



PURE ENERGY MINERALS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pure Energy Minerals Limited:

Opinion

We have audited the consolidated financial statements of Pure Energy Minerals Limited and its subsidiaries (together the “Company”), which comprise the consolidated statements of financial position as at June 30, 2019 and 2018, and the consolidated statements of comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at June 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the consolidated financial statements, which describes conditions indicating that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management’s Discussion & Analysis filed with the relevant Canadian securities commissions.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits and remain alert for indications that the other information appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Graeme L. Cocke.

Baker Tilly WM LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, B.C.

October 24, 2019

PURE ENERGY MINERALS LIMITEDConsolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes	June 30, 2019	June 30, 2018
ASSETS			
CURRENT			
Cash		\$ 683,774	\$ 72,539
GST/HST receivable		11,872	8,304
Amounts receivable		19,631	19,752
Prepaid expenses		33,963	46,928
		749,240	147,523
Deposits		-	714
Property and equipment	4	2,253	3,380
Reclamation bond	5	143,761	175,198
Exploration and evaluation assets	5	34,271,235	32,542,877
TOTAL ASSETS		\$ 35,166,489	\$ 32,869,692
LIABILITIES			
CURRENT			
Accounts payable	6	\$ 201,365	\$ 317,248
Accrued liabilities	6	114,171	43,871
Asset retirement obligation	5	143,761	175,198
		459,297	536,317
SHAREHOLDERS' EQUITY			
Share capital	8	57,981,094	54,684,409
Contributed surplus	8	5,429,713	5,667,313
Accumulated other comprehensive income		28,535	36,900
Deficit		(28,732,150)	(28,055,247)
TOTAL SHAREHOLDERS' EQUITY		34,707,192	32,333,375
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 35,166,489	\$ 32,869,692

Nature of Business and Going Concern (Note 1)**Subsequent Events** (Notes 8 and 13)

Approved and authorized for issue on behalf of the Board on October 24, 2019

"Mary Little"
Director"Frank Wells"
Director

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

PURE ENERGY MINERALS LIMITED

Consolidated Statements of Comprehensive Loss

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

	Note	June 30, 2019	June 30, 2018
EXPENSES			
Amortization	4	\$ 1,127	\$ 1,126
Bank charges and interest		61,825	9,339
Business development		6,817	54,559
Consulting		3,292	47,988
Investor relations		86,959	385,239
Management fees and salaries	6	263,171	743,293
Office and rent		77,712	137,871
Professional fees		281,377	466,208
Project evaluation		13,940	7,725
Share based compensation	6, 8	115,898	1,057,642
Transfer agent and filing fees		70,699	120,448
Travel		22,673	281,499
LOSS BEFORE OTHER ITEMS		(1,005,490)	(3,312,937)
OTHER ITEMS:			
Accretion		(53,611)	-
Change in value of derivative		77,472	-
Gain on extinguishment of debt		6,061	-
Foreign exchange loss		(3,439)	(4,782)
Write-down/write-off of exploration and evaluation assets	5	(51,394)	(3,916,344)
TOTAL OTHER ITEMS		(24,911)	(3,921,126)
NET LOSS FOR THE YEAR		\$ (1,030,401)	\$ (7,234,063)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to loss for the year			
Foreign currency translation adjustment		(8,365)	51,446
COMPREHENSIVE LOSS		\$ (1,038,766)	\$ (7,182,617)
Loss per share, basic and diluted		\$ (0.01)	\$ (0.05)
Weighted average number of common shares outstanding		153,617,857	133,370,419

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

PURE ENERGY MINERALS LIMITED

Consolidated Statements of Changes in Equity

For the year ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

	Share capital					Total Shareholders' Equity
	Number of Common Shares without Par Value	Amount	Contributed Surplus	AOCI	Deficit	
Balance, June 30, 2017	119,838,056	44,035,161	5,354,374	(14,546)	(21,515,341)	27,859,648
Shares issued for property acquisition	9,653,597	4,192,393	-	-	-	4,192,393
Shares issued for cash:						
Private placement, net of issuance costs	16,070,000	6,070,266	114,608	-	-	6,184,874
Exercise of options	720,000	339,204	(165,154)	-	-	174,050
Exercise of warrants	315,898	47,385	-	-	-	47,385
Share based compensation	-	-	1,057,642	-	-	1,057,642
Reclassification of fair value of expired/cancelled stock options	-	-	(694,157)	-	694,157	-
Net loss and comprehensive loss for the year	-	-	-	51,446	(7,234,063)	(7,182,617)
Balance, June 30, 2018	146,597,551	\$ 54,684,409	\$ 5,667,313	\$ 36,900	\$ (28,055,247)	\$ 32,333,375
Shares issued for property acquisition (note 8)	5,250,000	828,750	-	-	-	828,750
Shares issued for cash:						
Private placement, net of issuance costs (note 8)	32,421,737	1,841,911	-	-	-	1,841,911
Shares issued to extinguish accounts payable (note 8)	887,626	84,670	-	-	-	84,670
Issuance of convertible debt (note 7)	-	-	49,557	-	-	49,557
Conversion of convertible debt, net of issuance costs (note 7)	5,523,707	541,354	(49,557)	-	-	491,797
Share based compensation (note 8)	-	-	115,898	-	-	115,898
Reclassification of fair value of expired/cancelled stock options	-	-	(353,498)	-	353,498	-
Net loss and comprehensive income for the year	-	-	-	(8,365)	(1,030,401)	(1,038,766)
Balance, June 30, 2019	190,680,621	\$ 57,981,094	\$ 5,429,713	\$ 28,535	\$ (28,732,150)	\$ 34,707,192

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

PURE ENERGY MINERALS LIMITED

Consolidated Statements of Cash Flows
For the year ended June 30, 2019 and 2018
(Expressed in Canadian dollars)

	June 30, 2019	June 30, 2018
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (1,030,401)	\$ (7,234,063)
Items not involving cash:		
Amortization	1,127	1,126
Share based compensation	115,898	1,057,642
Gain on extinguishment of debt	(6,061)	-
Change of value of derivative liability	(77,472)	-
Convertible debt accretion	53,611	-
Unrealized foreign exchange loss	-	(6,173)
Write-down/write-off of exploration and evaluation assets	51,394	3,916,344
	(891,904)	(2,265,124)
Net changes in non-cash working capital items:		
Amounts receivable and GST/HST receivable	(3,447)	40,772
Prepaid expenses	12,965	(5,552)
Accounts payable and accrued liabilities	273,104	(43,691)
Net cash used in operating activities	(609,282)	(2,273,595)
INVESTING ACTIVITIES:		
Deposits	714	985
Reclamation bond	-	(133,618)
Exploration and evaluation expenditures	(1,182,540)	(5,943,201)
Net cash used in investing activities	(1,181,826)	(6,075,834)
FINANCING ACTIVITIES:		
Issuance of common shares	1,993,637	6,881,935
Share issuance costs	(151,726)	(475,626)
Issuance of convertible debt	918,598	-
Repayment of convertible debt	(401,550)	-
Net cash provided by financing activities	2,358,959	6,406,309
Effect of exchange rate changes on cash	43,384	129,623
Change in cash, during the year	611,235	(1,813,497)
Cash, beginning of the year	72,539	1,886,036
Cash, end of the year	\$ 683,774	\$ 72,539

Supplementary cash flow information and non-cash transactions (Note 12)

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

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

1. NATURE OF BUSINESS AND GOING CONCERN

Pure Energy Minerals Limited was incorporated on May 10, 2007 under the British Columbia Business Corporations Act. The Company's principal business activities are the acquisition, exploration and development of mineral properties. The Company is domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture Exchange under the stock symbol "PE". The address of its head office is 2100 – 1055 West Hastings Street, Vancouver, B.C., V6E 3P3.

