

BANKERS COBALT CORP.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Nine months ended September 30, 2018 and 2017
(Expressed in United States Dollars, unless otherwise noted)

BANKERS COBALT CORP.

(the “Company”)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Nine months ended September 30, 2018 and 2017

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The management of Bankers Cobalt Corp. is responsible for the preparation of the accompanying unaudited condensed consolidated interim financial statements. The unaudited condensed consolidated interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 - Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed consolidated interim 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.

November 28, 2018

Bankers Cobalt Corp.
Condensed Consolidated Interim Statements of Financial Position
(Unaudited - expressed in United States dollars unless otherwise noted)

| | Notes | September 30, 2018 | December 31, 2017 |
|---|-------|----------------------|----------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash | | \$ 66,618 | \$ 4,292,841 |
| Accounts receivable | | 102,527 | 58,943 |
| Prepaid expenses and deposits | 4 | 67,824 | 313,008 |
| | | 236,969 | 4,664,792 |
| Non-current assets | | | |
| Property, plant and equipment | 5 | 178,509 | 201,380 |
| Exploration and evaluation assets | 6 | 11,648,155 | 6,698,577 |
| TOTAL ASSETS | | \$ 12,063,633 | \$ 11,564,749 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade payables and accrued liabilities | 7 | \$ 1,589,748 | \$ 1,050,069 |
| Loan from related party | 8 | 78,837 | - |
| TOTAL LIABILITIES | | 1,668,585 | 1,050,069 |
| SHAREHOLDERS' EQUITY | | | |
| Share capital | 9 | 15,492,671 | 13,949,951 |
| Shares to be issued | 8,9 | 27,064 | - |
| Reserves | 9 | 6,447,723 | 6,230,469 |
| Accumulated other comprehensive income | | 22,378 | 100,499 |
| Deficit | | (11,594,788) | (9,766,239) |
| SHAREHOLDERS' EQUITY | | 10,395,048 | 10,514,680 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | \$ 12,063,633 | \$ 11,564,749 |

Nature of Operations and going concern (Note 1)
Subsequent events (Note 13)

On behalf of the Board of Directors:

“Stephen Barley” Director

“Peter Dickie” Director

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

Bankers Cobalt Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - expressed in United States dollars unless otherwise noted)

| | Three months ended September 30, 2018 | Three months ended September 30, 2017 | Nine months ended September 30, 2018 | Nine months ended September 30, 2017 |
|---|---|---|--|--|
| Expenses | | | | |
| Filing fees | \$ 9,206 | \$ 5,213 | \$ 77,201 | \$ 5,213 |
| Investor relations | 18,640 | 6,848 | 346,383 | 6,848 |
| Management and consulting fees | 147,569 | 267,038 | 807,427 | 334,582 |
| Office and sundry | 14,589 | 7,599 | 35,657 | 9,063 |
| Professional fees | (21,255) | 81,258 | 219,499 | 134,233 |
| Project generation | - | 6,379 | - | 40,941 |
| Rent | 1,152 | - | 2,913 | 749 |
| Share-based payments | 23,376 | - | 156,025 | - |
| Travel and accommodation | 28,101 | 32,500 | 193,976 | 32,500 |
| Total expenses | (221,378) | (406,835) | (1,839,081) | (564,129) |
| Other income (expense) | | | | |
| Recovery of listing expense | 16,613 | - | 16,613 | - |
| Foreign exchange gain (loss) | (1,285) | 3,809 | (6,081) | 12,291 |
| Net loss | (206,050) | (403,026) | (1,828,549) | (551,838) |
| Other comprehensive income (loss) | | | | |
| Exchange difference on translation | (57,564) | 3,365 | (78,121) | 3,044 |
| Total comprehensive loss | \$ (263,614) | \$ (399,661) | \$ (1,906,670) | \$ (548,794) |
| Basic and diluted loss per share | \$ (0.00) | \$ (0.01) | \$ (0.02) | \$ (0.03) |
| Weighted average number of common shares outstanding | 106,792,648 | 48,839,967 | 99,389,415 | 21,989,293 |

