

**OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the period ended September 30, 2018

(Expressed in Canadian dollars)

(Unaudited – prepared by management)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements have been prepared by management.

The company's independent auditors have 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 auditors.

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Sept 30 2018 (unaudited)	Dec 31 2017 (audited)
Assets		
Current		
Cash and cash equivalents	\$ 833	\$ 13,987
Accounts receivable	11,947	13,410
Prepays	65,130	8,002
Current investments (Note 3)	40,233	65,167
BCMETC receivable	-	10,792
	118,143	111,358
Reclamation bonds (Note 11)	65,000	65,000
Property and equipment (Note 4)	9,224	11,898
Exploration and evaluation assets (Notes 5 and 10)	7,193,669	7,221,324
	\$7,386,036	\$7,409,580
Liabilities and Shareholders' Equity (Deficit)		
Current		
Accounts payable and accrued liabilities (Note 10)	\$ 581,776	\$ 434,648
Long term liabilities		
Decommissioning provision (Note 11)	359,087	279,551
Debenture payable (Note 6)	65,000	65,000
	7,798,628	7,280,430
	8,222,714	8,059,629
Shareholders' equity (deficit)		
Share capital (Note 7)	16,978,281	16,978,281
Equity component of convertible debenture	448,116	448,116
Contributed surplus (Note 7)	729,301	549,301
Accumulated other comprehensive income (Notes 3 and 15)	(16,364)	28,863
Deficit	(19,557,789)	(18,654,610)
	(1,418,455)	(650,049)
	\$7,386,036	\$7,409,580

Nature and continuance of operations (Note 1)
Commitments and contingencies (Note 11)

On behalf of the Board:

"Tom MacNeill" Director
Mr. Tom MacNeill (Signed)

"Andrew Davidson" Director
Mr. Andrew Davidson (Signed)

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

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
Expenses				
Administration costs	\$ 59,699	\$ 40,937	\$ 169,920	\$ 90,747
Professional fees (Note 11)	-	639	15,685	13,815
Public company costs	1,595	1,560	12,692	12,352
Trade shows, travel and promotion	-	10,000	-	33,283
Loss before other expenses	61,294	53,136	198,297	150,197
Other expenses				
Depreciation	891	1,263	2,674	3,790
Share-based payments (Note 8)	-	-	180,000	1,269
Write down of exploration and evaluation assets	176,262	162,474	518,199	477,665
Loss before other items	(238,447)	(216,873)	(899,170)	(632,921)
Other items				
Investment income	-	-	-	23
Option proceeds in excess of carrying value	-	-	-	-
Other income	-	-	-	-
(Loss) gain on sale of investments	(4,009)	-	(4,009)	1,280
Loss for the period	(242,456)	(216,873)	(903,179)	(631,618)
Other comprehensive loss				
Unrealized loss on investments	(10,993)	(16,145)	(45,227)	(48,685)
Comprehensive loss for the period	\$(253,449)	\$(233,018)	\$(948,406)	\$(680,303)
Earnings per share – basic and diluted (Note 10)	\$(0.00)	\$(0.00)	\$(0.01)	\$(0.01)
Weighted average number of shares – basic and diluted (Note 10)	73,894,386	73,894,386	73,894,386	73,894,386

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

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHARHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian dollars)

