
SOKOMAN IRON CORP.
CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2018
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Sokoman Iron Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements have not been reviewed by the Company's auditors.

Sokoman Iron Corp.

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

Unaudited

	As at September 30, 2018	As at June 30, 2018
ASSETS		
Current assets		
Cash	\$ 3,604,656	\$ 556,021
HST receivable (note 3)	23,750	-
Prepaid expenses (note 3)	432,743	3,422
Security deposit (note 3)	4,500	4,500
Total current assets	4,065,649	563,943
Non-current assets		
Property and equipment (note 4)	5,758	6,108
Exploration and evaluation assets (note 5)	984,066	860,316
Total assets	\$ 5,055,473	\$ 1,430,367
EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 138,073	\$ 64,239
Deferred premium on flow-through shares	-	2,006
Total liabilities	138,073	66,245
Equity		
Share capital (note 7)	11,589,167	8,542,247
Warrants (note 7)	1,779,528	809,097
Contributed surplus	3,947,556	3,769,842
Deficit	(12,398,851)	(11,757,064)
Total equity	4,917,400	1,364,122
Total equity and liabilities	\$ 5,055,473	\$ 1,430,367

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

Nature of operations and going concern (note 1)

Approved on behalf of the Board:

(Signed) "Tim Froude" _____ Director

(Signed) "Colin Bowdidge" _____ Director

Sokoman Iron Corp.**Condensed Interim Consolidated Statements of Loss and Comprehensive Loss****(Expressed in Canadian Dollars)****Unaudited**

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017
Expenses		
Mineral exploration expenses (note 8)	\$ 196,552	\$ 77,842
Office and general	5,759	1,965
Filing fees	4,743	-
Business development	71,430	42
Management fees	26,000	7,500
Professional fees (note 8)	16,988	5,500
Salaries and benefits (note 8)	37,519	900
Share-based payments	212,541	-
Amortization (note 8)	39	49
Consulting	72,222	-
Net loss before other items	\$ (643,793)	\$ (93,798)
Other items		
Flow through share premium renunciation	\$ 2,006	\$ -
Net and comprehensive loss for the period	\$ (641,787)	\$ (93,798)
Basic and diluted net loss per share	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding	92,846,309	31,721,308

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

Sokoman Iron Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)

Unaudited

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017
Operating activities		
Net loss for the period	\$ (641,787)	\$ (93,798)
Adjustments for:		
Amortization	39	49
Amortization in exploration expenses	311	410
Share-based compensation	212,541	-
Flow through share premium renunciation	(2,006)	-
Changes in non-cash working capital items:		
HST receivable	(23,750)	(10,096)
Prepaid expenses	(429,321)	-
Accounts payable and accrued liabilities	73,834	7,391
Net cash used in operating activities	(810,139)	(96,044)
Investing activities		
Exploration and evaluation assets expenditures	-	(1,625)
Net cash used in investing activities	-	(1,625)
Financing activities		
Proceeds from private placement	3,001,500	-
Share issuance costs	(17,806)	-
Warrants exercised	835,080	-
Stock options exercised	40,000	-
Net cash provided by financing activities	3,858,774	-
Net change in cash	3,048,635	(97,669)
Cash, beginning of period	556,021	203,448
Cash, end of period	\$ 3,604,656	\$ 105,779
Supplemental information		
Shares issued to acquire exploration properties	\$ 123,750	\$ 17,500

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

Sokoman Iron Corp.

Condensed Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian Dollars)

Unaudited

	Share capital					Total
	Number of shares	Share capital	Warrants	Contributed surplus	Deficit	
Balance, June 30, 2017	31,710,438	\$ 7,692,471	\$ 375,700	\$ 3,769,842	\$ (11,234,994)	\$ 603,019
Shares issued to acquire exploration properties	500,000	17,500	-	-	-	17,500
Net loss and comprehensive loss for the period	-	-	-	-	(93,798)	(93,798)
Balance, September 30, 2017	32,210,438	\$ 7,709,971	\$ 375,700	\$ 3,769,842	\$ (11,328,792)	\$ 526,721
Balance, June 30, 2018	58,365,809	\$ 8,542,247	\$ 809,097	\$ 3,769,842	\$ (11,757,064)	\$ 1,364,122
Private placement	20,010,000	3,001,500	-	-	-	3,001,500
Share issue costs	-	(17,806)	-	-	-	(17,806)
Warrant valuation	-	(1,238,514)	1,238,514	-	-	-
Warrants exercised	13,220,500	835,080	-	-	-	835,080
Fair value of warrants exercised	-	268,083	(268,083)	-	-	-
Stock options exercised	500,000	40,000	-	-	-	40,000
Fair value of stock options exercised	-	34,827	-	(34,827)	-	-
Shares issued to acquire exploration properties	750,000	123,750	-	-	-	123,750
Share-based payments	-	-	-	212,541	-	212,541
Net loss and comprehensive loss for the period	-	-	-	-	(641,787)	(641,787)
Balance, September 30, 2018	92,846,309	\$ 11,589,167	\$ 1,779,528	\$ 3,947,556	\$ (12,398,851)	\$ 4,917,400