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

Bankers Cobalt Corp.
Condensed Consolidated Interim Statement of Changes in Shareholders' Equity
(Unaudited - expressed in United States dollars unless otherwise noted)

| | Notes | Share Capital | | Subscriptions received | Shares to be issued | Reserves | Accumulated other comprehensive income | Deficit | Total |
|--|-------|--------------------|----------------------|------------------------|---------------------|---------------------|--|------------------------|---------------------|
| | | Number of shares | Amount | | | | | | |
| Balance at December 31, 2016 | | 1 | \$ - | \$ 264,393 | \$ - | \$ - | \$ 122 | \$ (17,270) | \$ 247,245 |
| Private placements | | 38,637,327 | 2,670,687 | (264,393) | - | 373,674 | - | - | 2,779,968 |
| Share issuance costs | | - | (103,177) | - | - | 26,282 | - | - | (76,895) |
| Common shares issued for property | | 18,000,000 | 1,190,606 | - | - | - | - | - | 1,190,606 |
| Return to treasury | | (1) | - | - | - | - | - | - | - |
| Exchange difference on translation | | - | - | - | - | - | (3,166) | - | (3,166) |
| Net loss for the period | | - | - | - | - | - | - | (551,838) | (551,838) |
| Balance at September 30, 2017 | | 56,637,327 | \$ 3,758,116 | \$ - | \$ - | \$ 399,956 | \$ (3,044) | \$ (569,108) | \$ 3,585,920 |
| Balance at December 31, 2017 | | 93,934,878 | \$ 13,949,951 | \$ - | \$ - | \$ 6,230,469 | \$ 100,499 | \$ (9,766,239) | \$10,514,680 |
| Private placements | 9 | 11,580,303 | 1,145,340 | - | - | 145,690 | - | - | 1,291,030 |
| Share issuance costs | | - | (46,120) | - | - | (6,020) | - | - | (52,140) |
| Bonus shares | 9 | 850,000 | 302,431 | - | - | - | - | - | 302,431 |
| Common shares for exercise of options | 9 | 100,000 | 18,332 | - | - | - | - | - | 18,332 |
| Reallocation of fair market value of stock options exercised | | - | 54,372 | - | - | (54,372) | - | - | - |
| Common shares for exercise of warrants | 9 | 327,467 | 45,741 | - | - | - | - | - | 45,741 |
| Reallocation of fair market value of warrants exercised | | - | 22,624 | - | - | (22,624) | - | - | - |
| Shares to be issued | 8,9 | - | - | - | 27,064 | - | - | - | 27,064 |
| Exchange difference on translation | | - | - | - | - | - | (78,121) | - | (78,121) |
| Share-based payments | 9 | - | - | - | - | 154,580 | - | - | 154,580 |
| Net loss for the period | | - | - | - | - | - | - | (1,828,549) | (1,828,549) |
| Balance at September 30, 2018 | | 106,792,648 | \$ 15,492,671 | \$ - | \$ 27,064 | \$ 6,447,723 | \$ 22,378 | \$ (11,594,788) | \$10,395,048 |

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

Bankers Cobalt Corp.
Condensed Consolidated Interim Statement of Cash Flows
(Unaudited - expressed in United States dollars unless otherwise noted)

| | Nine months ended September 30, 2018 | Nine months ended September 30, 2017 |
|---|---|---|
| Operating activities | | |
| Net loss | \$ (1,828,549) | \$ (551,838) |
| Items not affecting cash | | |
| Share-based payments | 156,025 | - |
| Interest on loan | 5,539 | - |
| Bonus shares | 302,431 | - |
| Changes in non-cash working capital items: | | |
| Accounts receivable | (43,585) | (59,153) |
| Prepaid expenses and deposits | 242,262 | (67,570) |
| Trade payables and accrued liabilities | (9,228) | 16,795 |
| Net cash outflow from operating activities | (1,175,105) | (661,766) |
| Investing activities | | |
| Advances to Lockwood Financial Ltd. | - | (28,500) |
| Capital assets purchased | (114,294) | (98,200) |
| Proceeds on disposal of assets | 35,640 | - |
| Exploration and evaluation assets | (4,296,223) | (1,088,037) |
| Net cash outflow from investing activities | (4,374,877) | (1,214,737) |
| Financing activities | | |
| Issuance of common shares | 1,302,588 | 2,703,033 |
| Loan from related party | 100,000 | (54,368) |
| Net cash inflow from financing activities | 1,402,588 | 2,648,665 |
| Currency impact on cash | (78,829) | (3,127) |
| Decrease in cash | (4,226,223) | 769,035 |
| Cash, beginning of the period | 4,292,841 | 16,358 |
| Cash, end of the period | \$ 66,618 | \$ 785,393 |