	Share Shares	Capital Amount	Equity component of convertible debenture	Contributed surplus Share-based payments	Warrant reserve	Accumulated Other Comprehensive Income (loss)	Deficit	Total
Balance, January 1, 2017	73,894,386	\$16,978,281	\$448,116	\$534,482	\$13,550	\$32,097	\$(17,772,070)	\$234,456
Share-based payments	-	-	-	1,269	-	-	-	1,269
Other comprehensive income for the year	-	-	-	-	-	(48,685)	-	(48,685)
Loss for the year	-	-	-	-	-	-	(631,618)	(631,618)
Balance, September 30, 2017	73,894,386	16,978,281	448,116	535,751	13,550	(16,588)	(18,403,688)	(444,578)
Balance, January 1, 2018	73,894,386	16,978,281	448,116	535,751	13,550	28,863	(18,654,610)	(650,049)
Share-based payments	-	-	-	180,000	-	-	-	180,000
Other comprehensive loss for the year	-	-	-	-	-	(45,227)	-	(45,227)
Loss for the year	-	-	-	-	-	-	(903,179)	(903,179)
Balance, September 30, 2018	73,894,386	\$16,978,281	\$448,116	\$715,751	\$13,550	\$ (16,364)	\$(19,557,789)	\$ (1,418,455)

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

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

For the nine months ended September 30,	2018	2017
Cash flows from operating activities		
Loss for the period	\$(903,179)	\$(631,618)
Adjustment for:		
Depreciation	2,674	3,790
Loss (gain) on sale of investments	4,009	(1,280)
Share-based payments	180,000	1,269
Write-down of exploration and evaluation assets	518,199	477,664
	(198,297)	(150,175)
 Changes in non-cash working capital items		
(Increase) decrease in accounts receivable	12,255	(180)
Increase in prepaids	(57,128)	(3,665)
Increase in accounts payable and accrued liabilities and long-term liabilities	211,805	128,846
	(31,365)	(25,174)
 Cash flows from investing activities		
Proceeds from sale of investments	4,448	3,620
Proceeds from option agreement	20,000	-
Exploration and evaluation expenditures	(6,237)	(9,956)
	18,211	(6,336)
 Decrease in cash and cash equivalents	(13,154)	(31,510)
Cash and cash equivalents, beginning of period	13,987	46,976
Cash and cash equivalents, end of period	\$ 833	\$ 15,466
 Cash and cash equivalents comprise:		
Bank deposits	\$ 833	\$ 15,466
Term deposits	-	-
	\$ 833	\$ 15,466

The Company made no cash payments for income taxes
The Company (paid) received cash payments of (\$1,657) (2017 - \$23) for interest in the year.
See Note 14 Supplemental Cash Flow Information

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

September 30, 2018 and 2017

1. Nature and Continuance of Operations

Omineca Mining and Metals Ltd. (the "Company", "OMM") was incorporated on March 15, 2011, pursuant to the Alberta Business Corporation Act (Alberta), and is extra-provincially registered in the Yukon and British Columbia. The Company is a junior resource company holding properties in British Columbia and the Yukon for the purpose of exploring for, and the development of mineral resources. As the Company has not commenced production on any of its mining properties the Company is an exploration stage company. The ultimate parent company is 49 North Resources Inc., who owns 59.9% of the share capital of the Company and is the ultimate controlling party.

The Company's corporate office and principal place of business is Suite 602, 224-4th Avenue South, Saskatoon, Saskatchewan, Canada.

Management believes the Company will realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company's ability to continue as a going concern is dependent upon its ability in the future to achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. These uncertainties cast a substantial doubt regarding the Company's ability to continue as a going concern. External financing, predominantly by the issuance of equity to the public, will be sought to finance the operations of the Company. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

2. Significant accounting policies

(a) Statement of Compliance

These unaudited condensed consolidated interim financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not include all the information required for full annual financial statements 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"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2017.

These unaudited condensed consolidated interim financial statements were authorized for issue by the Company's Board of Directors on November 14, 2018.

(b) Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss ("FVTPL") and available-for-sale ("AFS") which are stated at their fair value. In addition, these unaudited condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

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

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

September 30, 2018 and 2017

2. Basis of Preparation - continued

(c) New accounting pronouncements

Certain new accounting standards and interpretations have been published that are mandatory for the December 31, 2018 reporting period. There was no significant impact to the audited consolidated financial statements as a result of adopting these amendments effective January 1, 2018.

IFRS 9 – Financial instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The application of this standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Revenue from contracts with customers

IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. The application of this standard is effective for annual periods beginning on or after January 1, 2018.