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

Sokoman Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Unaudited

1. Nature of operations and going concern

Sokoman Iron Corp. ("Sokoman" or "Company") is a public company listed on the TSX Venture Exchange (TSXV-SIC) and operating under the laws of the Province of British Columbia. The Company is an exploration-stage company that is in the process of exploring its mineral properties located in Canada and has not yet determined whether these properties contain reserves that are economically recoverable. The Company's registered office is 82 Richmond Street East, Toronto, Ontario M5C 1P1.

These unaudited condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from September 30, 2018. At September 30, 2018, the Company has an accumulated deficit of \$12,398,851 (June 30, 2018 - deficit of \$11,757,064) and has working capital of \$3,927,576 (June 30, 2018 - \$497,698). The Company's ability to continue as a going concern is dependent upon its ability to generate sufficient funds and continue to obtain sufficient capital from investors to meet its current and future obligations. The Company is subject to risks and challenges similar to other exploration stage companies. As a result of these risks, a material uncertainty exists that casts significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these Interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

2. Summary of significant accounting policies

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting. The accounting policies followed in these unaudited condensed interim consolidated financial statements are the same as those applied in the audited annual financial statements of the Company for the year ended June 30, 2018.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS issued and outstanding as of November 29, 2018, the date the Audit Committee approved the statements.

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include exploration and evaluation assets, share-based payments, allocation of financing proceeds, and income taxes. Differences may be material.

The Company operates in one segment defined as the cash generating unit ("CGU") which is North America. These financial statements were authorized for issue by the Board of Directors on November 29, 2018.

Sokoman Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Unaudited

2. Summary of significant accounting policies (continued)

Changes in accounting policy

IFRS 9 - Financial Instruments ("IFRS 9")

Effective July 1, 2018, the Company adopted IFRS 9. In July 2014, the IASB issued the final publication of the IFRS 9 standard, which supersedes IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, new guidance for measuring impairment on financial assets, and new hedge accounting guidance. The Company has adopted IFRS 9 on a retrospective basis, however, this guidance had no material impact to the Company's financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

The new hedge accounting guidance had no impact on the Company's financial statements.

Below is a summary showing the classification and measurement bases of the Company's financial instruments as at July 1, 2018 as a result of adopting IFRS 9, along with comparison to IAS 39.

Classification	IAS 39	IFRS 9
Cash	FVTPL	FVTPL
Security deposit	Loans receivable	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost

As a result of the adoption of IFRS 9, the accounting policy for financial instruments as disclosed in the Company's June 30, 2018 financial statements has been updated as follows:

Recognition

The Company recognizes a financial asset or financial liability on the statement of financial position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value, and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A write-off of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectations of recovering the contractual cash flows on a financial asset.

Classification and Measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- (i) those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and
- (ii) those to be measured subsequently at amortized cost.

Sokoman Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Unaudited

2. Summary of significant accounting policies (continued)

Changes in accounting policy (continued)

IFRS 9 - Financial Instruments ("IFRS 9") (continued)

Classification and Measurement (continued)

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial liabilities are classified and measured at either:

- (i) amortized cost;
- (ii) FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- (iii) FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

The Company's financial asset consists of cash, which is classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in net loss, and security deposit, which is classified and subsequently measured at amortized cost.

The Company's financial liabilities consist of accounts payable and accrued liabilities, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information.

Sokoman Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Unaudited

2. Summary of significant accounting policies (continued)

New IFRS standards not yet adopted

The Company has not yet adopted certain new IFRS standards, amendments and interpretations to existing standards, which have been published but are only effective for its annual periods beginning on or after July 1, 2019. The Company is current evaluating the potential impacts of these new standards.