At June 30, 2019, the Company had not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and related exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete development, and upon future profitable production from the mineral properties or proceeds from the disposition of the mineral properties.

As of June 30, 2019, the Company has incurred a net loss of \$1,030,401 (2018 – \$7,234,063) for the fiscal year and has accumulated a deficit of \$28,732,150 (2018 - \$28,055,247) which have been funded by the issuance of equity. At June 30, 2019, the Company has a net working capital of \$289,943 (2018 - deficit of \$388,794). The Company's ability to continue its operations and to realize its assets at their carrying amounts is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The above factors and the necessity that the Company raise sufficient funds to carry out its exploration and development plans creates material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. These consolidated financial statements do not give effect to any adjustments which would be necessary, should the Company be unable to continue as a going concern. In such circumstances, the Company would be required to realize its assets and discharge its liabilities in other than the normal course of business, and the amounts realized could differ materially from those reflected in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the IFRS Interpretations committee ("IFRIC").

The consolidated financial statements were authorized for issue in accordance with a resolution from the Board of Directors on October 24, 2019.

b) Basis of presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Consolidation

The consolidated financial statements include the accounts of the Company and its 100% wholly owned subsidiaries, 0891884 B.C. Ltd., Esmeralda Minerals, LLC, Pure Energy Argentina S.A., 1056625 B.C. Ltd., 1061582 B.C. Ltd., and LT Capital Holdings, LLC (collectively referred to as the "Company"). Subsidiaries are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Inter-company balances and transactions are eliminated on consolidation.

d) Significant accounting estimates and judgments

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual outcomes could differ from these estimates.

Significant assumptions about the future that management has made and other sources of estimation uncertainty at the reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to the following:

Critical accounting estimates

- i. The inputs used in valuing share-based payments;
- ii. The fair values assigned to assets and liabilities in the purchase price allocation related to the asset acquisition (note 5); and
- iii. The timing and amount of the asset retirement obligation.

Critical accounting judgments

- i. The assessment of indications of impairment of the exploration and evaluation assets;
- ii. The determination of the functional currency of each entity within the Group;
- iii. The assessment of whether an acquisition meets the definition of a business or whether assets are acquired; and
- iv. The assessment of the Company's ability to continue as a going concern.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Foreign currency translation

The functional currency is the currency of the primary economic environment in which an entity operates and may differ from the currency in which the entity enters transactions. The functional currency of the Company, 0891884 B.C. Ltd., 1056625 B.C. Ltd., 1061582 B.C. Ltd., and LT Capital Holdings, LLC is the Canadian dollar. The functional currency of Esmeralda Minerals, LLC and Pure Energy Argentina S.A., is the US dollar ("US"). The presentation currency of the consolidated entity is the Canadian dollar.

Transactions in currencies other than the functional currency are translated to the functional currency at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in currencies other than the functional currency are translated to the functional currency using the exchange rate prevailing on the date of the consolidated statement of financial position, while non-monetary assets and liabilities are translated at historical rates.

Exchange gains and losses arising from the translation of foreign currency-denominated transactions or balances are recorded as a component of net loss in the period in which they occur.

The results of operations and financial position of each subsidiary where the functional currency is different from the presentation currency are translated as follows: assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; expenses are translated at the average exchange rate for the year, all resulting exchange differences are recognized in other comprehensive income or loss.

f) Exploration and evaluation assets

Pre-exploration costs are those costs incurred prior to obtaining the legal right to explore and are expensed as project evaluation expense in the period in which they are incurred.

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction".

The property is tested for impairment before it is transferred to development properties. Upon commencement of commercial production, the related accumulated costs are amortized using the units of production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying amount of the property, the carrying amount is written down to the estimated recoverable amount. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

The recoverability of mineral properties and exploration and evaluation costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and evaluation costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property with the excess recorded as a gain within profit and loss.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, calculated using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regard to previous years.

Deferred tax is determined using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. These costs are charged against profit or loss over the economic life of the related asset through amortization using either the unit-of-production or the straight-line method. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates based on a pre-tax rate that reflects the time value of money are used to calculate the net present value. The corresponding liability is progressively increased as the effect of discounting unwinds, creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has recognized the cost of rehabilitation and environmental obligations on the consolidated statement of financial position as a current obligation as the timing of the future obligation is not known.

i) Share-based compensation

Share-based compensation to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and expensed over the vesting periods. Share-based compensation to non-employees is measured at the fair value of the goods or services received or the fair value of the equity instruments issued if the fair value of the goods or services cannot be reliably measured, and is recorded at the date the goods or services are received. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded expense is to contributed surplus.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Share capital

Proceeds from the exercise of stock options and warrants are recorded as share capital in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Any previously recorded share-based payment included in the reserves account is transferred to share capital on exercise of options. Share capital issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from issuance of units are allocated between common shares and warrants based on the residual method. Under this method, the proceeds are allocated first to share capital based on the fair value as determined by the quoted bid price of the common shares and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in share capital, and any related amount recorded in warrants reserve is transferred to share capital. Charges for options or warrants that are cancelled or expire are reclassified from contributed surplus to deficit.

k) Loss per share

Basic loss per share is computed by dividing net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

l) Property and equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is calculated at the following annual rates over the assets useful lives:

Equipment	20%	declining balance
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m) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources, services or obligations between related parties.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

3. RECENT ACCOUNTING PRONOUNCEMENTS**Changes in significant accounting policies and adoption of new accounting standards**

The following new accounting policies were adopted during the year ended June 30, 2019:

Financial instruments

The Company adopted all of the requirements of IFRS 9 Financial Instruments ("IFRS 9") as of July 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 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:

(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 the 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 as 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 July 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
Cash	FVTPL	FVTPL
Reclamation bond	Loans and receivables	Amortized cost
Amounts receivable	Loans and receivables	Amortized cost
Accounts payable	Other financial liabilities	Amortized cost
Accrued liabilities	Other financial liabilities	Amortized cost

The Company did not restate prior periods as it recognized the effects of retrospective application to shareholders' 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 other comprehensive income on July 1, 2018.

