MONTERO MINING AND EXPLORATION LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2018 and 2017
Expressed in Canadian Dollars

The accompanying unaudited interim consolidated financial statements of Montero Mining and Exploration Ltd. (the “Company”) have been prepared by and are the responsibility of the Company’s management. The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

MONTERO MINING AND EXPLORATION LTD.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars – unaudited)

	Notes	September 30, 2018	December 31, 2017
ASSETS		**$**	**$**
Current assets			
Cash		68,995	222,580
Other receivables		29,053	2,650
Prepaid expenses and deposits		26,772	15,932
Total current assets		124,820	241,162
Non-current assets			
Reclamation bonds	4	9,393	9,393
Equipment		3,588	5,725
Exploration and evaluation assets	4	2,896,502	2,498,177
Total non-current assets		2,909,483	2,513,295
TOTAL ASSETS		**3,034,303**	**2,754,457**
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current liabilities			
Trade and other payables	9	164,970	197,371
Total current liabilities		164,970	197,371
SHAREHOLDERS' EQUITY			
Equity attributable to the owners of the Company			
Share capital	5	16,448,943	15,928,556
Warrant reserve	5	306,361	-
Share-based payment reserve	6	7,292,626	6,871,179
Foreign currency translation reserve		1,030,194	995,765
Accumulated deficit		(22,208,791)	(21,238,414)
Total shareholders' equity		2,869,333	2,557,086
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,034,303**	**2,754,457**

On behalf of the Board:

"Antony Harwood" — Antony Harwood, Director

"Andrew Thomson" — Andrew Thomson, Director

See accompanying notes to the condensed consolidated financial statements

MONTERO MINING AND EXPLORATION LTD.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars - unaudited)

	Notes	Three months ended Sept 30, 2018	Three months ended Sept 30, 2017	Nine months ended Sept 30, 2018	Nine months ended Sept 30, 2017
		$	$	$	$
EXPENSES					
Consulting, directors', administrative and management fees	9	66,747	63,871	211,234	131,586
Depreciation		409	2,321	3,712	7,137
General and administrative	9	7,339	3,974	22,174	17,278
Other expenses		32,877	7,312	57,998	14,711
Professional fees		7,666	8,030	64,489	18,321
Project investigation costs	4	19,160	1,853	86,417	1,853
Shareholder and regulatory		25,458	16,545	71,278	30,378
Stock-based compensation	5	-	-	421,447	-
OPERATING LOSS		(159,656)	(103,906)	(938,749)	(221,264)
OTHER ITEMS					
Foreign exchange gain (loss)		(594)	528	(2,982)	2,063
Interest and other income		1	2	1	2
Loss on debt settlement	5	-	-	(28,647)	-
		(593)	530	(31,628)	2,065
NET LOSS		**(160,249)**	**(103,376)**	**(970,377)**	**(219,199)**
OTHER COMPREHENSIVE INCOME (LOSS)					
Exchange difference on translating foreign operations		(20,046)	(42,386)	34,429	(81,532)
COMPREHENSIVE INCOME (LOSS)		**(180,295)**	**(145,762)**	**(935,948)**	**(300,731)**
LOSS PER SHARE – BASIC AND DILUTED	7	$ (0.02)	$ (0.02)	$ (0.06)	$ (0.03)

See accompanying notes to the condensed consolidated financial statements

MONTERO MINING AND EXPLORATION LTD.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars - unaudited)

	Note	Share Capital		Subscriptions for Special Warrants and Warrants	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Deficit	TOTAL EQUITY
		Number of Shares	$	$	$	$	$	$
Balance, December 31, 2016	5	**10,594,022**	**14,448,342**	—	**6,871,179**	**1,072,992**	**(20,799,476)**	**1,593,037**
Shares issued for debt settlement	5	4,101,347	820,270	—	—	—	—	820,270
Shares issued for cash	5	3,675,000	735,000	(735,000)	—	—	—	—
Subscriptions for special warrants	5	—	—	735,000	—	—	—	735,000
Share issue costs	5	—	(75,056)	—	—	—	—	(75,056)
Net loss and comprehensive loss		—	—	—	—	(81,532)	(219,199)	(300,731)
Balance, September 30, 2017		**18,370,369**	**15,928,556**	**—**	**6,871,179**	**991,460**	**(21,018,675)**	**2,772,520**
Net income and comprehensive income		—	—	—	—	4,305	(219,739)	**(215,434)**
Balance, December 31, 2017		**18,370,369**	**15,928,556**	—	**6,871,179**	**995,765**	**(21,238,414)**	**2,557,086**
Shares issued for cash	5	3,244,635	778,713	—	—	—	—	**778,713**
Shares issued for debt settlement	5	196,214	47,091	28,647	—	—	—	**75,738**
Fair value of warrants issued	5	—	(294,509)	294,509	—	—	—	—
Share issue costs	5	69,600	(10,908)	(16,795)	—	—	—	**(27,703)**
Stock-based compensation		—	—	—	421,447	—	—	**421,447**
Net loss and comprehensive loss		—	—	—	—	34,429	(970,377)	**(935,948)**
Balance, September 30, 2018		**21,880,818**	**16,448,943**	**306,361**	**7,292,626**	**1,030,194**	**(22,208,791)**	**2,869,333**