Certain new accounting standards and interpretations have been published that are not mandatory for the December 31, 2017 reporting period. The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the new standards:

IFRS 16 – Leases

The new standard recognizes most leases for lessees under a single model, eliminating the distinction between operating and finance leases. The application of this standard is effective for annual periods beginning on or after January 1, 2019.

3. Current Investments

The Company holds securities that have been designated as available-for-sale as follows:

	September 30, 2018		December 31, 2017	
	Market Value	Cost	Market Value	Cost
Current:				
Common shares in public companies	\$ 40,233	\$ 56,597	\$ 65,167	\$ 36,304

For securities traded in an active market, market value is based on the quoted closing bid prices of the securities at September 30, 2018 and December 31, 2017. The fair value of these securities may differ from the quoted trading price due to the effect of market fluctuations and adjustment for quantities traded. Cost is calculated using the quoted closing bid price on the date of receipt of the securities.

The company sold securities during the period, receiving proceeds of \$4,448 (2017 - \$3,620) with resultant gains (losses) on sales recorded of (\$4,009) (2017 -\$1,280).

The Company recorded other comprehensive gain (loss) of (\$45,227) (2017 - (\$22,920)) in the period, resulting in accumulated other comprehensive income of (\$16,364) (2017 - \$9,177) at September 30, 2018.

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

September 30, 2018 and 2017

4. Property and Equipment

Cost	Excavation Equipment	Furniture Fixtures & Equipment	Vehicles	Total
Balance at January 1, 2017, December 31, 2017 and September 30, 2018	\$167,434	\$1,473	\$17,850	\$187,284
Accumulated Depreciation				
Balance at January 1, 2017	\$152,149	\$1,145	\$16,512	\$170,333
Depreciation	4,585	64	404	5,053
Balance at December 31, 2017	156,734	1,209	16,916	175,386
Depreciation	2,423	40	211	2,674
Balance at September 30, 2018	\$159,157	\$1,249	\$17,127	\$177,533
Carrying Value				
At December 31, 2017	\$ 10,700	\$ 264	\$ 934	\$ 11,898
At September 30, 2018	\$ 8,277	\$ 224	\$ 723	\$ 9,224

5. Exploration and Evaluation Assets

The Company has classified its exploration and evaluation properties into two geographical locations, namely British Columbia and the Yukon. The following is a summary of the properties:

	<u>British Columbia</u>			<u>Yukon</u>	<u>Total</u>
	<u>Abo</u>	<u>Fraser Canyon</u>	<u>Wingdam</u>	<u>Kiwi</u>	
January 1, 2017	\$1	\$10,334	\$7,024,239	\$176,795	\$7,211,369
Exploration costs	-	175	9,780	-	9,955
Accretion & interest	-	-	643,482	-	643,482
Write-down of exploration and evaluation assets	-	-	(643,482)	-	(643,482)
December 31, 2017	1	10,509	7,034,019	176,795	7,221,324
Acquisition costs	-	-	14,758	-	14,758
Exploration costs	-	-	6,337	-	6,337
Accretion & interest	-	-	518,199	-	518,199
Option payments	-	-	-	(48,750)	(48,750)
Write-down of exploration and evaluation assets	-	-	(518,199)	-	(518,199)
September 30, 2018	\$1	\$10,509	\$7,055,114	\$128,045	\$7,193,669

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

September 30, 2018 and 2017

5. Exploration and Evaluation Assets - continued

The following is a summary of exploration and evaluation expenditures for the six month period ending September 30, 2018 and 2017:

2018	Wingdam	Fraser Canyon	Total
Tenure & permits	\$ 14,758	\$ -	\$ 14,758
	\$ 14,758	\$ -	\$ 14,758

2017	Wingdam	Fraser Canyon	Total
Tenure & permits	\$ 9,780	\$ 175	\$ 9,955
	\$ 9,780	\$ 175	\$ 9,955

Fraser

As at September 30, 2018, the Company has executed option agreements with third parties on the following projects:

BC Projects

Abo (Harrison) Project

The 2,427 ha property, consisting of 11 claim units, is situated north of Harrison Hot Springs, B.C. One claim, Hot 4, is subject to a 2% NSR.