IFRS 16 - Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019.

3. Accounts receivable and security deposit

	As at September 30, 2018	As at June 30, 2018
Prepaid expenses	\$ 432,743	\$ 3,422
Security deposit	4,500	4,500
HST receivable	23,750	-
	\$ 460,993	\$ 7,922

4. Property and equipment

Cost	Office equipment	Trucks	Prospecting equipment	Total
Balance, June 30, 2017, June 30, 2018 and September 30, 2018	\$ 7,260	\$ 20,965	\$ 32,968	\$ 61,193

Accumulated Amortization	Office equipment	Trucks	Prospecting equipment	Total
Balance, June 30, 2017	\$ 6,286	\$ 18,481	\$ 28,482	\$ 53,249
Depreciation for the period	196	744	896	1,836
Balance, June 30, 2018	\$ 6,482	\$ 19,225	\$ 29,378	\$ 55,085
Depreciation for the period	39	131	180	350
Balance, September 30, 2018	\$ 6,521	\$ 19,356	\$ 29,558	\$ 55,435

Carrying value	Office equipment	Trucks	Prospecting equipment	Total
Balance, June 30, 2018	\$ 778	\$ 1,740	\$ 3,590	\$ 6,108
Balance, September 30, 2018	\$ 739	\$ 1,609	\$ 3,410	\$ 5,758

Sokoman Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Unaudited

5. Exploration and evaluation assets

	June 30, 2017	Additions (Disposals)	June 30, 2018	Additions (Disposals)	September 30, 2018
Burin Property	\$ 31,860	\$ (31,859)	\$ 1	\$ -	\$ 1
Lamaline	4,680	(4,679)	1	-	1
Iron Horse	234,875	-	234,875	-	234,875
Startrek	40,000	1,000	41,000	-	41,000
Crippleback	15,900	15,250	31,150	-	31,150
East Alder	56,500	25,000	81,500	-	81,500
Unity Resource	50,000	32,500	82,500	-	82,500
Princess Lake	22,000	(22,000)	-	-	-
Clarks Brook	-	19,250	19,250	123,750	143,000
Moosehead	-	368,689	368,689	-	368,689
Meadows	-	1,350	1,350	-	1,350
Total	\$ 455,815	\$ 404,501	\$ 860,316	\$ 123,750	\$ 984,066

Burin/Lamaline

The Burin property was acquired by staking and option agreements and consists of three projects; Lamaline (formerly Salmonier Hill), Lawn and Little St. Lawrence. The property lies at Tidewater immediately adjacent to the towns of Lawn, St. Lawrence and Lamaline on the southern portion of the Burin Peninsula, on Newfoundland's south coast. The Company has completed acquiring all previously optioned claims and now controls 100% interest (subject to certain NSR requirements). Management has determined at the present time it has no intention to spend further on this property as result it has been written down.

On October 12, 2010 the Company optioned a portion of its Burin uranium claim holdings (Little St. Lawrence) to Newfoundland Fluorspar Exploration Limited (Newfluorex) a privately held corporation. The Company has received a total of \$25,000 cash during the year ended June 30, 2016 and 1,000,000 Newfluorex shares which were received in prior years, representing payment in full. The Newfluorex shares have been valued at \$nil as Newfluorex is not quoted on an active market. Discussions with potential joint venture partners is ongoing.

Iron Horse

The Iron Horse project is located approximately 120 kilometers Northeast of Labrador City, Labrador. A 50:50 joint venture agreement was formed with Metals Creek Resources Corp who was at that point the project operator. On May 16, 2012, Sokoman and Metals Creek announced a new agreement announcing that Sokoman would be increasing its interest in the joint venture to a maximum of 70% by meeting the following criteria; an additional 10% (aggregate 60%) by issuing on signing of the agreement a total of 1.5 million common shares (issued) of Sokoman to Metals Creek and by assuming responsibility for all expenditures related to the 2012 exploration program with a minimum exploration expenditure of \$500,000 (\$330,791 in expenditures, as at June 30, 2017); an additional 10% (aggregate of 70%) by issuing an additional 2.5 million common shares (issued) of Sokoman within 18 months of the new agreement and producing a NI 43-101 compliant resource of at least 50 million tonnes by the fourth anniversary of the new agreement.