See accompanying notes to the condensed consolidated financial statements

MONTERO MINING AND EXPLORATION LTD.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars – unaudited)

	Three months ended		Nine months ended	
	Sept 30, 2018	**Sept 30, 2017**	**Sept 30, 2018**	**Sept 30, 2017**
	$	**$**	**$**	**$**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	(160,249)	(103,376)	(970,377)	(219,199)
Adjustments to loss for non-cash items:				
Depreciation	409	2,321	3,712	7,137
Stock-based compensation	-	-	421,447	-
Loss on debt settlement	-	-	28,647	-
Net changes in non-cash working capital items:				
Trade and other receivables	(13,482)	(4,567)	(26,403)	(9,223)
Prepaid expenses and deposits	10,153	(16,460)	(10,840)	(20,011)
Trade and other payables	(47,784)	(67,447)	12,148	14,389
Net cash flows (used in) operating activities	(210,953)	(189,529)	(541,666)	(226,907)
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures on equipment	-	-	(1,556)	-
Expenditures on exploration and evaluation assets	(138,608)	(4,019)	(361,373)	(52,584)
Net cash flows from (used in) investing activities	(138,608)	(4,019)	(362,929)	(52,584)
CASH FLOWS FROM FINANCING ACTIVITIES				
Shares issued for cash	-	-	778,713	-
Subscriptions for special warrants	-	-	-	735,000
Share issue costs	-	(12,077)	(27,703)	(75,056)
Loans payable	-	-	-	-
Net cash flows from financing activities	-	(12,077)	751,010	659,944
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(349,561)	(205,625)	(153,585)	380,453
CASH AND CASH EQUIVALENTS, BEGINNING	418,556	590,667	222,580	4,589
CASH AND CASH EQUIVALENTS, ENDING	68,995	385,042	68,995	385,042

See accompanying notes to the condensed consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Montero Mining and Exploration Ltd ("Montero" or the "Company") was incorporated on October 5, 2006, under the laws of British Columbia, Canada. Montero and its subsidiaries (collectively, the "Company") are engaged in the acquisition and exploration of mineral properties in Namibia, South Africa and Tanzania.

Montero is a publicly listed company with its shares listed on the TSX Venture Exchange ("TSX-V"). The Company's registered office is located at 1040 West Georgia Street, Suite 1900, Vancouver, BC, V6E 4H3 and its head office address is Suite 1080, 789 West Pender Street, Vancouver, BC V6C 1H2.

Going Concern

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at September 30, 2018 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These conditions give rise to substantial doubt about the Company's ability to continue as a going concern. When further funds are required, they will be financed through a private placement of common shares or by debt instruments.

2. STATEMENT OF COMPLIANCE

The condensed consolidated interim financial statements of the Company, including comparatives, have been prepared in accordance with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These condensed consolidated interim financial statements comply with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements do not include all of the information required of a complete set of consolidated financial statements and are intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and the performance of the Company since the end of its last annual reporting period. It is therefore recommended that these condensed consolidated interim financial statements be read in conjunction with the annual consolidated financial statements of the Company for the year ended December 31, 2017, which were prepared in accordance with IFRS as issued by the IASB.

The condensed consolidated interim financial statements were authorized for issue on November 29, 2018 by the Audit Committee of the Company.

3. BASIS OF PRESENTATION

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the Company's annual consolidated financial statements for the year ended December 31, 2017. The condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The condensed consolidated interim financial statements are presented in Canadian dollars, unless otherwise indicated.