(ii) Measurement

Financial assets and liabilities at FVTOCI or 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 carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the consolidated statements of 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 loss in the period in which they arise.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

3. RECENT ACCOUNTING PRONOUNCEMENTS (continued)**Changes in significant accounting policies and adoption of new accounting standards (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 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 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

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 recognized in the consolidated statements of loss.

Accounting standards anticipated to be effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRS Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after July 1, 2019, or later periods. Some updates which are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 16 Leases

IFRS 16, *Leases*, specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. The Company does not anticipate the adoption of this standard, which is effective for the fiscal year beginning on July 1, 2019, to have a significant impact on the Company's consolidated financial statements.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

4. PROPERTY AND EQUIPMENT

	Furniture and equipment
Cost	
Balance, June 30, 2017	\$ 21,558
Disposals	-
Balance, June 30, 2019 and 2018	\$ 21,558
Accumulated amortization	
Balance, June 30, 2017	\$ 17,052
Amortization for the year	1,126
Balance, June 30, 2018	18,178
Amortization for the year	1,127
Balance, June 30, 2019	\$ 19,305
Carrying amounts	
At June 30, 2018	\$ 3,380
At June 30, 2019	\$ 2,253

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian dollars)***5. EXPLORATION AND EVALUATION ASSETS**

Acquisition costs	Clayton Valley Claims	Terra Cotta Claims	Total
Balance, June 30, 2018	\$ 18,461,766	\$ 50,000	\$ 18,511,766
Shares issued	828,750	-	828,750
Cash option payment	493,290	-	493,290
Write-down	-	(50,262)	(50,262)
Impact of foreign exchange	(549)	263	(286)
Balance, June 30, 2019	\$ 19,783,257	\$ 1	\$ 19,783,258
Exploration and evaluation			
Balance, June 30, 2018	\$ 14,031,111	\$ -	\$ 14,031,111
Assay and laboratory	3,611	-	3,611
Claims renewal and maintenance costs	292,354	-	292,354
Environmental	86,778	-	86,778
Processing and engineering	65,699	-	65,699
Legal	38,405	-	38,405
Other	4,448	1,132	5,580
Asset retirement obligation	(31,133)	-	(31,133)
Write-down	-	(1,132)	(1,132)
Impact of foreign exchange	(3,296)	-	(3,296)
Balance, June 30, 2019	\$ 14,487,977	\$ -	\$ 14,487,977
Total June 30, 2019	\$ 34,271,234	\$ 1	\$ 34,271,235

Acquisition costs	Clayton Valley Claims	Terra Cotta Claims	Total
Balance, June 30, 2017	\$ 15,085,749	\$ 306,906	\$ 15,392,655
Shares issued	3,281,075	911,318	4,192,393
Cash option payment	83,653	1,468,783	1,552,436
Staking costs	-	27,523	27,523
Other	9,078	16,769	25,847
Write-down	-	(2,716,794)	(2,716,794)
Impact of foreign exchange	2,211	35,495	37,706
Balance, June 30, 2018	\$ 18,461,766	\$ 50,000	\$ 18,511,766
Exploration and evaluation			
Balance, June 30, 2017	\$ 10,735,591	\$ 47,431	\$ 10,783,022
Assay and laboratory	12,860	51,683	64,543
Claims renewal and maintenance costs	299,459	-	299,459
Drilling	-	616,313	616,313
Environmental	54,808	7,589	62,397
Geophysics	154,959	-	154,959
Hydrogeology	78,739	126,016	204,755
Processing and engineering	2,241,732	-	2,241,732
Legal	193,710	-	193,710
Other	200,786	310,558	511,344
Asset retirement obligation	58,410	-	58,410
Write-down	-	(1,199,550)	(1,199,550)
Impact of foreign exchange	57	39,960	40,017
Balance, June 30, 2018	\$ 14,031,111	\$ -	\$ 14,031,111
Total June 30, 2018	\$ 32,492,877	\$ 50,000	\$ 32,542,877

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)**Clayton Valley Claims**Schlumberger Transaction

The Company entered into an Earn-In Agreement (the "Transaction") with Schlumberger Technologies Corporation, a subsidiary of Schlumberger Limited ("SLB" or the "Investor") on May 28, 2019 for the option (the "Option") of, and if completed, the sale of the Clayton Valley Project (the "Project") to SLB. The Transaction proposal received greater than a two-thirds majority vote of shareholders at the Annual General and Special Meeting of Shareholders convened on the above date in Vancouver, British Columbia.

Under the Earn-In Agreement, the Company has granted SLB an option in favour of SLB to acquire all of the Company's interests in the Clayton Valley Project. The Investor may earn into the Option by constructing a pilot plant for the processing of lithium brine at its cost and expense, and complete testing of the brines to meet certain criteria. The Investor has a three-year period in which to exercise the Option (commencing on the receipt of the final federal and state permits required to construct the Pilot Plant) and may only exercise the Option if it has completed construction of the Pilot Plant and test work which achieves required parameters.

During the Option period, SLB will assume all project-related property, permitting and development costs and will act as operator of the Project.

Upon exercise of the Option, the Company will be entitled to receive a 3.0% net smelter returns royalty on minerals produced at the Clayton Valley Project and an advance minimum royalty payment of US\$400,000 per year starting January 1, 2021 for a period of five years or until the Clayton Valley Project achieves commercial production.

Concurrently, SLB undertook a private placement in the Company for US\$1,500,000, representing 32,421,737 shares (note 8) and converted convertible debt of US\$400,000 and interest of \$19,765 representing 5,523,707 shares (note 8) of Pure Energy Minerals Ltd. These transactions resulted in a 19.90% interest in Pure Energy held by SLB at June 30, 2019.

CV and DB claims in Clayton Valley Esmeralda County, Nevada

On May 12, 2014, the Company entered into a definitive option agreement with GeoXplor to earn a 100% interest in the CV and DB claims in Clayton Valley Esmeralda County, Nevada ("the Property"). Under the agreement, GeoXplor was the operator, and the Company had an option to earn a 100% interest for the following consideration:

Date	Cash Payment US\$	Expenditure Requirement US\$	Share Issuance
Effective date (paid/issued)	100,000	-	1,000,000
Within one year (paid/issued)	250,000	750,000	176,912
Within two years (paid/issued)	250,000	1,000,000	176,912
Within three years (superseded)	250,000	2,000,000	176,912
Within four years (superseded)	250,000	Pre-feasibility study or commercial production	176,912
Total	1,100,000	3,750,000	1,707,648

The agreement was subject to a gross overriding royalty of 5%, which could have been reduced to 2.5% upon cash payment of US\$7,000,000 to the vendor.