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

1. Nature of Operations

On March 27, 2007, Bankers Cobalt Corp. (formerly Nomad Ventures Inc.) (“the Company” or “Bankers”), was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia). The Company’s registered office is located at 2900 – 550 Burrard Street, Vancouver, BC V6C 0A3. The Company commenced trading on the TSX Venture Exchange (“TSX-V”) under the symbol NMD.V on February 17, 2010. On October 11, 2017, the Company changed its name to Bankers Cobalt Corp. and commenced trading on the TSX-V under the symbol BANC effective October 12, 2017.

On October 20, 2017, the Company acquired Katanga Cobalt Corp. (“Katanga”) pursuant to the terms of a previously executed amalgamation agreement between Bankers, Katanga and a subsidiary of Bankers (“Subco”), under which Subco amalgamated with Katanga. For accounting purposes this was considered a reverse takeover whereby Katanga was identified as the acquirer of Bankers.

The Company’s principal activity is the acquisition and exploration of mineral properties.

These condensed consolidated interim financial statements have been prepared on a going concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

As at September 30, 2018, the Company had not yet achieved profitable operations. During the period ended September 30, 2018, the Company incurred a net loss of \$1,828,549, a cash outflow from operating activities of \$1,175,105 and, as of September 30, 2018, the Company had a working capital deficiency of \$1,431,616.

The Company’s continuing existence and its ability to discharge its liabilities and fulfill its commitments as they come due is dependent upon the ability of the Company to obtain equity and/or debt financing and the successful discovery of mineral resources that the Company can profitably commercialize. Management plans to continue exploring the Company’s mineral concessions in order to achieve a commercial discovery that will generate sustainable, long term profitability and obtain additional financing, if needed. While the Company has been successful at securing financing in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties cast significant doubt upon the Company’s ability to continue as a going concern. These interim consolidated financial statements do not include any adjustments to the amount and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These adjustments could be material.

2. Significant Accounting Policies and Basis of Preparation

The condensed consolidated interim financial statements were authorized for issue on November 28, 2018 by the Directors of the Company. The accounting policies set out below have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

Basis of Presentation

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Accounting Standards 34, “Interim Financial Reporting” (“IAS 34”), using accounting policies consistent 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 accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company’s annual financial statements as at and for the year ended December 31, 2017.

2. Significant Accounting Policies and Basis of Preparation (continued)

The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2017.

In the preparation of financial statements in conformity with IFRS, management is required to make judgments, estimates, and assumptions that affect the amounts reported and disclosed in the condensed interim financial statements and related notes. There has been no significant change to the Company’s estimation and judgment from those disclosed in note 2 to the audited financial statements for the year ended December 31, 2017.

These condensed consolidated interim financial statements have been prepared on a historical cost basis in accordance with IFRS as issued by the International Accounting Standards Board.

Principles of Consolidation

The condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries at September 30, 2018. Intercompany balances and transactions have been eliminated on consolidation. The principle subsidiaries are:

| Entity | Ownership Percentage | Location | Principal Activity |
|---|----------------------|----------|--------------------|
| Bankers Cobalt Acquisition Corp. | 100% | Canada | Holding |
| Bankers Cobalt Mining SASU | 100% | DRC | Operating |
| Bankers Cobalt Mining (Namibia) (Proprietary) Limited | 100% | Namibia | Operating |

3. New Accounting Standards and Interpretations

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 utilize 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 carrying value of any financial assets or financial liabilities on the transition date.

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

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 the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL.

3. New Accounting Standards and Interpretations (continued)

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 as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on January 1, 2018.

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 comprehensive 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 comprehensive loss in the period in which they arise.

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 an 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 comprehensive 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.