3. BASIS OF PRESENTATION – *Continued*

Changes in Accounting Policies—Financial Instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of January 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carry value of any of the financial assets or financial liabilities on the transition date.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original classification IAS 39	New classification IFRS 9
Other receivables	Amortized cost	Amortized cost
Deposits	Amortized cost	Amortized cost
Reclamation bonds	Amortized cost	Amortized cost
Trade and other payables	Amortized cost	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholder's equity at the beginning of the 2018 annual reporting period, which also includes the date of initial application. The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive loss on January 1, 2018.

ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of net loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of net loss in the period in which they arise.

(Expressed in Canadian dollars - unaudited)

3. BASIS OF PRESENTATION – *Continued*
Changes in Accounting Policies—Financial Instruments – *Continued*

iii) Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at and amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If, at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the consolidated statements of loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition of financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of loss.

4. EXPLORATION AND EVALUATION ASSETS

A summary of the Company's exploration and evaluation assets by property area is as follows:

	September 30, 2018	December 31, 2017
	$	**$**
Namibia Lithium Projects		
Soris Lithium	205,514	-
UIS Lithium Tin Tailings	123,556	-
EPL 6162 Lithium	10,759	-
South Africa - Phosco	1,351,532	1,345,924
Tanzania - Wigu Hill	1,205,141	1,152,253
	2,896,502	**2,498,177**

a) Namibia
Lithium Projects

Soris Lithium Project

On October 10, 2017, the Company entered into a Letter of Intent ("LOI") with Frovio Investment ("Frovio") and Mickal Tjituka ("Tjituka"), the owner of Frovio, to acquire an 80% interest in a newly formed company ("Newco") that will hold the 8 mining claims that make up the Soris Lithium Project. Under the terms of the LOI, Montero immediately earns an 80% interest in the Project by committing to spending C$1 million and completing a feasibility study in 3 years.

In November 2017Montero established a new subsidiary in Namibia, Soris Mining (Proprietary) Ltd. whereby 80% equity was issued to Montero and 20 % to Mickal Tjituka. Montero also entered into a shareholder's Agreement with Tjituka covering its term of operations. Montero and Frovio are in process of drafting and signing a Definitive Agreement

4. EXPLORATION AND EVALUATION ASSETS – *Continued*

a) Namibia – *Continued*

UIS Lithium Tin Tailings Project

On March 5, 2018, the Company entered into a binding Heads of Agreement ("HOA") with Namib Base Minerals CC ("NBM") and Namibia Silica CC ("NBS"), (collectively the "Owners") to acquire a 95% interest in the UIS Lithium Tin Tailings Project. Under the terms of the HOA, Montero can earn a 95% interest in the UIS Lithium Tin Tailings Project by spending United States dollars ("US$") US$1,425,000 over a three-year period. A payment of US$10,000 was paid on the execution of the HOA, another payment of US$40,000 was paid on the successful completion of due diligence, a further payment of US$275,000 shall be paid within six months and the remainder as staged milestone payments. There is a due diligence period of two months provided.

Montero also entered into an agreement with Lithium Africa 1 ("LA1"), to acquire drilling and other data pertaining to the UIS Lithium tailings Project, within four months following a successful due diligence for the amount of $125,000 in cash or shares at LA1's election.

On October 1, 2018, the Owners, LA1 and Montero agreed to an extension of the due diligence period to March 1, 2019 to complete the evaluation of the property.

EPL 6162 Lithium Project

On March 1, 2018, the Company entered into a LOI with Mr. Esegial Xamseb ("Xamseb"), a Namibian national, to acquire an 80% interest in the Exclusive Prospecting Licence 6162 ("EPL 6162 Lithium Project"). Under the terms of the LOI, Montero can earn an 80% interest in the EPL 6162 Lithium Project by spending $1,000,000 over a three-year period. Montero shall pay Xamseb $5,000 (paid) on signing of a definitive agreement and make annual payments to him of $10,000 on the anniversary of the effective date. There is a due diligence period of three months provided.

On July 18, 2018, Montero notified Xamseb that they have completed due diligence and they wish to exercise their option to move forward with a definitive agreement within three years.

b) South Africa

Phosco Project

On November 18, 2011, the Company's subsidiary, Montero Projects Limited ("Montero Projects") acquired the shares in Eurozone which holds interests in subsidiary companies that hold phosphate exploration projects in South Africa (hereafter, "Phosco"). Montero Projects paid $101,700 (United States dollars "USD" $100,000) and issued 2,500,000 common shares of Montero, valued at $750,000, and completed the acquisition of Eurozone. The Company now holds two licences covering the Duyker Eiland and Phillips Kraal areas.