On May 10, 2017, the Company entered into a new option agreement with GeoXplor (described below under "LIX Claims"). The new option agreement supersedes the May 12, 2014 agreement mentioned above.

GeoXplor is a private company that holds the CV and DB mineral claims, subject to the option agreement described above. Prior to this new agreement, GeoXplor also provided contract exploration services to Pure Energy at the Clayton Valley brine project.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)**Clayton Valley Claims (continued)****CV and DB claims in Clayton Valley Esmeralda County, Nevada (continued)**

On May 31, 2015 ("Effective date"), the Company entered into an option and lease agreement whereby the Company acquired an exclusive lease and exploration license to conduct exploration and evaluation work on certain unpatented placer mining claims located in Esmeralda County, Nevada. Consideration for this acquisition is as follows:

Date	Cash Payment	Share Issuance
Effective date (paid/issued)	35,000	226,620
Within one year (paid/issued)	35,000	14,277
Within two years (paid/issued)	35,000	15,382
Within three years (paid/issued)	35,000	38,215
Within four years (paid by Schlumberger Technology Corporation ("SLB"))	35,000	estimated 40,000
Within five years and each year thereafter	US \$75,000	-

The Company can acquire a 100% interest in the property by making payment to the optionor of US\$500,000 or shares of the Company of equal value. The Optionor will retain a 3% NSR on the property.

LIX Claims

On May 10, 2017, the Company entered into an agreement to acquire Lithium X Energy Corp.'s ("Lithium X") subsidiaries holding certain Clayton Valley properties and property options. The transaction resulted in 100% acquisition of three new subsidiaries 1056625 B.C. Ltd., 1061582 B.C. Ltd., and LT Capital Holdings, LLC. The acquired subsidiaries did not meet the definition of businesses in accordance with IFRS 3, Business Combinations, and, as such, this transaction was accounted for under IFRS 2, *Share-Based Payments* and IFRS 6, *Exploration for and Evaluation of Mineral Resources*. The Company determined that the fair value of the subsidiaries could not be estimated reliably and, therefore, were to be measured with reference to the fair value of the equity instruments granted. The fair value of the shares and warrants issued, along with the costs incurred to complete the transaction, were capitalized in accordance with the Company's accounting policy over its evaluation and exploration assets.

The Company issued 20,038,182 common shares at a fair value of \$12,022,909 and 2,022,290 share purchase warrants measured at a fair value of \$724,223 and incurred \$55,163 in legal fees to complete the transaction. On acquisition, the Company also assumed and recognized an asset retirement obligation, measured at a fair value of \$81,381.

In addition, Lithium X acquired 3,571,429 Units of the Company at a cash purchase price of \$0.56 per Unit for gross proceeds of \$2,000,000. Each Unit consists of one common share and one half of a share purchase warrant. Each warrant entitles the holder to purchase one additional share at a price of \$0.75 per share for a period of 3 years. There are acceleration provisions attached to the warrants.

On May 10, 2017, the Company also entered into a new option agreement with GeoXplor, closing June 5, 2017. The new option agreement supersedes the May 12, 2014 agreement (CV + DB claims). Under the new option agreement, the Company decreases its royalty obligations and assumes operatorship over an expanded group of optioned mineral claims. The Company also entered into amending agreements dated June 8, 2018, August 10, 2018, and October 1, 2018. Consideration under the amended option agreement includes:

Cash consideration:

- (i) US\$375,000 on the closing date of the May 10, 2017 agreement (paid);
- (ii) US\$37,500 within 5 days of the June 8, 2018 amendment (paid);
- (iii) US\$75,000 on or before November 1, 2018 (paid);
- (iv) US\$300,000 on or before February 21, 2019 (paid); and
- (v) US\$250,000 on or before May 30, 2019 (paid by SLB).

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)**Clayton Valley Claims (continued)****LIX Claims (continued)***Share consideration:*

- (vi) 1,250,000 common shares on the closing date of the May 10, 2017 agreement (issued);
- (vii) 1,250,000 common shares on or before May 30, 2018 (issued);
- (viii) 750,000 common shares within 5 days of the August 10, 2018 amendment (issued);
- (ix) 750,000 common shares within 5 days following the date of acceptance of the October 1, 2018 amendment by the exchange (issued); and
- (x) issuance of 2,500,000 common shares on or before December 31, 2018 (issued).

Other consideration:

- (xi) pay maintenance fees on mineral claims on or before August 20, 2018 (paid);
- (xii) preparation and filing of a feasibility study by December 31, 2019 and payment of US\$250,000 or issuance of common shares with a value of US\$250,000; and
- (xiii) payment of US\$4,500,000 or issuance of common shares with a value of US\$4,500,000 after the earlier of either securing debt or equity financing of at least US\$20,000,000 related to the optioned mineral claims or 18 months after the date of filing the feasibility study on SEDAR.

The new terms of the royalty obligation with GeoXplor are as follows:

- (xiv) a 3% royalty on all minerals produced and extracted from the property;
- (xv) payment of an advance royalty of US\$250,000 on the fourth and fifth anniversaries of the May 10, 2017 option agreement (creditable against the production royalty in (xiv) above); and
- (xvi) payment of an advance royalty of US\$500,000 on each anniversary thereafter (creditable against the production royalty in (xiv) above).

The royalty can be purchased by the Company for US\$10,000,000 at any time after the eighth anniversary and prior to the ninth anniversary of the closing date.

Under the Bureau of Land Management of the United States (the "Bureau"), the Company is required to hold reclamation bonds that cover the estimated cost to reclaim the ground disturbed. As at June 30, 2019, the Company has recorded reclamation bonds of \$143,761 (2018 - \$175,198) relating to its Clayton Valley claims. The total asset retirement obligation has been estimated as the value of reclamation bond requirements, which total \$143,761 (2018 - \$175,198) as at June 30, 2019. Management believes that the value of the reclamation bonds as calculated by the Bureau is an accurate representation of the limited ground disturbance that has been caused to date, and the costs to remediate such.

NE Claims

On November 8, 2017, the Company entered into an asset purchase agreement (the "Agreement") with Advantage Lithium Corp. ("Advantage") and Nevada Sunrise Gold Corporation ("Nevada Sunrise", and together, the "Vendors") to acquire the Clayton NE claim blocks ("Acquired Claims") located in Esmeralda County, Nevada.

Pursuant to the Agreement, Pure Energy issued to the Vendors an aggregate of 7,000,000 common shares (the "Consideration Shares"), with 4,900,000 Consideration Shares issued to Advantage and 2,100,000 Consideration Shares issued to Nevada Sunrise. In addition, in respect of certain of the Acquired Claims, the Company has agreed to assume a 3% gross over-riding royalty granted in favour of a prior owner.