On November 17, 2011, the Company completed an option agreement whereby Sierra Madre Developments Inc. ("Sierra") can earn a 100% interest in the property by making exploration expenditures of \$3,000,000 and completing payments of 1,333,334 post-consolidated shares and \$1,000,000 cash over a five year period. The property is subject to a 2% Net Smelter Return Royalty payable to the Company. Sierra has the right to purchase 1% of the Royalty at any time for the sum of \$1,000,000 in cash.

On May 21, 2015, the Company and Sierra amended the option agreement agreeing to extend the share payment and expenditure due dates for a period of one year and to reduce the total expenditure requirements to \$2,000,000; and by amending the terms of the cash payments such that \$400,000 may be made in shares of Sierra and the balance of \$500,000 paid in instalments by way of an Advanced Preferred Royalty. In consideration, Sierra agrees to issue an additional 1,500,000 shares.

On February 20, 2017, the Company and Sierra further amended the option agreement on the Abo property changing the definition of "Triggering Event", adding Bear Mountain Gold Mines Ltd. to the agreement as a third party and amending the option payments schedule. As consideration, Sierra agreed to issue an additional 500,000 shares to the Company. Payments are now due as follows:

Cash Payments	Share Payments	Exploration Expenditures	Due Date
\$ 25,000	-	\$ -	On execution date (received)
25,000	66,667	-	December 5, 2011 (received)
50,000	100,000	-	December 5, 2012 (received)
		50,000	December 31, 2017 (not completed)
-	666,666	100,000	December 31, 2018
-	500,000	100,000	December 31, 2019
400,000	2,000,000	1,750,000	December 31, 2020
500,000			Preferred Advance Royalty payments
\$ 1,000,000	3,333,333	\$ 2,000,000	

September 30, 2018 and 2017

5. Exploration and Evaluation Assets - continued

Wingdam Project

CVG entered into an option agreement to acquire a 100% interest in certain placer claims and mineral leases (the "Wingdam Project") in the province of British Columbia. As part of the option agreement, CVG paid \$2,500,000 and consequently owns 100% of the mineral rights on property, subject to a 1% net smelter royalty payable to the vendor. CVG has the ability to acquire the rights to the net smelter royalties from the vendor at any time for an amount of \$1,000,000.

The Wingdam project is currently permitted under a BC Ministry of Natural Resource Operations permit and a BC Ministry of Environment Effluent Discharge permit, and has been under care and maintenance since September 25, 2012. On January 21, 2015 the Company received an amendment to its Wingdam Project Mines Act permit from the BC Ministry Of Energy and Mines.

Fraser Canyon Project

CVG entered into an option agreement to acquire a 100% interest in certain placer claims and mineral leases (the "Fraser Canyon Project") in the province of British Columbia. As part of the option agreement, CVG paid \$30,000 and consequently owns 100% of the mineral rights of the property, subject to a 2.5% net smelter royalty payable to the vendor. CVG has the ability to acquire the rights to the net smelter royalties from the vendor at any time for an amount of \$250,000.

As at December 31, 2015, the Company had written down the project as no work is planned in the near future and, per IFRS 6, this fact indicates there is impairment in the project value.