The Company has a total of $9,393 (December 31, 2017 - $9,393) in reclamation bonds and deposits lodged with local governments in regards to any potential reclamation costs that may arise regarding its Phosco Project.

c) Tanzania

Wigu Hill Project

On May 26, 2008 (amended June 30, 2009 and April 27, 2010) the Company and RSR (Tanzania) Limited ("RSR") entered into an agreement whereby RSR granted the Company an exclusive option to earn an initial 60% interest in the Wigu Hill Project (the "First Option"), and an additional 10% interest in the Wigu Hill Project (the "Second Option"). The terms and conditions of the final amended agreement on April 27, 2010 are outlined as follows. In order to exercise the First Option, the Company must pay United States dollars ("USD") $150,000 on or before April 30, 2010 (paid).

4. EXPLORATION AND EVALUATION ASSETS – *Continued*

After the exercise of the First Option, RSR will transfer the prospecting licences comprising the Wigu Hill Project (the "Wigu Hill Licences") to a newly-formed company (established and called - Wigu Hill Mining Company Limited "WHMC") and the Company will concurrently pay RSR a further USD $50,000 (paid). The Company is further obligated to incur exploration expenditures of USD $3.5 million (incurred) (or alternatively complete a prefeasibility study) on or before November 28, 2012. Once completed, the Company may at its sole discretion, within 60 days after November 28, 2012, elect to acquire a further 10% interest in the Wigu Hill Licences by paying RSR a further USD $2,000,000 to complete the requirements to execute the Second Option (amended as outlined below).

On September 22, 2011, the Company and RSR executed a shareholders' agreement, which outlines the following:

- amended the payment of USD $2,000,000 to an initial Second Option payment of $800,000 (paid) and a final Second Option payment of USD $700,000, which is to be paid subject to receipt of mining and retention licences granted by the Government of Tanzania, as well as a development agreement executed by the Government of Tanzania and the Company. By mutual agreement between the Company and RSR, the USD $700,000 payment may be satisfied by the issuance of common shares of Montero at the prevailing market price of such shares at the date of payment.
- agreement that the Company has now duly and validly exercised the First Option and the Second Option, and owns a 70% interest in the Wigu Hill Licences.
- RSR has transferred the Wigu Hill Licences to WHMC which was originally owned 70% by the Company and 30% by RSR. Further funding of exploration on the Wigu Hill Licences shall be provided by the Company and RSR in proportion to their ownership of WHMC.
- dilution provisions are provided subject to a deemed expenditure formula and, and where a party's interest is diluted to less than 10%, conversion of such interest to a 2.5% net smelter returns royalty ("NSR") will be done. The Company has the right to purchase all or part of the NSR for USD $1 million per each 0.5%.

After the establishment of WHMC, further exploration costs were incurred by the Company and RSR has not yet paid their share of these costs which at September 30, 2018 were determined to be $1,575,477 (USD $1,217,055) and have been included in exploration and evaluation assets. Management has not recorded RSR's share as a receivable due to the uncertainty of payment. RSR was put on notice for its contribution required and advised that dilution will occur if payment is not received. The notice period for receipt of payment has expired and therefore Montero increased its ownership of the WHMC to 82.25%.

As a result of the enactment of certain legislation by the Tanzanian government, all existing mineral Retention Licenses, including those related to the Wigu Hill Project, have been revoked. The Company is eligible to apply for a new Exploration or Mining License and has therefore submitted all applications and necessary documents to the Tanzanian Ministry of Minerals for this application.

d) Chile

On January 25, 2018, Montero entered into an agreement with certain individuals (the "Founders") to acquire certain techniques for exploration for lithium and other minerals in Chile. Montero has applied for exploration claims in Chile and will utilize these techniques for exploration. Montero has agreed to spend $100,000 on the application, due diligence and exploration work on the claims over 9 months. In addition, Montero has agreed to issue shares to the Founders valued at $100,000 on receipt of valid exploration claims from the application process and the completion of successful due diligence which shall include positive results of a sampling program ("Milestone 1"). Should Montero proceed and has sufficient confidence of ore grade material can be mined and processed economically from the exploration claims ("Milestone 2") the Founders shall be granted a further $600,000 of Montero shares, subject to regulatory approval.
On October 22, 2018, Montero and the Founders agreed to extend the due diligence period from 9 months to 15 months (April 25, 2019) with a further option by Montero to extend by a further 3 months (July 25, 2019) to continue to evaluate the property.