Derecognition

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 comprehensive loss.

Accounting Standards Issued But Not Yet Applied

Leases

On January 13, 2016, the IASB published a new standard, IFRS 16, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. The main provision of IFRS 16 is the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases that were previously classified as operating leases. Under IFRS 16, a lessee is required to do the following: (i) recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, on the balance sheet; and (ii) recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant, as the right-of-use asset is depreciated and the lease liability is accreted using the effective interest method. The new standard also requires qualitative disclosures along with specific quantitative disclosures. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company continues to assess the impact of adopting this standard on its condensed consolidated interim financial statements.

4. Prepaid Expenses and Deposits

| | September 30, 2018 | December 31, 2017 |
|--|-------------------------------|------------------------------|
| Prepaid subscriptions | \$ 25,874 | \$ 190,315 |
| Expense advances to officers and to a company controlled by an officer | 12,576 | 48,887 |
| Prepaid rent and accommodation | 22,300 | 29,521 |
| Prepaid insurance | 1,345 | 14,285 |
| Salaries | 5,729 | - |
| Deposit on land | - | 30,000 |
| | \$ 67,824 | \$ 313,008 |

5. Property, Plant and Equipment

| | Vehicles | Field Equipment | Furniture and Equipment | Computer Equipment | Computer Software | Total |
|-----------------------------------|-------------------|--------------------|-------------------------------|-----------------------|----------------------|-------------------|
| Cost | | | | | | |
| Balance December 31, 2017 | \$ 217,746 | \$ - | \$ 4,700 | \$ 6,191 | \$ - | \$ 228,637 |
| Additions | 18,750 | 59,145 | 9,471 | 8,380 | 18,548 | 114,294 |
| Disposal | (55,873) | - | - | - | - | (55,873) |
| Balance September 30, 2018 | \$ 180,623 | \$ 59,145 | \$ 14,171 | \$ 14,571 | \$ 18,548 | \$ 287,058 |
| Accumulated amortization | | | | | | |
| Balance December 31, 2017 | \$ 26,600 | \$ - | \$ 337 | \$ 320 | \$ - | \$ 27,257 |
| Additions | 88,686 | 10,535 | 2,835 | 2,989 | 1,855 | 106,900 |
| Disposal | (25,608) | - | - | - | - | (25,608) |
| Balance September 30, 2018 | \$ 89,678 | \$ 10,535 | \$ 3,172 | \$ 3,309 | \$ 1,855 | \$ 108,549 |
| Net book value | | | | | | |
| Balance December 31, 2017 | \$ 191,146 | \$ - | \$ 4,363 | \$ 5,871 | \$ - | \$ 201,380 |
| Balance September 30, 2018 | \$ 90,945 | \$ 48,610 | \$ 10,999 | \$ 11,262 | \$ 16,693 | \$ 178,509 |

6. Exploration and Evaluation Assets

Democratic Republic of Congo

On June 5, 2017, the Company entered into an agreement with Lockwood Financial Ltd. and Katanga Trust Mining Sarl to acquire certain interests in seven (7) mineral concessions in the Democratic Republic of the Congo, Africa as follows:

| | |
|--------------------------|----------------|
| 100% of ZEA 292-COMIMA | 65% of PR13370 |
| 100% of ZEA 292-COMIPAD | 65% of PR13371 |
| 100% of Nkwali-ZRG 00121 | 65% of PR13372 |
| 100% of Karajipopo1 | |

In exchange, the Company issued 16,000,000 common shares to various third parties, assumed \$200,000 of debt and paid \$896,678. Total consideration was \$2,152,823.

The assignor retains a 2% NSR interest. The Company has the option to purchase 1% of the NSR by payment of the sum of \$1,000,000 per concession at any time.

6. Exploration and Evaluation Assets (continued)

On June 13, 2017, the Company entered into a definitive assignment agreement to acquire 100% of the interests, rights and obligations of a further six (6) mining concessions in the Democratic Republic of the Congo, Africa as follows: PR13723, PR13724, PR13725, PR13726, PR13727, and PR13781. In exchange, the Company issued 2,000,000 common shares and paid \$30,000. Total consideration was \$164,461.