Yukon Projects

Kiwi Project

On February 15, 2013, the Company and HFX Holding Corp. ("HFX") entered into a letter agreement whereby HFX may earn a 100% interest in the Kiwi Gold Property, located in central Yukon. Under the terms of the agreement, HFX has the option to earn a 100% interest in the property by making \$320,000 in cash payments and issuing 800,000 common shares to Omineca over 6 years. Omineca will maintain a 2% Net Smelter Royalty on the claims, which may be reduced to 1% upon payment of \$1,000,000. On July 11, 2015, the Company and HFX amended the option agreement agreeing to amend the terms of the cash payments such that in lieu of the \$40,000 due July 12, 2015, HFX will issue 100,000 shares due March 1, 2016 (received). On July 11, 2016, the Company and HFX further amended the option agreement agreeing to amend the terms of the cash payments such that in lieu of the \$50,000 due July 12, 2016, HFX will issue 100,000 shares due November 14, 2016 (received). On July 11, 2017, the Company and HFX further amended the agreement to change the payment schedule. Payments are due as follows:

Cash Payments	Share Payments	<u>Due Date</u>
\$ 30,000	50,000	July 12, 2013 (received)
-	100,000	July 12, 2014 (received)
-	100,000	July 12, 2015 (received)
-	100,000	March 1, 2016 (received)
-	250,000	November 14, 2016 (received)
20,000	250,000	December 31, 2017 (received)
75,000	250,000	July 12, 2018
75,000	-	July 12, 2019
<u>\$ 200,000</u>	<u>1,100,000</u>	

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

September 30, 2018 and 2017

6. Convertible Debenture

The Company has a convertible debenture with 49 North Resources Inc. The debenture was amended on September 19, 2016 extending the maturity by three years to October 1, 2021 (previously October 1, 2018). Under the Amended Debenture, 49 North can convert the principal amount into common shares of Omineca at a conversion price of \$0.20 per common share prior to October 1, 2017; \$0.50 per common share on or after October 1, 2017 but prior to October 1, 2018; and \$0.75 per common share on or after October 1, 2018 (previously \$1.25 after October 1, 2015). The debenture bears interest of 8% per annum, calculated and compounded monthly and is payable upon maturity at October 1, 2021. Accrued interest on the Amended Debenture is also convertible at a conversion price equal to the greater of the minimum price per common share permitted by the TSXV and the prevailing conversion price applicable to the principal amount at the time of conversion.

The change in terms of the debt resulted in less than a 10% change in cash flows, therefore it is considered a modification of the original debt, rather than an extinguishment of the old debt and the recognition of a new debt.

Payments against principal and interest shall be payable in the event ore sales are generated. The Company's wholly owned subsidiary, CVG Mining Ltd., has guaranteed the debenture and grants to 49 North Resources Inc. a fixed and specific first ranking mortgage, assignment and charge in the Wingdam property.

The convertible debenture has been classified into its separate debenture liability and equity portions in the Company's consolidated financial statements by the fair value method using an effective interest of 9.76% when valuing the liability first. This resulted in an initial amount of \$5,019,984 being allocated to the liability portion and \$303,244 being allocated to the equity portion. The carrying value of the debenture will be accreted up to its face value over the term to maturity.

	September 30 2018	December 31 2017
Original face value of convertible debenture	\$5,400,000	\$5,400,000
Less: equity portion of convertible debenture	(144,872)	(144,872)
Add: accretion	68,100	68,100
Carrying amount of convertible debenture at amendment date	5,323,228	5,323,228
Less: equity portion of amended convertible debenture	(303,244)	(303,244)
Add: accretion	133,477	82,284
Add: accrued interest	2,645,167	2,178,162
	\$7,798,628	\$7,280,430

7. Equity Instruments

a) Authorized

Unlimited number of common shares without nominal or par value.

Unlimited number of first and second preference shares without nominal or par value, with the rights, privileges and conditions thereof determined by the directors of the Company at the time of issuance.

b) Issued and outstanding

At September 30, 2018, there were 73,894,386 (December 31, 2017 – 73,894,386) shares issued and outstanding. All escrowed shares were released as of December 31, 2016.