(Expressed in Canadian dollars - unaudited)

4. EXPLORATION AND EVALUATION ASSETS – *Continued*

d) Chile – *Continued*

During the nine months ended September 30, 2018, Montero has spent $77,962 in property investigation costs on this program.

Details of the Company's exploration and evaluation assets are as follows:

	Namibia			South Africa	Tanzania		
	Soris	**UIS**	**EPL 6162**	**Phosco**	**Wigu Hill**	**Nine Months ended Sept 30, 2018**	**Year ended December 31, 2017**
				$	$	$	$
Property acquisition costs							
Balance, beginning of period	-	-	-	784,351	422,967	**1,207,318**	1,187,703
Foreign currency translation	-	-	-	-	13,474	**13,474**	(28,704)
Additions	-	64,718	4,735	-	1,307	**70,760**	48,319
Impairment	-	-	-	-	-	**-**	-
Balance, end of period	-	64,718	4,735	784,351	437,748	**1,291,552**	1,207,318
Exploration and evaluation costs							
Balance, beginning of period	-	-	-	561,573	729,286	**1,290,859**	1,305,833
Foreign currency translation	-	-	-	-	23,478	**23,478**	(50,036)
Costs incurred during the period:							
Drilling	56,195					**56,195**	
Field and camp costs	6,049	2,735	-	-	11,518	**20,302**	2,008
Geological consulting	57,258	23,772	3,056	-	5,072	**89,158**	5,863
Geophysical and maps	2,399	2,681	-	3,853	-	**8,933**	3,403
Lab tests and assays	34,933	18,112	511	-	-	**53,556**	
Maintenance and environmental	28,556	10,264	-	1,755	387	**40,962**	9,020
Project administration costs	889	-	2,457	-	(9,850)	**(6,054)**	10,791
Travel and accommodation	19,235	1,274	-	-	7,502	**28,011**	3,977
	205,514	58,838	6,024	267,181	767,393	**1,604,950**	1,290,859
Total	**205,514**	**123,556**	**10,759**	**1,351,532**	**1,205,141**	**2,896,502**	2,498,177

(Expressed in Canadian dollars - unaudited)

5. SHARE CAPITAL

Authorized
Unlimited number of common shares without par value.

Issued and outstanding
At September 30, 2018 there were 21,880,818 issued and fully paid common shares outstanding (December 31, 2017 – 18,370,369).

Share consolidation
On July 13, 2017, the Company received approval from the TSX-V for the consolidation of its issued and outstanding common shares on the basis of one new post-consolidation share for every eight pre-consolidation shares.

Share consolidation

	Number of shares	Amount $
Balance, December 31, 2016 pre-consolidation	84,752,174	14,448,342
Balance, December 31, 2016 post-consolidation*	10,594,022	14,448,342

**(rounded due to fractional shares)*

All share and per share references in these financial statements have been reflected on a post-consolidation basis. All stock options and warrants have been adjusted on the same basis, with a proportionate adjustment to the exercise price.

Details of changes to share capital

Changes during the nine months ended September 30, 2018
On April 27, 2018, the Company closed a private placement of 3,440,849 Units at a price of $0.24 per Unit for gross cash proceeds of $778,713, and the balance of $47,091 issued to settle debts. Each Unit consists of one common share and one common share warrant, each warrant entitling the holder to purchase one common share at a price of $0.32 per common share within 18 months of the closing of the private placement. A finder’s fee of $16,704 was paid by the issue of 69,600 common shares, $10,387 of which was attributable to the common shares and $6,317 of which was attributable to the warrants. Cash share issue costs of $27,703 were incurred in conjunction with this private placement, of which $17,225 was attributable to the common shares and $10,478 was attributable to the warrants.

The Company has valued the warrants issued in connection with this private placement using the *Black-Scholes Option Pricing Model* with the following assumptions: risk-free interest rate 1.80%; volatility 154%; dividend yield 0% and approximate expected lives of 1.5 years. The resultant value of $294,509 has determined to be attributable to the warrants and has been reclassified from share capital and charged to warrant reserve. The warrants issued to settle debts has been calculated in accordance with the above assumptions and resulted in a loss on debt settlement of $28,647.