On October 5, 2017, the Company entered into a definitive assignment agreement to acquire 55% of the interest, rights and obligations of mining concession PE9468 in the Democratic Republic of the Congo, Africa. In exchange, the Company issued 7,000,000 common shares and paid \$375,000. Total consideration was \$2,717,886.

In January 2018, the Company entered into an agreement with a company controlled by an officer of one of the Company's subsidiaries whereby the Company would pay \$250,000 upon the Company completing the acquisition of interests in not less than 20 concessions in the DRC and an additional \$250,000 upon the Company completing the acquisition of interests in not less than 25 cumulative concessions in the DRC. These costs were included in the acquisition costs of the concessions acquired.

In January 2018, the Company entered into an agreement to earn up to a 70% interest in six additional concessions in the southern Democratic Republic of Congo Copperbelt as follows: PR13414, PR13430, PR13433, PR13441, PR13444, and PR13445. The Company will be required to make monthly payments of \$5,000 per concession (total \$30,000 per month) plus \$700,000 per concession after a definite feasibility study has been delivered (total \$4,200,000). Effective July 2018, the monthly payments of \$30,000 were waived by the optionor.

In February 2018, the Company entered into an agreement to earn up to a 70% interest in six additional concessions in the southern Democratic Republic of Congo Copperbelt as follows: PR13416, PR13421, PR13422, PR13423, PR13425 and PR13442. The Company is required to make monthly payments of \$5,000 per concession (total \$30,000 per month) plus \$700,000 per concession after a definite feasibility study has been delivered (total \$4,200,000). Effective July 2018, the monthly payments of \$30,000 were waived by the optionor.

In addition, in August 2018, the Company paid \$316,312 (CAD \$415,140) for an option to acquire up to an 80% interest in three additional concessions being Permits 13394, 13395 and 13396 in the DRC. In connection with the agreement, the Company is required to pay the registered holder of the permits the sum of \$15,000 upon signing of the option agreement (paid), an additional amount of \$15,000 within 30 days of the option agreement (outstanding) and \$15,000 per month commencing December 1, 2018 and continuing until the option has been exercised or terminated. The Company may exercise the option up until July 31, 2019, by establishing a joint venture with the registered holder of the permits and paying \$10,000 per percentage point to the registered holder to acquire an equity ownership in the joint venture up to a maximum of 80% (or \$800,000). Effective July 2018, the monthly payments of \$15,000 were waived by the optionor.

Namibia

In July 2018, the Company entered into an option agreement with a private Namibian partner to acquire a 70% interest in a prospective base metals, precious metals and industrial metals permit located in the country of Namibia for \$9,000. Namibia is situated north of South Africa and south of Zambia. The option is for a period of one year and may be extended by an additional year for a payment of \$8,461. There are

6. Exploration and Evaluation Assets (continued)

Namibia (continued)

no defined expenditure requirements and the option may be extended or converted into a 70/30 corporate joint venture within the two-year option timeline.

Exploration and evaluation expenditures for the period ended September 30, 2018 are as follows:

| | Democratic Republic of the Congo | | Namibia | | Total |
|----------------------------------|----------------------------------|--------------|-----------|------|---------------|
| | Property 9468 | Other | | | |
| <u>Acquisition costs:</u> | | | | | |
| Balance, December 31, 2017 | \$ 2,717,886 | \$ 2,317,284 | \$ - | \$ - | \$ 5,035,170 |
| Acquisition costs for the period | - | 816,212 | 11,175 | - | 827,387 |
| Balance, September 30, 2018 | \$ 2,717,886 | \$ 3,133,496 | \$ 11,175 | \$ - | \$ 5,862,557 |
| <u>Exploration costs:</u> | | | | | |
| Balance, December 31, 2017 | \$ 440,627 | \$ 1,167,013 | \$ - | \$ - | \$ 1,607,640 |
| Assays | 66,100 | 104,399 | - | - | 170,499 |
| Camp | 65,461 | 109,477 | - | - | 174,938 |
| Consultants | 58,910 | 192,602 | 11,000 | - | 262,512 |
| Depreciation | 44,855 | 62,046 | - | - | 106,901 |
| Drilling | 465,350 | 198,041 | - | - | 663,391 |
| Equipment | 84,658 | 318,795 | - | - | 403,453 |
| Field costs | 15,921 | 29,378 | - | - | 45,299 |
| Geology | 36,446 | 140,744 | - | - | 177,190 |
| Labour | - | 84,782 | - | - | 84,782 |
| Permit and fees | 10,805 | 15,977 | - | - | 26,782 |
| Office | 483,432 | 807,287 | 3,472 | - | 1,294,191 |
| Site preparation | 60,062 | 4,631 | - | - | 64,693 |
| Travel and accommodation | 14,064 | 425,392 | 2,254 | - | 441,710 |
| Vehicles | 4,150 | 10,109 | - | - | 14,259 |
| Expenditures during the period | 1,410,214 | 2,503,660 | 16,726 | - | 3,930,600 |
| Balance, September 30, 2018 | 1,850,841 | 3,670,673 | 16,726 | - | 5,538,240 |
| Value-added tax credit | - | - | - | - | 267,233 |
| Gain on disposal of asset | (2,067) | (3,308) | - | - | (5,375) |
| Currency translation adjustment | - | - | - | - | (14,500) |
| Total, September 30, 2018 | \$ 4,566,660 | \$ 6,800,861 | \$ 27,901 | \$ - | \$ 11,648,155 |

7. Trade Payables and Accrued Liabilities

| | September 30, 2018 | December 31, 2017 |
|---------------------|-----------------------|----------------------|
| Trade payables | \$ 1,072,119 | \$ 1,001,993 |
| Accrued liabilities | 517,629 | 48,076 |
| | \$ 1,589,748 | \$ 1,050,069 |

Included in trade payables at September 30, 2018 is \$88,963 (December 31, 2017 - \$24,112) due to related parties. Amounts due to related parties are non-interest bearing, unsecured and due on demand.

8. Loan from Related Party

On August 7, 2018, the Company entered into a loan agreement with a director of the Company for the amount of \$100,000. The loan is unsecured and bears interest at 10%. The principal value plus accrued interest is payable on August 7, 2019. As additional consideration for the loan, the Company is required to issued 371,000 common shares of the Company. The loan was initially recorded at face value of \$100,000 less the fair value of the shares to be issued of \$27,064 for a net amount of \$72,936. The fair value of the shares is being amortized over the period of the loan term and recorded as interest expense. The value of the loan at September 30, 2018, including accrued interest, is \$78,837. (Note 13)

9. Share Capital and Reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At September 30, 2018, there were 106,792,648 (December 31, 2017 – 93,934,878) issued and fully paid common shares.

On January 25, 2018, the Company completed a non-brokered private placement, issuing 663,636 units at a price of CDN \$0.55 per unit, for gross proceeds of CDN \$365,000 (USD \$296,194). Each unit was comprised of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at a price of CDN \$0.70 for a period of three years from the date of issue. Share issuance costs of \$15,262 were incurred in connection with the private placement.

On February 15, 2018, 850,000 bonus shares were issued to companies controlled by officers of the Company in connection with consulting agreements. The shares had a fair value of CAD \$378,250 (USD \$302,431).

On June 29, 2018, the Company completed a non-brokered private placement, issuing 10,916,667 units at a price of CDN \$0.12 per unit, for gross proceeds of CDN \$1,310,000 (USD \$994,836). Each unit was comprised of one common share and one-half common share purchase warrant. Each warrant entitles the holder to purchase an additional common share of the Company at a price of CDN \$0.40 for a period of two years from the date of issue. Share issuance costs of \$29,147 were incurred in connection with the private placement.

9. Share Capital and Reserves (continued)

Issued share capital (continued)

During the period ended September 30, 2018, 327,467 share purchase warrants were exercised for proceeds of CAD \$57,367 (USD \$45,741) and 100,000 stock options were exercised for proceeds of CAD \$23,000 (USD \$18,332).