The Company has amended the agreement whereby Sokoman can earn a 100% interest in Iron Horse by issuing 15 million additional shares (issued) to Metals Creek and by paying a lump sum of \$1 million upon delivery of a feasibility study. Metals Creek retains a 1.9% NSR on the Iron Horse Property. The amended agreement was subsequently approved by the TSX Venture and the amended agreement supersedes all earlier agreements. Through a 2012 financing arrangement with Callinan Royalties, (now Altius Minerals Corp through a takeover), Sokoman is required to maintain the property in good standing through December 31, 2020 with no financial commitments required. As part of the financing arrangement, Callinan (now Altius) holds a 1% NSR on the Iron Horse Property.

Sokoman Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Unaudited

5. Exploration and evaluation assets (continued)

Startrek

The Company acquired 100% interest in two antimony/gold properties in northeastern Newfoundland, the Startrek and Antimony Ridge properties. The Company has issued two million common shares of Sokoman Iron Corp. The property is subject to a 2% NSR royalty to the vendors. This acquisition agreement is with parties related to a Director at the time. The Antimony Ridge property has since been dropped leaving only the Startrek property.

Central Newfoundland Gold Project

During the year ended June 30, 2017, the Company acquired, through a combination of staking and option, the central Newfoundland Gold Project which consists of three separate properties: 1. Crippleback Lake; 2. Princess Lake; and, 3. East Alder properties in central Newfoundland.

Crippleback Lake

The property was acquired during the year ended June 30, 2017. To obtain a 100% interest, the Company is committed to the following payments: total cash of \$34,500 (\$10,450 paid) and, share payments totaling 600,000 (300,000 shares issued) over a three-year option agreement. The vendors will retain a 2% NSR with a buyback of 1% for \$1 million, as well as, a 1% NSR on Sokoman's contiguous claims with a \$500,000 cash buyback of 0.5%. The vendors will also receive 10% of the value of any third party transaction Sokoman completes on the property, as well as first consideration for any eligible field work.

Princess Lake

The property was acquired during the year ended June 30, 2017. To obtain a 100% interest, the Company is committed to total share payments of 1.2 million shares, payable in three tranches of 400,000, as follows: on signing (issued) and 400,000 on each of the first (issued) and second anniversary dates of the agreement. The vendors retain a 2% NSR with a buyback of 1% for \$1 million. The property has been returned to the vendors.

East Alder

The property was acquired during the year ended June 30, 2017 and consists of two licenses and two separate agreements with:

a) Benton Resources Inc.

To obtain a 100% interest in this property, the Company is committed to the following payments:

- (i) 1 million common shares, due on signing of the agreement (issued);
- (ii) \$1,500 in cash, due on signing of the agreement (paid);
- (iii) 500,000 common shares, due on first anniversary of agreement date (issued);
- (iv) 500,000 common shares, due on second anniversary of agreement date;

Sokoman is also committed to \$600,000 in payments, contingent on its reaching the following milestones:

- (i) \$100,000 payment in cash/shares/or mix, upon completion of a NI 43-101 compliant resource;
- (ii) \$200,000 payment in cash/shares/or mix upon completion of a pre-feasibility;
- (iii) \$300,000 cash payment upon completion of a final/full/bankable feasibility;

Benton Resources Inc. also retains a 2% NSR of which 1% can be purchased for \$1 million.

Sokoman Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Unaudited

5. Exploration and evaluation assets (continued)

East Alder (continued)

b) Unity Resources – a private consortium;

To obtain a 100% interest in this property, the Company is committed to the following payments:

- (i) 750,000 common shares, due on signing of the agreement (issued);
- (ii) \$5,000 in cash, due on signing of the agreement (\$1,500 paid);
- (iii) 650,000 common shares, due on first anniversary of agreement date (issued);

Sokoman is also committed to \$600,000 in payments, contingent on its reaching the following milestones:

- (i) \$100,000 payment in cash/shares/or mix, upon completion of a NI 43-101 compliant resource;
- (ii) \$200,000 payment in cash/shares/or mix upon completion of a pre-feasibility;
- (iii) \$300,000 cash payment upon completion of a final/full/bankable feasibility;
- (iv) The vendors retain a 2% NSR of which half (1%) can be purchased for \$1 million cash.