5. SHARE CAPITAL – *Continued*

Changes during the year ended December 31, 2017

Debt settlement

On July 7, 2017, the Company announced that it completed a debt settlement transaction (the "Debt Settlement") with certain creditors ("Creditors"), including Creditors who are related parties of the Company, providing for the settlement of all of the loans payable of $625,959 and trade and other payables of $194,311 totaling $820,270 of its outstanding debts, which will be settled through the issuance of an aggregate of 32,810,000 Special Warrants (as herein defined) of the Company at a deemed issue price of $0.025 per Special Warrant. The Debt Settlement was subject to the completion of the Consolidation Condition (as herein defined) and final TSX-V approval, both of which were satisfied effective July 13, 2017 as described below. Share issue costs of $5,996 were incurred in conjunction with this Debt Settlement.

Special Warrant Financing

As at June 30, 2017, the company received cash of $735,000 for subscriptions for special warrants and on July 13, 2017, the Company announced that it completed a non-brokered private placement of 29,400,000 special warrants (the "Special Warrants") at a price of $0.025 per Special Warrant (the "Subscription Price") for gross proceeds of $735,000 (the "Offering"). Each eight Special Warrants are exercisable into one common share if the Consolidation Condition (as herein defined) is satisfied on or before September 30, 2017. Share issue costs of $69,060 were incurred in conjunction with this Offering.

The Offering was made pursuant to the grant of a "discretionary waiver" of the TSX-V's minimum $0.05 pricing requirement (the "Waiver") and is subject to acceptance by the TSX-V. With respect to the Waiver, the Company is to conduct a share consolidation of its outstanding common shares on the basis of one post-consolidation common share for each eight pre-consolidation common shares (the "Share Consolidation"), or such other ratio as may be agreed in writing by the Company and the subscribers to the Offering (the "Consolidation Condition") which would result in a post-consolidation conversion price equal to or greater than $0.05 per common share on or before September 30, 2017 (the "Consolidation Deadline").

If the Consolidation Condition was satisfied on or before the Consolidation Deadline, the Special Warrants shall be deemed to be exercised for no further consideration (without any further action on the part of the Special Warrant holders) on the date of the Consolidation Condition. However, if the Consolidation Condition was not satisfied on or before the Consolidation Deadline, the Special Warrants shall be redeemed at the Subscription Price with interest payable at the rate of 10% per annum.

The Company received shareholder approval of the Share Consolidation at the annual and special meeting of shareholders held on June 30, 2017 and received final TSX-V approval on July 13, 2017, thereby satisfying the Consolidation Condition by the Consolidation Deadline.

Effective July 13, 2017, the 32,810,000 Special Warrants issued pursuant to the Debt Settlement noted above and the 29,400,000 Special Warrants issued pursuant to the Offering noted above were converted into common shares on the basis of eight Special Warrants for one post-consolidated common share.

(Expressed in Canadian dollars - unaudited)

5. SHARE CAPITAL – *Continued*

The Company's share capital position on December 31, 2017 after the Consolidation Condition was satisfied and the Special Warrants were exercised, is as follows:

	Number of shares	**Amount $**
Balance, December 31, 2016 pre-consolidation	84,752,174	14,448,342
Share consolidation on basis of eight to one	10,594,022	-
Issued pursuant to Debt Settlement	4,101,347*	820,270
Issued pursuant to Offering	3,675,000	735,000
Share issue costs	-	(75,056)
Balance, December 31, 2017	18,370,369	15,928,556

**(rounded due to fractional shares)*

Stock options

The Company has established a Stock Option Plan (the "Plan") for directors, officers, employees and consultants. The number of common shares that are available for grants of options under the Plan shall not at any time exceed 10% of the number of outstanding common shares, calculated at the time of grant. Options granted under the Plan generally have a term of five years and vest on the date of the grant.

A summary of the continuity of the Company's stock options is as follows:

	September 30, 2018		**December 31, 2017**	
	Number of Shares Issuable	Weighted Average Exercise Price	Number of Shares Issuable	Weighted Average Exercise Price
		$		**$**
Options outstanding, beginning of period	175,625	1.00	175,625	1.00
Granted	1,752,000	0.25	-	-
Expired	(175,625)	1.00	-	-
Options outstanding and exercisable, end of period	1,752,000	0.25	175,625	1.00

On May 15, 2018 the Company granted 1,752,000 stock options with an exercise price of $0.25 per share, expiring in 5 years on May 14, 2023. The fair value of these stock options granted has been estimated using the *Black-Scholes Option Pricing Model* with the following assumptions: expected dividend yield of 0%; expected volatility of 210%; a risk-free interest rate of 2.32% and an expected average life of 5 years. The resultant charge of $421,447 has been charged to stock-based compensation expense and credited to share-based payment reserve.