The Agreement required that the Vendors would not, directly or indirectly, sell or transfer any of the Consideration Shares except in accordance with a release schedule whereby 25% of the Consideration Shares may be sold after 18 months from closing, and a further 25% every three months thereafter. The Vendors have also agreed to vote the Consideration Shares at the Company's shareholder meetings in favour of the certain matters recommended by management for a period of 24 months. The Company and each of the Vendors are at arm's length. No finder's fees were paid or are payable in connection with the transaction.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS (continued)**Terra Cotta Claims**

On March 9, 2017, and as amended on September 26, 2017 and May 3, 2018, the Company entered into a property option agreement to acquire up to a 100% interest in a property on the Pocitos Salar in Salta, Argentina (the "Terra Cotta project"). Consideration for a 100% interest in the claims (first option) is:

- (i) Cash payment of US\$25,000 (paid);
- (ii) Cash payment of US\$175,000, (paid) within 5 days of the Agreement;
- (iii) Cash payment of US\$200,000 (paid) and issuance of 600,000 common shares (issued) within 5 days of TSX Venture Exchange approval;
- (iv) Issuance of 900,000 common shares within 7 days of the September 26, 2017 amendment (issued);
- (v) Cash payment of US\$150,000 on October 2, 2017 (paid);
- (vi) Cash payment of US\$450,000 on December 2, 2017 (paid in addition to interest and deferral charges of US\$100,000 for late payment);
- (vii) Cash payment of US\$250,000 (paid) and issuance of 800,000 common shares (issued) within 5 days of the May 3, 2018 amendment;
- (viii) Cash payment of US\$750,000 and issuance of 700,000 common shares within 90 days of the May 3, 2018 amendment ⁽¹⁾; and
- (ix) Cash payment of US\$2,000,000 and issuance of 3,000,000 common shares within 24 months of the agreement.⁽¹⁾

⁽¹⁾ On July 16, 2018, the Company entered into an amending agreement to delay the payments under (viii) and (ix) above for a period of one year. The payment of US\$750,000 was not made subsequent to year-end.

The Company also entered into a finder's fee agreement whereby the Company was required to pay and issue the following:

- (i) \$20,000 (paid) and finder's common shares of 100,000 (issued) within 5 days of TSX Venture Exchange approval; and
- (ii) 200,000 (issued) finders' common shares to be issued in subsequent stages.

Upon full execution of the option, the Company will obtain a 100% beneficial interest in the property, and if the Company elects to proceed with a feasibility study or to commence production, an additional cash bonus payment of US\$1,000,000 will be paid to the vendors.

During the year ended June 30, 2019, management recorded an impairment loss of \$51,394 (2018 - \$3,916,344) on the Terra Cotta project in profit or loss. While management still believes that the project is of merit and warrants continued development, lack of projected activity and budget, due to market conditions, warranted a write-down. The write-down was calculated in accordance with level 3 of the fair value hierarchy.

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Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS AND BALANCES

Transactions with related parties are measured at the exchange amount which is the amount agreed to by the parties. The Company's related parties consist of key management personnel, being the Directors and executive officers and companies owned in whole or in part by them as follows:

Name	Position and nature of transactions
Mike Dake	Director
Mary Little	Director
He Yaping	Director (appointed May 28, 2019)
Tyler Durham	Director (appointed May 28, 2019)
Frank Wells	Director, Interim CFO (appointed October 31, 2018)
Dianne Szigety	Corporate Secretary – Management fees and salaries
Scott Shellhaas	Former Director (resigned October 11, 2018)
Patrick Highsmith	Former Director (resigned July 8, 2019), Former CEO (resigned October 31, 2018) – Management fees and salaries
Paul Zink	Former CFO (resigned October 31, 2018) – Management fees and salaries
Walter Weinig	Former VP of Projects and Permitting (resigned January 7, 2019) – Management fees and salaries

Compensation of Key Management Personnel

For the year ended	June 30, 2019	June 30, 2018
Management fees and salaries	\$ 263,171	\$ 706,089
Share-based compensation – officers	42,146	418,999
Share-based compensation - directors	52,550	408,188
Total	\$ 357,867	\$ 1,533,276

Included in accounts payable and accrued liabilities is \$50,477 (2018 - \$57,782) owing to directors and officers of the Company for accrued and unpaid management fees, salaries and expense reimbursements. These amounts are unsecured, non-interest bearing and due on demand.

7. CONVERTIBLE DEBT

For convertible debt, under IFRS, when the currency of the conversion price of the conversion option is different than the functional currency of the legal entity in which they were issued, the conversion option component is accounted for as a derivative liability. The Company allocated the net proceeds to the debt liability and derivative liability components based on the prorated fair value of the debt liability and derivative components. The following convertible promissory note transactions took place during the year ended June 30, 2019:

- i) On August 10, 2018, the Company closed a private placement offering of a \$295,042 (US\$225,000) Senior Convertible Promissory Note with a related party. The outstanding principal of the promissory note shall be paid to the holder on or before the maturity date of October 4, 2019, unless previously prepaid or converted, at the option of the holder, into fully paid and non-assessable shares at US\$0.10 per share. The promissory note carried interest at 10% per annum, accruing daily and payable in quarterly installments on November 15, 2018, February 15, 2019, May 15, 2019, and at the maturity date of October 4, 2019.

The initial fair value of the derivative component was determined using the Black-Scholes Option Pricing Model using the following assumptions: US\$0.08 stock price, US\$0.10 exercise price, 1.15 years of expected life, 70.54% annualized volatility and a 2.08% discount rate. The fair value of the derivative component was pro-rated as a percentage of the total convertible debt and was determined to be \$55,053. The debt liability portion was valued using a discount rate of 25% and was determined to have a prorated value of \$239,989.

The promissory note was repaid on June 14, 2019 with accrued interest of US\$19,942 (CAD\$26,397).

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Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

7. CONVERTIBLE DEBT (continued)

- ii) On November 7, 2018, the Company entered into a \$98,220 (US\$75,000) Senior Convertible Promissory Note with a related party. The outstanding principal of the promissory note shall be paid to the holder on or before the maturity date of November 15, 2019, unless previously prepaid or converted, at the option of the holder, into fully paid and non-assessable shares at US\$0.10 per share. The promissory note carried interest at 10% per annum, accruing daily and payable in quarterly installments on February 15, 2019, May 15, 2019, August 15, 2019 and at the maturity date of November 15, 2019.

The initial fair value of the derivative component was determined using the Black-Scholes Option Pricing Model using the following assumptions: US\$0.08 stock price, US\$0.10 exercise price, 1.02 years of expected life, 103.31% annualized volatility and a 2.32% discount rate. The fair value of the derivative component was pro-rated as a percentage of the total convertible debt and was determined to be \$21,666. The debt liability portion was valued using a discount rate of 25% and was determined to have a prorated value of \$76,554.