Clarks Brook

The property was acquired during the year ended June 30, 2018. This property consists of two licenses and two separate agreements with, to earn an initial 75% interest, Sokoman must make cash payments of \$45,000 over three years (no cash on signing) and issue a total of 3,000,000 Sokoman common shares over three years (1,250,000 shares issued) and incur work expenditures of \$800,000 over three years (\$100,000 by 1st anniversary). Sokoman will be the operator during the earn-in period. Once a 75% interest is earned by Sokoman, either a 75/25 joint venture will be formed, or Sokoman may elect to earn an additional 25% interest to bring its total property interest to 100%. The terms to increase its interest from 75% to 100% include payments of \$100,000 and the issuance of an additional 2,000,000 Sokoman shares within 60 days of the 3rd anniversary date.

Moosehead

The Company acquired 100% of the property during the year ended June 30, 2018. The Company issued 7,754,371 common shares and issued 1,428,571 share purchase warrants. The purchase warrants have a strike price of \$0.05 per share and expire in three years, March 17, 2021. The property is subject to a 0.5% NSR royalty. The Company must incur \$500,000 in exploration expenditures on the property within twelve (12) months.

Meadows

The Company acquired a 100% interest in two Licenses via staking in late 2017. The Licences were issued in January 2018. Total acquisition costs include \$4,500 in refundable security.

Sokoman Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Unaudited

6. Mineral exploration expenses

A summary of exploration expenditures incurred for the period ended September 30, 2018 is as follows:

	Moosehead	Meadows	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017
Field office expenses	\$ 24,003	\$ 2,521	\$ 26,524	\$ 28,587
Geo services	1,485	-	1,485	280
Drilling	129,362	-	129,362	31,135
Assays	13,579	-	13,579	-
Wages and salaries	25,291	-	25,291	17,430
Amortization	311	-	311	410
Total	\$ 194,031	\$ 2,521	\$ 196,552	\$ 77,842

7. Share capital

(a) Authorized share capital

- (i) an unlimited number of common shares
- (ii) an unlimited number of preferred shares issued in series

(b) Issued

	Number of shares	Share capital
Balance, June 30, 2017	31,710,438	\$ 7,692,471
Shares issued to acquire exploration properties	500,000	17,500
Balance, September 30, 2017	32,210,438	\$ 7,709,971
Balance, June 30, 2018	58,365,809	\$ 8,542,247
Private placement (i)	20,010,000	3,001,500
Share issue costs	-	(17,806)
Warrant valuation	-	(1,238,514)
Warrants exercised	13,220,500	835,080
Fair value of warrants exercised	-	268,083
Stock options exercised	500,000	40,000
Fair value of stock options exercised	-	34,827
Shares issued to acquire exploration properties	750,000	123,750
Balance, September 30, 2018	92,846,309	\$ 11,589,167

Sokoman Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Unaudited

7. Share capital (continued)

(b) Issued (continued)

(i) On August 15, 2018, the Company completed a non-brokered private placement for total proceeds of \$3,001,500 consisting of 20,010,000 units at a price of \$0.15 per unit. Each unit consists of one common share and one common share purchase warrant.

Each warrant is exercisable into one common share at a price of \$0.25 per share for a period of two years from closing. The grant date fair value of the warrants was estimated to be \$1,238,514 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%, expected volatility of 186%, risk-free interest rate of 2.09%, and expected life of 2 years.

(c) Stock options

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX Venture (the "Stock Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares exercisable for a period of up to five (5) years.

A summary of changes of the Company's stock options is presented below for the periods ended September 30, 2018 and 2017:

	Number of stock options	Weighted average exercise price
Balance, June 30, 2017, September 30, 2017 and June 30, 2018	2,300,000	\$ 0.08
Exercised	(500,000)	0.08
Granted (i)(ii)	4,550,000	0.16
Balance, September 30, 2018	6,350,000	\$ 0.14

(i) On September 12, 2018, the Company granted 3,950,000 stock options to directors, officers and a consultant of the Company exercisable at a price of \$0.16 per common share. The options vest 1/4 each on grant date and every six months thereafter and expire in five years. The grant date fair value of \$629,208 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$0.16, expected dividend yield of 0%, expected volatility of 253% which is based on historical volatility of the Company's share price, risk-free rate of return of 2.25% and an expected maturity of 5 years. For the three months ended September 30, 2018, \$185,879 was expensed to share-based compensation.