(Expressed in Canadian dollars - unaudited)

6. SHARE-BASED PAYMENT RESERVE

The Company's share-based payment reserve is comprised of the following:

	$
Expired warrants	5,086,472
Expired stock options	1,784,707
Unexpired stock options	421,447
Balance, September 30, 2018	**7,292,626**

The share-based payment reserve records items recognized as stock-based compensation expense, the fair value of expired warrants associated with private placements and the fair value of agent's warrants. If the stock options are exercised prior to expiry, the corresponding amount will be transferred to share capital.

7. LOSS PER SHARE

Basic loss per share amounts are calculated by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year. The basic and diluted loss per share are the same since the Company reported a loss for the period and therefore the effect would be antidilutive.

	Sept 30, 2018	Sept 30, 2017
Net loss attributable to owners of the parent company	$ (970,377)	$ (219,199)
Weighted average number of ordinary shares outstanding	20,376,340	12,844,320
Basic and diluted loss per ordinary share	$ (0.06)	$ (0.03)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these condensed consolidated interim financial statements.

8. COMMITMENTS AND CONTINGENCIES

The Company has no operating lease commitments. The Company has capital commitments relating to its exploration and evaluation assets as outlined in Note 4.

(Expressed in Canadian dollars - unaudited)

9. RELATED PARTY TRANSACTIONS

Key management personnel compensation

	Nine months ended Sept 30	
	2018	**2017**
	$	**$**
Compensation of directors		
Short-term benefits	-	(16,000)
Share-based payments	142,190	-
	142,190	(16,000)
Compensation of key management personnel		
Short-term benefits	104,897	89,011
Share-based payments	173,520	-
	278,417	89,011
Total remuneration of directors and key management personnel	**420,607**	**73,011**

Related party transactions

The Company incurred the following transactions with management, directors, officers or companies which have directors in common, or in which the directors have significant influence and interests.

	Nine months ended Sept 30	
	2018	**2017**
	$	**$**
Exploration and evaluation asset transactions		
Geological consulting and other	-	-
Total exploration and evaluation asset transactions	-	-
Operating expense transactions		
Consulting, directors', administrative and management fees	27,959	17,600
General and administrative	4,741	7,500
	32,700	25,100
Total trading transactions with related parties	**32,700**	**25,100**

Related party balances

The following amounts due to related parties are included in trade and other payables:

	Sept 30, 2018	**December 31, 2017**
	$	**$**
Due to related parties	**36,838**	**50,549**

The amounts due to related parties represent amounts due to directors and officers or companies which have directors in common, or in which the directors have significant influence and interests. These amounts are included in trade and other payables and are unsecured, non-interest bearing and are due within twelve months.

(Expressed in Canadian dollars - unaudited)

10. SEGMENTED INFORMATION

The Company has one business segment being the exploration and evaluation of mineral resources. The Company is organized by geographic area and as such, its reportable operating segments are located in Canada, Namibia, Tanzania and South Africa.

Information regarding the Company's geographic segments is as follows:

As at September 30, 2018	**Canada**	**Namibia**	**South Africa**	**Tanzania**	**Total**
	$	**$**	**$**	**$**	**$**
Reclamation bonds	-	-	9,393	-	9,393
Plant and equipment	-	1,284	-	2,304	3,588
Exploration and evaluation assets	-	339,829	1,351,532	1,205,141	2,896,502
Total non-current assets	**-**	**341,113**	**1,360,925**	**1,207,445**	**2,909,483**

As at December 31, 2017	**Canada**	**Namibia**	**South Africa**	**Tanzania**	**Total**
	$	**$**	**$**	**$**	**$**
Reclamation bonds	-	-	9,393	-	9,393
Plant and equipment	-	-	-	5,725	5,725
Exploration and evaluation assets	-	-	1,345,924	1,152,253	2,498,177
Total non-current assets	**-**	**-**	**1,355,317**	**1,157,978**	**2,513,295**

11. NON-CASH TRANSACTIONS

During the nine months ended September 30, 2018, the following transactions were incurred that are not reflected in the statement of cash flows:

Shares and warrants issued for debt settlement	$75,738
Shares issued for finder's fees share issue costs	$16,704

During the nine months ended September 30, 2017, the following transaction was incurred that is not reflected in the statement of cash flows:

Shares issued for debt settlement	$820,270

12. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern, while supporting the Company's business and maximizing the return to its stakeholders. The Company's capital structure is adjusted based on management's decisions to issue debt or equity instruments to fund expenditures. In order to maximize ongoing exploration efforts, the Company does not pay dividends. The Company's Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business. The capital of the Company consists of equity attributable to owners of the parent comprised of share capital, stock options and warrants.