The promissory note was repaid on June 14, 2019 with accrued interest of US\$4,550 (CAD\$6,023).

- iii) On February 19, 2019, the Company entered into a \$527,840 (US\$400,000) Senior Convertible Promissory Note with a placee unrelated to the Company. The outstanding principal shall be repaid on or prior to the maturity date of February 19, 2020, unless previously prepaid by the Company or converted, at the option of the holder, into fully paid and non-assessable shares at CAD\$0.10 per share. Pursuant to the offering, the note carried interest at the rate of 13.95% per annum, compounded monthly and payable in arrears on the maturity date.

The initial fair value of the liability component was determined using a discount rate of 25% and was determined to be \$475,779, with the remaining \$49,557 being allocated to equity. A finder's fee of US\$24,000 was allocated to deferred financing fees and share issue costs on a prorated basis using the relative values of the equity portion and liability portion of the convertible note.

On May 30, 2019, the convertible note was converted into common shares of the Company (note 8).

Interest expense related to convertible debt for the year ended June 30, 2019, was \$54,001. The following table presents the reconciliation of the beginning and ending balances of the components of the convertible debt:

	Liability	Derivative Liability	Total
Balance, June 30, 2018	\$ -	\$ -	\$ -
Issuance of debt	792,323	126,275	918,598
Accretion of liability	53,611	-	53,611
Revaluation of conversion option	-	(77,472)	(77,472)
Repayment of convertible debt	(401,550)	-	(401,550)
Conversion of convertible debt	(491,797)	(49,557)	(541,354)
Change in foreign exchange	47,413	754	48,167
Balance, June 30, 2019	\$ -	\$ -	\$ -

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

8. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

Share capital activity for the year ended June 30, 2019 is described as follows:

- (i) On July 3, 2018, the Company issued 1,250,000 common shares at a fair value of \$0.20 pursuant to a property option agreement (note 5).
- (ii) On August 29, 2018, the Company issued 750,000 common shares at a fair value of \$0.11 pursuant to a property option agreement (note 5).
- (iii) On November 23, 2018, the Company issued 750,000 common shares at a fair value of \$0.095 pursuant to the Clayton Valley claims agreement (note 5).
- (iv) On January 10, 2019, the Company issued 2,500,000 common shares at a fair value of \$0.17 to GeoXplor Corp pursuant to the terms of the Option Agreement dated May 10, 2017, as amended (note 5).
- (v) On January 23, 2019, the Company issued 262,530 common shares with a fair value of \$26,253 to settle accounts payable of \$35,015 with a contractor. A gain of \$8,762 on the extinguishment of debt was recognized.
- (vi) On February 22, 2019, the Company issued 420,481 common shares with a fair value of \$42,048 to settle accounts payable of \$53,882 with a contractor. A gain of \$11,834 on the extinguishment of debt was recognized.
- (vii) On April 4, 2019, the Company issued 204,615 common shares with a fair value of \$16,369 to settle accounts payable of \$25,780 with a contractor. A gain of \$9,411 on the extinguishment of debt was recognized.
- (viii) On May 30, 2019, the Company issued 32,421,737 common shares to Schlumberger Canada Ltd as part of a private placement for US\$1,500,000 (CAD\$1,993,637). The Company paid cash commissions of US\$90,000 (CAD\$114,555) related to the private placement and other share issuance costs of \$37,171.
- (ix) On May 30, 2019, the Company issued 5,523,707 common shares due to the conversion of a convertible debt of US\$400,000 (CAD\$532,000) and accrued interest of \$19,765.

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Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

b) Issued and outstanding (continued)

Share capital activity for the year ended June 30, 2018, is described as follows:

- (i) On July 7, 2017, the Company issued 15,382 common shares at a fair value of \$0.59 pursuant to the property option agreement.
- (ii) On August 22, 2017, the Company issued 600,000 common shares pursuant to the property option agreement for the Terra Cotta claims and issued 100,000 common shares as finders' fees, each at a fair value of \$0.55.
- (iii) On September 20, 2017, the Company issued 900,000 common shares pursuant to the property option agreement for the Terra Cotta claims at a fair value of \$0.50.
- (iv) On September 26, 2017, the Company completed a non-brokered private placement of 2,325,000 units at \$0.50 per unit for gross proceeds of \$1,162,500. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire an additional common share at \$0.75 per share for a two-year period, expiring September 26, 2019, subject to an accelerated exercise provision. The Company paid a cash commission of \$42,578 and issued 96,950 finder's warrants with a fair value of \$14,546. Each finder's warrant entitles the holder to acquire one common share at a cost of \$0.75 per share for a period of 2 years.
- (v) On December 1, 2017, the Company issued 7,000,000 common shares pursuant to the asset purchase agreement for the Clayton NE claim blocks at a fair value of \$0.44.
- (vi) On February 6, 2018, the Company completed the first and second tranches of its private placement offering. The Company issued an aggregate of 13,745,000 units priced at \$0.40 per unit for gross proceeds of \$5,498,000. Each unit consists of one common share and one share purchase warrant, exercisable to acquire one common share for a period of 36 months at a price of \$0.55 per share, provided that if the closing price of the common shares on the Exchange is equal to or greater than \$1.10 per common share for a period of 20 consecutive trading days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders thereof, and in such case, the Warrants will expire on the 30th day after the date on which such notice is given by the Company. The Company paid cash commissions of \$268,460, \$164,588 in legal fees and issued 671,150 finder's warrants with a fair value of \$100,062, exercisable at any time to February 6, 2021 at an exercise price of \$0.40 per share.
- (vii) On March 13, 2018, the Company issued 200,000 common shares as finder's fees pursuant to the property option agreement for the Terra Cotta claims at a fair value of \$0.33.
- (viii) On May 9, 2018, the Company issued 800,000 common shares pursuant to the property option agreement for the Terra Cotta claims at a fair value of \$0.24.
- (ix) On May 31, 2018, the Company issued 38,215 common shares at a fair value of \$0.27 pursuant to the property option agreement.
- (x) During the period from July 1, 2017 to June 30, 2018, the Company issued
 - 315,898 common shares pursuant to the exercise of warrants at \$0.15 per share;
 - 60,000 common shares pursuant to the exercise of stock options at \$0.235 per share;
 - 400,000 common shares pursuant to the exercise of stock options at \$0.24 per share;
 - 250,000 common shares pursuant to the exercise of stock options at \$0.245 per share; and
 - 10,000 common shares pursuant to the exercise of stock options at \$0.27 per share.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian dollars)***8. SHARE CAPITAL (continued)**

c) Stock options

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") which complies with the rules and policies of the TSX Venture Exchange. Under the Plan, the exercise price of each option may not be less than the Discounted Market Price (as defined). The aggregate number of common shares which may be subject to option at any one time may not exceed 10% of the issued common shares. The options are subject to vesting provisions as determined by the Board of Directors, and the maximum term is 10 years.