Warrants

Warrant transactions for the period ended September 30, 2018 are as follows:

| | Warrants | Exercise Price (CDN\$) |
|-----------------------------|------------|---------------------------|
| Balance, December 31, 2017 | 40,419,018 | 0.47 |
| Issued | 6,374,569 | 0.43 |
| Exercised | (327,467) | 0.18 |
| Balance, September 30, 2018 | 46,466,120 | 0.47 |

Warrants outstanding at September 30, 2018 are as follows:

| Outstanding Warrants | Exercise Price (CDN\$) | Expiry Date |
|-------------------------|------------------------|-------------------|
| 112,675 | 1.00 | April 9, 2019 |
| 88,000 | 1.00 | April 30, 2019 |
| 3,070,000 | 0.30 | July 11, 2019 |
| 361,900 | 1.00 | July 18, 2019 |
| 5,323,330 | 0.50 | August 3, 2019 |
| 394,400 | 0.25 | August 3, 2019 |
| 3,695,327 | 0.50 | August 11, 2019 |
| 128,719 | 0.25 | August 11, 2019 |
| 300,000 | 1.00 | September 9, 2019 |
| 19,700 | 1.00 | November 4, 2019 |
| 217,000 | 1.00 | November 9, 2019 |
| 18,733,750 | 0.60 | December 11, 2019 |
| 3,300 | 1.00 | December 23, 2019 |
| 58,000 | 1.00 | December 24, 2019 |
| 5,500 | 1.00 | February 28, 2020 |
| 150,200 | 1.00 | April 18, 2020 |
| 4,615,000 | 0.10 | April 28, 2020 |
| 103,750 | 1.00 | May 5, 2020 |
| 50,000 | 1.00 | August 14, 2020 |
| 663,636 | 0.70 | January 25, 2021 |
| 2,661,000 | 0.15 | December 12, 2021 |
| 5,458,333 | 0.12 | June 29, 2020 |
| 252,600 | 0.12 | June 29, 2020 |
| 46,466,120 | | |

9. Share Capital and Reserves (continued)

Stock Options

In connection with the reverse takeover transaction on October 20, 2017, the Company adopted a stock option plan whereby the Board of Directors may grant employees, consultant, directors and officers share purchase options. The aggregate number of options reserved for issuance may not exceed 10% of the Company's issued and outstanding shares at the date of the grant. In any twelve-month period, the Company will not grant more than 2% of the issued and outstanding shares of the Company to any one consultant or any one individual performing investor relations activities. The options vest in stages over twelve months, with no more than one-quarter of the options vesting over any three-month period.

Total stock-based compensation for the period ended September 30, 2018 was \$156,025 (2017 – \$Nil) relating to the vesting of options.

Stock option transactions for the period ended September 30, 2018 are as follows:

| | Stock Options | Exercise Price (CDN\$) |
|-----------------------------|----------------------|-----------------------------------|
| Balance, December 31, 2017 | 7,620,000 | 0.65 |
| Exercised | (100,000) | 0.23 |
| Balance, September 30, 2018 | 7,520,000 | 0.65 |

The weighted average fair value of share purchase options exercised during the period ended September 30, 2018 is \$0.23 (2017 – N/A).

Stock options outstanding at September 30, 2018 are as follows:

| Outstanding Options | Vested Options | Exercise Price (CDN\$) | Expiry Date |
|--------------------------------|-----------------------|-------------------------------|--------------------|
| 100,000 | 100,000 | 0.15 | May 1, 2019 |
| 15,000 | 15,000 | 1.00 | August 9, 2019 |
| 5,000 | 5,000 | 1.00 | February 6, 2020 |
| 7,400,000 | 7,300,000 | 0.66 | December 18, 2022 |
| 7,520,000 | 7,420,000 | | |

Reserves

Reserves consist of the cost of the finders' warrants. When the warrants are exercised, the value of the warrants will be transferred to share capital.