12. CAPITAL MANAGEMENT – *Continued*

The Company's principle assets are in the exploration and evaluation stage and, as a result, the Company currently has no source of operating cash flow. In order to facilitate the management of capital and exploration of its mineral properties, the Company needs to raise capital as and when required to complete its projects and for working capital. The sources of future funds presently available to the Company are through the issuance of new share capital, through the exercise of stock options and/or warrants or through borrowings from related parties.

The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions, as well as the business performance of the Company. There can be no assurances that the Company will be successful in its efforts to arrange additional financing, when required, on terms satisfactory to the Company.

Management prepares operating budgets to forecast its financing requirements in advance and they review their capital management approach on an ongoing basis and believes that this approach is reasonable, given the relative size of the Company. The Company's investment policy is to hold excess cash in interest-bearing accounts at high credit quality financial institutions to minimize risk and maximize liquidity. The Company's overall strategy remains unchanged from the prior period. The Company is not subject to any externally imposed capital requirements.

13. RISK MANAGEMENT

The Company operates in the mining industry and faces a number of risks that could adversely affect the Company's operations. These risks include industry risk, credit risk, liquidity risk, interest rate risk, foreign currency risk, commodity price risk. Management reviews and develops policies for managing each of these risks which are summarized below.

Industry Risk
The Company is engaged in the mineral exploration field, which is subject to inherent risks of success as well as compliance with environmental, political and regulatory requirements. The Company is potentially at risk for environmental reclamation obligations associated with resource property interests. As well, the Company operates in foreign countries and is subject to local political risks, as well as local regulatory requirements regarding ownership and maintenance of mineral licences. Management is of the opinion that they have the expertise to address these risks and makes all efforts to conduct their business in compliance with local industry standards, however environmental and local industry laws and practices are complex, and there is no certainty that all exposure to liability or costs have been mitigated.

Credit Risk
Credit risk is the risk of loss associated with a counter-party's ability to fulfill its payment obligations. The Company's primary exposure to credit risk is attributable to its cash and cash equivalents, as well as trade and other receivables. This risk relating to cash and cash equivalents is considered low since the Company only invests its cash in major banks which are high credit quality financial institutions. The other receivables primarily comprise local sales tax refunds due from governmental agencies and, as such, management considers the risk with their collection minimal. The cash and cash equivalents are invested in short-term investment certificates for periods less than 90 days and the trade and other receivables are due in less than 90 days.

13. RISK MANAGEMENT – *Continued*

Liquidity Risk

Liquidity risk arises through the excess of financial obligations due over available financial assets at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available cash in order to meet its liquidity requirements and to develop budgets to forecast cash requirements in advance of their requirements. The Company currently does not have a source of operating cash flow and must raise funds for its exploration and evaluation programs and for general working capital. There are risks associated with raising the funds required, and there can be no assurances that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. The Company's trade and other payables are generally due within 90 days, with all amounts due within twelve months.

Interest Rate Risk

Interest rate risk refers to the risk that the fair values of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk on its cash equivalents which represent excess cash invested in short-term investments and these accrue interest at variable market rates. The Company monitors these investments with its need for cash flow and is satisfied with the return on these investments, given the timing of the need for cash in the Company. The effect of interest rate changes on the Company is insignificant.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada, Namibia, South Africa and Tanzania and portions of its expenditures are incurred in US dollars, South African Rand and Tanzanian Shillings. The Company's presentation currency is the Canadian dollar, the Tanzanian subsidiaries' functional currency is the United States dollar and the South African and Namibian subsidiaries' functional currency is the Canadian dollar. At September 30, 2018 and 2017, the value of financial assets and liabilities denominated in currencies other than the functional currency of the entity to which they relate is not significant.

Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is the potential adverse impact on earnings and economic value of its exploration and evaluation assets, due to commodity price movements and volatilities. The Company monitors commodity prices (primarily lithium, phosphates and rare earth elements) to determine the appropriate course of action to be taken by the Company.