The continuity of stock options for the years ended June 30, 2019 and 2018 is as follows:

	Number of Options	Weighted Average Exercise Price \$
Balance, June 30, 2017	5,495,000	0.57
Granted	6,100,000	0.44
Exercised	(720,000)	(0.24)
Expired/Cancelled	(1,530,000)	(0.70)
Balance, June 30, 2018	9,345,000	0.49
Expired/Cancelled	(1,800,000)	(0.46)
Balance, June 30, 2019	7,545,000	0.49
Fully vested and exercisable at June 30, 2019	7,545,000	0.49

A summary of the Company's options outstanding as at June 30, 2019 is as follows:

Expiry Date	Exercise price (\$)	Options outstanding	Weighted average remaining life of options (years)	Options exercisable
July 24, 2019 ⁽¹⁾	0.75	950,000	0.07	950,000
October 3, 2019 ⁽¹⁾	0.245	150,000	0.26	150,000
December 2, 2019	0.71	200,000	0.42	200,000
March 11, 2020	0.27	270,000	0.70	270,000
October 23, 2020	0.67	300,000	1.32	300,000
November 5, 2020	0.54	400,000	1.35	400,000
February 4, 2021	0.57	400,000	1.60	400,000
April 19, 2022	0.50	325,000	2.81	325,000
July 11, 2022	0.57	1,500,000	3.03	1,500,000
February 26, 2023	0.37	2,800,000	3.66	2,800,000
May 21, 2023	0.27	250,000	3.89	250,000
		7,545,000	2.47	7,545,000

(1) Subsequent to June 30, 2019, 1,100,000 stock options expired unexercised.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

8. SHARE CAPITAL (continued)

d) Share-based payments

During the year ended June 30, 2019, the Company did not grant any stock options.

During the year ended June 30, 2018, the Company had the following stock option transactions:

- (i) On July 11, 2017, the Company granted 2,150,000 stock options to directors, officers, and consultants. The options vest quarterly in four equal tranches, with the first tranche vesting on the issuance date. The options are exercisable at an exercise price of \$0.57 per common share for a period of five years. Share-based payment expense of \$561,283 was recognized in net loss.
- (ii) On February 26, 2018, the Company granted 3,700,000 stock options to directors, officers, and consultants. All of the options vest quarterly in four equal tranches, with the first tranche vesting on the issuance date. The options are exercisable at an exercise price of \$0.37 per common share for a period of five years. Share-based payment expense of \$413,202 was recognized in net loss.
- (iii) On May 21, 2018, the Company granted 250,000 stock options to a director. The options vest quarterly in four equal tranches, with the first tranche vesting on the issuance date. The options are exercisable at an exercise price of \$0.27 per common share for a period of five years. Share based payment expense of \$11,132 was recognized in net loss.

During the year ended June 30, 2019, 1,800,000 (2018 - 1,280,000) options with a weighted average exercise price of \$0.46 (2018 - \$0.69), were cancelled pursuant to directors', officer's and consultant's resignations.

During the year ended June 30, 2019, no stock options expired unexercised. During the year ended June 30, 2018, 250,000 options with an exercise price of \$0.76 expired unexercised.

During the year ended June 30, 2019, the Company expensed \$115,898 (2018 - \$1,057,642) relating to options vested. At June 30, 2019, share-based payment expense to be recognized on unvested options is expected to be \$nil (2018 - \$122,421).

The options were valued using the following weighted average Black-Scholes option pricing model assumptions:

	2019	2018
Risk free interest rate	1.83%	1.49%
Expected dividend yield	0%	0%
Stock price volatility	73%	79%
Expected life of options	2 years	2 years
Forfeiture rate	0%	0%
Share price	\$0.34	\$0.44
Exercise price	\$0.36	\$0.45

Expected stock price volatility was calculated based solely on historical volatility.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian dollars)***8. SHARE CAPITAL (continued)**

e) Warrants

A summary of the changes in the Company's warrants for the years ended June 30, 2019 and 2018 is presented below.

	Agent Warrants		Financing Warrants	
	Number of Warrants	Weighted Average Exercise Price \$	Number of Warrants	Weighted Average Exercise Price \$
Balance, June 30, 2017	642,060	0.57	16,432,954	0.77
Granted	768,100	0.44	14,907,500	0.57
Exercised	-	-	(315,898)	(0.15)
Expired, unexercised	-	-	(35,150)	(0.15)
Balance, June 30, 2018	1,410,160	0.50	30,989,406	0.68
Expired, unexercised	(642,060)	(0.57)	(1,072,000)	(0.75)
Balance, June 30, 2019	768,100	0.44	29,917,406	0.68

A summary of the Company's warrants outstanding as at June 30, 2019 is as follows:

Expiry Date	Exercise price (\$)	Warrants outstanding
July 20, 2019 ⁽¹⁾	0.80	11,201,902
September 26, 2019 ⁽¹⁾	0.75	1,259,450
May 30, 2020	0.75	3,808,004
February 6, 2021	0.40	671,150
February 6, 2021	0.55	13,745,000
		30,685,506

(1) Subsequent to June 30, 2019, 12,461,352 warrants expired unexercised.

Financing warrants granted are valued using the residual value method and have a fair value of \$nil (2018 - \$nil).

The agent warrants were valued using the following weighted average Black-Scholes pricing assumptions:

	2019	2018
Risk free interest rate	n/a	1.80%
Expected dividend yield	n/a	0%
Stock price volatility	n/a	74%
Expected life of options	n/a	2 years
Forfeiture rate	n/a	0%
Share price	n/a	\$0.40
Exercise price	n/a	\$0.44

Expected volatility was calculated based solely on historical volatility.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian dollars)***8. SHARE CAPITAL (continued)**

f) Contributed Surplus

As at June 30, 2019 and 2018, contributed surplus consisted of the following:

	2019	2018
Loan forgiveness	\$ 2,449,536	\$ 2,449,536
Stock options	1,889,962	2,127,562
Warrants issued pursuant to property option agreements	724,223	724,223
Agent warrants	365,992	365,992
Total Contributed Surplus	\$ 5,429,713	\$ 5,667,313

9. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2019	2018
Combined statutory tax rate	27.00%	26.50%
Income tax recovery at combined statutory rate	\$ 278,200	\$ 1,917,000
Foreign tax and foreign exchange rates	(75,200)	273,600
Non-deductible expenses and other	(31,800)	(281,900)
Share issue costs	41,800	156,400
Change in unrecognized deferred tax assets	(213,000)	(2,065,100)
Income tax expense	\$ -	\$ -

Significant components of the Company's unrecognized deferred tax assets (liabilities) are shown below:

	2019	2018
Share issue costs	\$ 221,000	\$ 273,700
Property and equipment	5,200	4,900
Canadian eligible capital	100	100
Exploration and evaluation assets	2,230,000	2,221,000
Asset retirement obligation	38,800	47,300
Capital loss carryforwards	69,100	138,300
Non-capital loss carryforwards	4,377,000	4,042,800
Total deferred income tax assets	6,941,200	6,728,100
Unrecognized deferred tax assets	(6,941,200)	(6,728,100)
Net deferred tax assets	\$ -	\$ -

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

*(Expressed in Canadian dollars)***9. INCOME TAXES (continued)**

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

		2019	Expiry Date Range		2018	Expiry Date Range
Exploration and evaluation assets	\$	7,096,900	No expiry date	\$	7,071,200	No expiry date
Property and equipment		19,300	No expiry date		18,200	No expiry date
Canadian eligible capital (CEC)		400	No expiry date		400	No expiry date
Share issue costs		818,600	2020-2023		1,013,800	2019-2022
Asset retirement obligation		143,800	No expiry date		175,200	No expiry date
Allowable capital losses		256,100	No expiry date		512,200	No expiry date
Non-capital losses available for future period		15,796,000	2022-2039		14,644,200	2022-2038

Non-capital losses available for future periods expire as follows:

Expiry	Canada	USA	Argentina	Total
2039	\$ 822,300	\$ 303,000	\$ -	\$ 1,125,300
2038	1,784,500	768,900	-	2,553,400
2037	2,372,100	246,400	-	2,618,500
2036	2,489,300	8,100	-	2,497,400
2035	1,261,300	-	-	1,261,300
2034	579,900	-	-	579,900
2033	802,000	-	-	802,000
2032	1,369,200	-	-	1,369,200
2031	1,561,600	-	-	1,561,600
2030	701,100	-	-	701,100
2029	160,500	-	-	160,500
2028	142,600	-	-	142,600
2027	182,800	-	-	182,800
2026	143,000	-	-	143,000
2024	-	-	26,500	26,500
2023	-	-	55,100	55,100
2022	-	-	15,800	15,800
	\$ 14,372,200	\$ 1,326,400	\$ 97,400	\$ 15,796,000

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of mineral properties. The Company considers the items in shareholders' equity as capital. There has been no change to what the Company considers capital from the prior year. The Company does not have any externally imposed capital requirements to which it is subject.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash. There has been no change to how capital is managed from the prior year.

11. FINANCIAL INSTRUMENTS*Fair value*

As at June 30, 2019, the Company's financial instruments consist of cash, amounts receivable, reclamation bond, and accounts payable and accrued liabilities.

IFRS 13, *Fair Value Measurement*, establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 13 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities.

Level 2 – Inputs that are observable, either directly or indirectly, but do not qualify as Level 1 inputs (i.e. quoted prices for similar assets or liabilities).

Level 3 – Prices or valuation techniques that are not based on observable market data and require inputs that are both significant to the fair value measurement and unobservable.

The Company's financial assets and liabilities recorded at fair value as of June 30, 2019 and 2018 were calculated as follows:

	Level 1	Level 2	Level 3	June 30, 2019
Financial assets:				
Cash	\$ 683,774	\$ -	\$ -	683,744

	Level 1	Level 2	Level 3	June 30, 2018
Financial assets:				
Cash	\$ 72,539	\$ -	\$ -	72,539

The reclamation bond, amounts receivable, accounts payable and accrued liabilities all have carrying amounts that approximate their fair values, due the short term nature of these instruments, or the attached market rate of interest.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk, the Company places these instruments with high quality financial institutions.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

11. FINANCIAL INSTRUMENTS (continued)*Liquidity Risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due (see Note 1). The Company manages liquidity risk through the management of its capital structure as outlined in Note 10. The team is working diligently to seek financing to meet its cash needs.

The Company monitors its ability to meet its short-term exploration and administrative expenditure requirements by raising additional funds through share issuance when required. The Company's accounts payable and accrued liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company's asset retirement obligation would become due in the event the Company chose to abandon its held claims, giving rise to the obligation to reclaim any disturbance. The reclamation bonds are held to satisfy the asset retirement obligation in the event it were to be triggered. The Company has no current plans to drop such claims. The Company does not have investments in any asset backed securities.

Foreign Exchange Risk

The Company is exposed to currency fluctuations. From time to time, the Company has US dollar, Argentine peso ("ARS"), and UK pound ("GBP") balances in cash, amounts receivable, reclamation bonds, and accounts payable and accrued liabilities and is therefore exposed to gains or losses on foreign exchange. A significant change in the currency exchange rate between the Canadian dollar relative to the US dollar, ARS and/ or GBP could have an effect on the Company's profit or loss, financial position and/or cash flows. The Company has not hedged its exposure to currency fluctuations at June 30, 2019.

At June 30, 2019, the Company, through its wholly owned subsidiaries, had foreign currency cash balances of US\$444,634 and ARS\$7,946, refundable deposit of US\$15,000, reclamation bonds of US\$109,850, asset retirement obligation of US\$109,850, accounts payable and accrued liabilities in foreign currencies of US\$137,130 and ARS\$309,194. The Company is committed to certain property payments and exploration and evaluation expenditures which are denominated in US dollars. A 10% change in the Canadian dollar versus the US dollar would give rise to a gain/loss of approximately \$24,600, based on the Company's current net exposure. A 10% change in the Argentine peso (ARS) or UK pound (GBP) would have an immaterial impact on the Company's net credit exposure. In practice, the actual results may differ from this sensitivity analysis, and the difference may be material. Management considers foreign exchange to be a significant risk.

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 interest earned on cash balances approximates fair value rates, and the Company is not at a significant risk to fluctuating interest rates. At June 30, 2019, the Company does not hold any liabilities that are subject to interest.

Price risk

Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company's ability to raise capital to fund exploration and evaluation activities is subject to risks associated with fluctuations in the market price of lithium. The Company closely monitors commodity prices to determine the appropriate course of action to be taken.

PURE ENERGY MINERALS LIMITED

Notes to the Consolidated Financial Statements

For the years ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

12. SUPPLEMENTARY CASH FLOW INFORMATION AND NON-CASH TRANSACTIONS

Non-cash Financing and Investing Activities	2019	2018
Exploration and evaluation asset option payment	\$ 828,750	\$ 4,192,393
Warrants issued for finders' fees	-	114,608
Fair value of options exercised	-	165,154
Fair value of options expired/cancelled	353,498	694,157
Asset retirement obligation included in exploration and evaluation assets	(31,437)	58,410
Exploration and evaluation costs included in accounts payable	238,563	232,728

There were no cash inflows and outflows for interest and taxes during the years ended June 30, 2019 and 2018.

13. SUBSEQUENT EVENT

On July 9, 2019, the Company issued 912,595 common shares to settle accounts payable of \$118,637 owed to former officers for unpaid salaries and reimbursable expenses.