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

September 30, 2018 and 2017

7. Equity Instruments - continued

c) Stock Option Plan

The Company has a stock option plan for employees, directors, officers and consultants. Stock options can be issued up to a maximum number of common shares equal to 10% of the issued and outstanding common shares of the Company. The exercise price and vesting period of options granted is not less than the market price of the common shares traded less the available discount under TSX Venture Exchange Inc. policies, and is determined by the Board of Directors. Options granted can have a term of up to 10 years.

As at September 30, 2018 and December 31, 2017, the Company has the following stock options outstanding:

Total issued and outstanding	Number of Options	Exercise Price per Share Range	Weighted Average Exercise Price	Weighted Average Remaining Life
Balance, January 1, 2017	6,790,000	\$0.10 - \$0.20	\$0.14	3.00 years
Cancelled	(2,250,000)	(\$0.20)	(\$0.20)	
Cancelled	(1,970,000)	(\$0.10)	(\$0.10)	
Balance, December 31, 2017	2,570,000	\$0.10 - \$0.20	\$0.13	1.59 years
Granted	4,000,000	\$0.05		
Balance, September 30, 2018	6,570,000	\$0.05 - \$0.20	\$0.08	6.19 years

As at September 30, 2018, the following table summarizes information about stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date	Number of Options Currently Exercisable	Weighted Average Exercise Price of Options Currently Exercisable
1,845,000	\$ 0.10	November 8, 2018	1,845,000	\$ 0.10
725,000	\$ 0.20	June 15, 2021	725,000	\$ 0.20
4,000,000	\$0.05	May 15, 2028	4,000,000	\$ 0.05
6,570,000			6,570,000	\$ 0.08

(d) Compensation expense for share options

During the period ended September 30, 2018 \$180,000 (2017, \$1,269) was recorded as share-based payments for options granted and vested in the year. Share-based payments are determined based on the estimated fair value of the options at the grant dates and amortized over the vesting period.

On May 15, 2018, the board of directors of the Corporation approved the grant of 4,000,000 stock options pursuant to the Option Plan. 2,000,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. The options are exercisable at \$0.05 per share, vest immediately and, if not exercised, expire May 15, 2028, subject to earlier expiration in accordance with the Option Plan and applicable policies of the TSX-V.

The value of options issued on May 15, 2018, using the Black-Scholes option pricing model, was \$180,000 (\$0.045 per option) which was allocated to the share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of 2.35%, expected life of 10 years, annualized volatility 225.13% and dividend rate of nil.

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

September 30, 2018 and 2017

7. Equity Instruments - continued

(e) Warrants outstanding

As at September 30, 2018, the Company has the following warrants outstanding:

Total issued and outstanding	Number of Warrants	Exercise Price per Share Range	Weighted Average Remaining Life
Balance, January 1, 2017 and December 31, 2017	4,305,000	\$0.10	0.21 years
Expired	(1,355,000)	\$0.10	
Expired	(2,950,000)	\$0.10	
Balance, September 30, 2018	-	-	

8. Income Taxes

As of December 31, 2017, the Company has unrecognized deferred tax liabilities of \$194,000 (2016 - \$187,000) due to temporary differences arising on the initial recognition of the acquisition of all of the issued and outstanding common shares of CVG.

As of December 31, 2017 and 2016, subject to confirmation by income tax authorities, the Company has approximately the following available tax pools, deductible from future income at rates prescribed by the Canadian Income Tax Act:

	2017	2016
Non-capital losses carried forward	\$ 3,379,346	\$ 3,358,325
Cumulative Canadian exploration and development expenses	8,001,935	7,402,484
	<u>\$ 11,381,281</u>	<u>\$ 10,760,809</u>

At December 31, 2017 there are non-capital tax losses of \$3,379,346 (2016 - \$3,358,325) available for carry-forward to reduce future years' taxable income that will expire as follows:

2029	\$ 11,296
2030	653,558
2031	485,759
2032	558,360
2033	406,351
2034	410,915
2035	345,450
2036	269,044
2037	238,613
	<u>\$ 3,379,346</u>

9. Per Share Amounts

The calculation of per share amounts are based on the weighted average number of shares outstanding during the period ended September 30, 2018 of 73,894,386 (2017 - 73,894,386) shares.

