the Board on July 16th 2018 and by the TSX Venture Exchange on July 17, 2018. The RSU Plan provides for the issuance of up to 1,000,000 restricted share units (the "RSUs"). Under the RSU Plan, RSUs may be granted to directors, officers, employees and consultants of the Company (excluding investor relations consultants) as partial compensation for the services they provide to the Company. The RSU Plan is a fixed number plan, and the number of common shares issued under the RSU Plan, when combined with the number of stock options available under the Company's stock option plan, will not exceed 10% of the Company's outstanding common shares. The Company's Compensation Committee and Board of Directors have approved an award of 110,000 RSUs. Subsequent to June 30, 2018, 30,000 RSU's were granted.

12. Segmented Information

The Company's business consists of a single reportable segment being mineral property acquisition and exploration. Details on a geographical basis are as follows:

Total Non-Current Assets	June 30, 2018	June 30, 2017
Canada	\$ 27,983	\$ 7,959
Argentina	2,844,780	2,842,013
Chile	229,660	254,467
	\$ 3,102,423	\$ 3,104,439

13. Income Taxes

The Company is subject to Canadian federal and provincial tax for the estimated taxable income at a rate of 26%. The Company has no taxable income in Canada.

The tax expense at statutory rates for the Company can be reconciled to the reported income taxes per the statement of loss and comprehensive loss as follows:

	Year Ended June 30, 2018	Year Ended June 30, 2017
Net loss before income taxes	\$ (4,341,131)	\$ (6,945,647)
Canadian federal and provincial income tax rates	26.50%	26.00%
Expected income tax recovery based on the above	\$ (1,150,400)	\$ (1,805,868)
Non-deductible expenses	216,756	220,512
Change in statutory and foreign tax rates	710,673	(54,013)
Tax effect of deferred tax assets for which no tax benefit has been recorded	(2,316,280)	2,865,419
Foreign exchange and other	2,539,251	(1,226,050)
Total income tax recovery	\$ -	\$ -

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been re-measured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

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The Company's unrecognized deferred tax assets are as follows:

	June 30, 2018	June 30, 2017
Unrecognized deferred income tax assets:		
Non-capital losses	\$ 2,552,000	\$ 2,182,224
Exploration and evaluation assets	3,639,936	6,359,253
Share issue costs	67,051	31,707
Other	12,154	14,234
Total unrecognized deferred income tax assets	\$ 6,271,140	\$ 8,587,418

In assessing the recoverability of deferred tax assets other than deferred tax assets resulting from the initial recognition of assets and liabilities that do not affect accounting or taxable profit, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

Deductible temporary differences, unused tax losses and unused tax credits:

	June 30, 2018	June 30, 2017	Expiry date Range
Non-capital losses	\$ 9,403,016	\$ 7,409,201	See below
Exploration and evaluation assets	12,413,823	18,824,237	Not applicable
Share issue costs	248,336	121,950	2036
Other	45,121	42,533	Not applicable

As at June 30, 2018, an estimated income tax refund of \$Nil (2017 - \$23,991) is recognized in receivables and advances (Note 7). Income taxes recoverable includes a recovery of \$Nil (2017 - \$23,991 related to realized capital losses that are carried back and applied against capital gains reported during the year ended June 30, 2013 / 2014.

The Company has non-capital loss carry-forwards of approximately \$9,403,016 that may be available for tax purposes. The loss carry-forwards are principally in respect of Canadian, Argentine and Chilean operations and expire as follows:

	Canada	Argentina	Chile
2019	\$ -	\$ 288,009	\$ -
2020	-	504,701	-
2021	-	-	-
2022	-	770,576	-
2023	-	39,642	-
2035 to 2038	6,054,954	-	-
No-expiry	-	-	1,745,134
	\$ 6,054,954	\$ 1,602,928	\$ 1,745,134

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14. Subsequent Event

On October 17, 2018, the Company signed an exploration and option agreement (the "Agreement") with Hochschild Mining ("HOC") on its Indra project in Chile. The Indra project was generated through the generative efforts of the Company.

HOC has been granted the option to acquire up to a 70% interest in the Indra project, exercisable in 5 stages over an eight-year, or shorter, earn-in period.

The Agreement requires HOC to make a minimum spend commitment of US\$800,000 in exploration expenditures in the first 18-months of the exploration program, and complete 1,500 metres of drilling within 30 months of the date of the Agreement. In addition, a US\$50,000 option payment (received) is to be made to the Company upon signing the Agreement.

The first earn-in option for HOC to earn 51% interest over three years (total 4.5 years) from the date of the Agreement requires spending an additional US\$5.2 million on exploration and making two staged payments totalling US\$675,000 to the Company. The Company will retain a 30% funded-to production interest in the Indra project.

The Company will serve as operator during the option phase in return for a 10% management fee on values less than US\$250,000 and 5% fee on over US\$250,000.

On July 17, 2018 a total of 60,000 incentive stock options were granted with an exercise price \$1.76 per share for a period of three years. The options vest 50% on grant with the remaining balance vesting in six months.