10. Related Party Transactions

Related party transactions for the nine-month period ended September 30, 2018 and 2017 are as follows:

| Period Ended | September 30, 2018 | September 30, 2017 |
|---|-----------------------|-----------------------|
| Management fees paid to companies controlled by officers of the Company | \$ 167,029 | \$ - |
| Bonus paid to a company controlled by an officer of the Company's subsidiary in connection with property acquisition* | 500,000 | - |
| Management fees paid to companies controlled by officers of the Company's subsidiary | 293,867 | - |
| Common shares issued to companies controlled by officers in connection with consulting agreements | 298,988 | - |
| Consulting fees paid to a director of the Company | - | 19,352 |
| Professional fees paid to a company controlled by officers of the Company | - | 25,872 |
| Interest accrued on loan from director | 5,539 | - |
| Common shares owing to director for loan consideration | 27,064 | - |
| | \$ 1,292,487 | \$ 45,224 |

*Included in property acquisition costs

In January 2018, the Company entered into an agreement with a company controlled by an officer of one of the Company's subsidiaries whereby the Company would pay \$250,000 upon the Company completing the acquisition of interests in not less than 20 concessions in the DRC and an additional \$250,000 upon the Company completing the acquisition of interests in not less than 25 cumulative concessions in the DRC.

Included in prepaid expenses and deposits at September 30, 2018 is \$12,576 of expense advances paid to an officer of the Company and to a company controlled by an officer of the Company.

Included in trade payables at September 30, 2018 is \$88,963 (December 31, 2017 - \$24,112) due to related parties. Amounts due to related parties are non-interest bearing, unsecured and due on demand. (Note 8).

11. Financial Risk and Capital Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. Management approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The cash is deposited in a bank account in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a bank that is a high credit quality financial institution as determined by rating agencies.

11. Financial Risk and Capital Management (continued)

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from financings and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding.

Foreign exchange risk

Foreign currency risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company does not hedge its exposure to fluctuations in exchange rates.

The Company has operations in Canada and in the DRC, which gives rise to the risk that its financial instruments may be adversely impacted by exchange rate fluctuations. The Company has expenditures in both the Canadian and the US dollar.

A significant change in the currency exchange rate between the Canadian dollar relative to the U.S. dollar could have an effect on the Company's results of operations, financial position or cash flows. The Company has not entered into foreign currency contracts to hedge its risk against foreign currency fluctuations.

A 10% change in the Canadian dollar to the U.S. dollar exchange rate would impact the Company's net loss by \$21,440.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash, accounts receivable, trade payables and loan from related party. The fair value of cash approximates its carrying value due to its short-term maturity. The fair value of accounts receivable and trade payables may be less than the carrying value as a result of the Company's credit and liquidity risk. The carrying value of the loan from the related party approximates its fair value.

IFRS establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Quoted prices in active markets for the same instrument.

Level 2 – Valuation techniques for which significant inputs are based on observable market data.

Level 3 – Valuation techniques for which any significant input is not based on observable market data.

12. Segmented information

Geographic segments

The Company's assets are located in the following countries:

| | As at September 30, 2018 | | | |
|-----------------------------------|--------------------------|---------------|-----------|---------------|
| | Canada | DRC | Namibia | Total |
| Exploration and evaluation assets | \$ - | \$ 11,620,254 | \$ 27,901 | \$ 11,648,155 |
| Property, plant and equipment | - | 178,509 | - | 178,509 |
| Other assets | 176,041 | 60,928 | - | 236,969 |
| | \$ 176,041 | \$ 11,859,691 | \$ 27,901 | \$ 12,063,633 |

| | As at December 31, 2017 | | | |
|-----------------------------------|-------------------------|--------------|---------|---------------|
| | Canada | DRC | Namibia | Total |
| Exploration and evaluation assets | \$ - | \$ 6,698,577 | \$ - | \$ 6,698,577 |
| Property, plant and equipment | - | 201,380 | - | 201,380 |
| Other assets | 4,425,184 | 239,608 | - | 4,664,792 |
| | \$ 4,425,184 | \$ 7,139,565 | \$ - | \$ 11,564,749 |

13. Subsequent events

a) On November 13, 2018, the Company issued 371,000 common shares pursuant to the loan from related party, see Note 8.

b) On November 26, 2018, the Company announced a two-year option agreement to acquire 70% interest in an additional 943 km² permit adjoining the recently acquired Kamanjab Project in Namibia. In connection with the option agreement the Company agreed to issue 800,000 common shares at a deemed price of \$0.05 per share to two arms-length parties as a finder's fee. The shares will be subject to a four month hold period from date of issuance. The issuance of the shares remains subject to approval of the TSX Venture Exchange.