The net effect of applying the treasury-stock method to the weighted average number of shares outstanding has an anti-dilutive effect for the period ended September 30, 2018 and 2017.

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

September 30, 2018 and 2017

10. Related Party Transactions

The Company was involved in the following related party transactions during the period:

- (a) The Company has a convertible debenture with accrued interest with 49 North Resources Inc. During the period ended September 30, 2018 the Company accrued \$467,006 (2017 - \$284,602) in interest expense and \$51,193 (2017 - \$30,589) in accretion expense. These amounts have been capitalized as part of exploration and evaluation assets.
- (b) The Company was related to Eagle Plains Resources Ltd. ("EPL") and Terralogic Exploration Inc. ("TL") through common directors. During the period, the Company had the following transactions with the related companies:

	2018	2017
Administrative services provided by EPL and TL	\$ -	\$ 7,041
Investor relations services provided by EPL	-	8,217

At September 30, 2018, \$148,390 (December 31, 2017 - \$149,123) is included in accounts payable and accrued liabilities.

- (c) Included in share capital and professional fees is an aggregate \$nil (2017 - \$nil) paid or accrued for legal fees to a law firm of which one of the directors, Darren Fach, is a partner. At September 30, 2018, \$5,610 (December 31, 2017 - \$5,610) is included in accounts payable and accrued liabilities.

Compensation to key management personnel in the period and prior period:

	2018	2017
Professional fees	\$ -	\$ 5,250
Consulting and management fees	90,000	26,250
Share based compensations	90,000	-
	\$ 150,000	\$ 31,500

- (d) Included in professional fees is \$nil (2017 - \$5,250) paid or accrued for accounting services to a former officer of the Company. At September 30, 2018, \$40,701 (December 31, 2017 - \$40,701) is included in accounts payable and accrued liabilities.
- (e) Included in administration costs is \$10,000 (2016 - \$30,000) paid or accrued for management services to a company owned by a former director and former officer of the Company. At September 30, 2018, \$57,750 (2017 - \$47,250) is included in accounts payable and accrued liabilities.
- (f) Included in administration costs is \$nil (2016 - \$5,250) paid or accrued for consulting fees to a former director and former officer of the Company. At September 30, 2018, \$25,166 (At December 31, 2017, \$25,166) is included in accounts payable and accrued liabilities.
- (g) Included in exploration and evaluation assets is \$nil (2017 - \$nil) paid or accrued for consulting fees to a former director of the Company. These amounts were related to the Wingdam project and have been capitalized as part of exploration and evaluation assets. At September 30, 2018, \$6,787 (December 31, 2017, \$6,787) is included in accounts payable and accrued liabilities.
- (h) Included in administration costs is \$nil (2017 - \$nil) paid or accrued for consulting fees to a company with a common parent company. At September 30, 2018, \$24,100 (December 31, 2017, \$24,100) is included in accounts payable and accrued liabilities.
- (i) Included in administration costs is \$45,000 (2017 - \$nil) paid or accrued for consulting fees to a director and officer of the Company. At September 30, 2018, \$94,500 (December 31, 2017, \$36,750) is included in accounts payable and accrued liabilities.

September 30, 2018 and 2017

10. Related Party Transactions - continued

- (j) Included in administration costs is \$45,000 (2017 - \$nil) paid or accrued for consulting fees to a director and officer of the Company. At September 30, 2018, \$94,500 (December 31, 2017, \$36,750) is included in accounts payable and accrued liabilities.

All related party transactions in the normal course of business have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties.

11. Commitments and Contingencies

The Company has \$65,000 (2017 - \$65,000) held as project reclamation deposits in favor of regulatory authorities. The amount of the deposit is determined at the time the exploration program is planned and a notice of work is submitted to the regulatory authority. If the work is more extensive than previously planned, the amount of the deposit will be increased. When reclamation work is completed on a project to the satisfaction of the regulatory authority, the deposit is released to the Company.

The Company has \$nil (December 31, 2017 – \$nil) in term deposits with a Canadian financial institution for the guarantee of business credit cards. These term deposits are cashable on demand, as long as credit cards are cancelled.

The Company has agreed to indemnify directors and officers under the bylaws of the Company to the extent permitted by law. The nature of the indemnifications prevent the Company from making a reasonable estimate of the maximum potential amount it could be required to pay to beneficiaries of such an indemnification agreement. The Company has purchased various insurance policies to reduce the risks association with such indemnification.

12. Financial Instruments

For disclosure purposes, all financial instruments measured at fair value are categorized into one of three hierarchy levels, described below. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

September 30, 2018 and 2017

12. Financial Instruments - continued

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy.

September 30, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 833	\$ -	\$ -	\$ 833
Investments	\$ 40,233	\$ -	\$ -	\$ 40,233

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 13,987	\$ -	\$ -	\$ 13,987
Investments	\$ 65,167	\$ -	\$ -	\$ 65,167

The Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to concentration risk, credit risk, currency risk, price risk, commodity price risk and liquidity risk. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

a) Concentration risk

At September 30, 2018, all of the Company's cash and cash equivalents were held at two recognized Canadian national financial institutions. As a result, the Company was exposed to all of the risks associated with those institutions. Concentration risk also exists in marketable securities (investments) because the Company's investments are primarily in shares of junior resource companies involved in gold exploration.

b) Credit risk

The Company is exposed to credit risk, which is the risk that a customer or counterparty will fail to perform an obligation or settle a liability, resulting in financial loss to the Company. The Company manages exposure to credit risk by adopting credit risk guidelines that limit transactions according to counterparty credit worthiness. The maximum credit exposure associated with accounts receivable is the carrying value.

c) Currency risk

Currency risk is the risk to the Company's operations that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. As at September 30, 2018, the Company has no monetary assets or liabilities in foreign currencies.

d) Price risk

The Company's investments designated as available-for-sale are traded on the TSX Venture Exchange. A 1% change in the quoted share price would change the fair value of the investments by approximately \$402. The change would be recorded in Accumulated Other Comprehensive Income or Loss.

e) Commodity price risk

The value of the Company's exploration and evaluation resource properties is related to the price of various commodities and the outlook for them. Commodity prices have historically fluctuated widely and are affected by numerous factors outside of the Company's control, including, but not limited to, industrial retail demand, central bank lending, forward sales by producers and speculators, level of worldwide production and short-term changes in supply and demand.

OMINECA MINING AND METALS LTD.
(An Exploration Stage Corporation)
Notes to Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

September 30, 2018 and 2017

12. Financial Instruments - continued

f) Liquidity risk

Currently the Company's capital is not sufficient to meet long term business requirements when taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. Future operations or exploration programs will require additional financing primarily through equity markets, or through joint venture partnerships.

13. Supplemental Cash Flow Information

Non-cash investing activities:

Included in exploration and evaluation assets is \$184,185 (September 30, 2017 - \$172,263) in accounts payable and accrued liabilities.

At September 30, 2018, the Company held \$nil (September 30, 2017 - \$nil) in term deposits held for the guarantee of business credit cards (Note 11). All of these investments were cashable before maturity and have been treated as cash equivalents.

14. Capital Management

The Company includes cash and cash equivalents and equity, comprising of issued common shares, equity component of convertible debenture, contributed surplus, accumulated other comprehensive income and deficit, in the definition of capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the period ended September 30, 2018 and 2017. The Company is not subject to externally imposed capital requirements.

15. Accumulated Other Comprehensive Income

No deferred income tax asset has been recorded as a result of the accumulated other comprehensive income. The balance of accumulated other comprehensive income is entirely comprised of unrealized gains and losses on available-for-sale investments.