(ii) On September 25, 2018, the Company granted 600,000 stock options to consultants of the Company exercisable at a price of \$0.165 per common share. The options vest 1/4 each on grant date and every six months thereafter and expire in five years. The grant date fair value of \$101,525 was assigned to the stock options as estimated by using the Black-Scholes valuation model with the following assumptions: share price of \$0.17, expected dividend yield of 0%, expected volatility of 251% which is based on historical volatility of the Company's share price, risk-free rate of return of 2.35% and an expected maturity of 5 years. For the three months ended September 30, 2018, \$26,662 was expensed to share-based compensation.

Sokoman Iron Corp.**Notes to Condensed Interim Consolidated Financial Statements****Three Months Ended September 30, 2018****(Expressed in Canadian Dollars)****Unaudited**

7. Share capital (continued)**(c) Stock options (continued)**

The following table reflects the actual stock options issued and outstanding as of September 30, 2018:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding
March 12, 2022	0.08	3.45	1,800,000
September 12, 2023	0.16	4.95	3,950,000
September 25, 2023	0.165	4.99	600,000
	0.14	4.53	6,350,000

(d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of warrants	Weighted average exercise price
Balance, June 30, 2017 and September 30, 2017	11,740,800	\$ 0.05
Balance, June 30, 2018	28,324,071	\$ 0.06
Issued	20,010,000	0.25
Exercised	(13,220,500)	0.06
Balance, September 30, 2018	35,113,571	\$ 0.17

Sokoman Iron Corp.**Notes to Condensed Interim Consolidated Financial Statements****Three Months Ended September 30, 2018****(Expressed in Canadian Dollars)****Unaudited**

7. Share capital (continued)**(d) Warrants (continued)**

The following table reflects the warrants outstanding as of September 30, 2018:

Expiry date	Exercise price (\$)	Grant date value	Number of warrants outstanding
December 1, 2019	0.09	\$ 2,544	150,000
December 1, 2019	0.09	84,218	1,208,000
December 1, 2019	0.06	10,294	60,000
December 12, 2019	0.09	9,248	597,500
December 12, 2019	0.06	37,420	218,700
August 15, 2020	0.25	1,238,514	20,010,000
December 1, 2020	0.07	71,238	4,200,000
December 1, 2020	0.07	8,370	540,000
December 12, 2020	0.07	3,100	200,000
March 17, 2021	0.05	54,759	1,428,571
July 21, 2021	0.05	14,040	900,000
December 30, 2021	0.08	4,500	100,000
January 20, 2022	0.05	207,083	4,720,000
January 20, 2022	0.08	17,500	400,000
January 20, 2022	0.05	16,700	380,800
	0.14	\$ 1,779,528	35,113,571

Sokoman Iron Corp.

Notes to Condensed Interim Consolidated Financial Statements

Three Months Ended September 30, 2018

(Expressed in Canadian Dollars)

Unaudited

8. Related party transactions

(a) The Company entered into the following transactions with related parties:

(i) Included in business development is \$22,913 for the three months ended September 30, 2018 (three months ended September 30, 2017 - \$nil) paid to a company related to a director. As at September 30, 2018, \$7,063 (June 30, 2018 - \$nil) was owed to this company and this amount was included in accounts payable and accrued liabilities.

(ii) Included in business development is \$6,253 for the three months ended September 30, 2018 (three months ended September 30, 2017 - \$nil) paid to a director. As at September 30, 2018, \$6,253 (June 30, 2018 - \$nil) was owed to this director and this amount was included in accounts payable and accrued liabilities.

(iii) Included in professional fees is \$10,785 for the three months ended September 30, 2018 (three months ended September 30, 2017 - \$nil) paid to a company controlled by a director and corporate secretary. As at September 30, 2018, \$31,895 (June 30, 2018 - \$4,500) was owed to this company and this amount was included in accounts payable and accrued liabilities.

(iv) Included in professional fees is \$1,703 (three months ended September 30, 2017 - \$nil) paid to Marrelli Support Services Inc. ("MSSI") for Eric Myung, an employee of MSSI, to act as the Chief Financial Officer ("CFO") of the Company and bookkeeping services. As at September 30, 2018, \$1,924 (June 30, 2018 - \$nil) was owed to this company and this amount was included in accounts payable and accrued liabilities.

(b) Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. Remuneration of directors and key management personnel of the Company, except as noted in (a) above, was as follows:

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017
Salaries and benefits	\$ 36,667	\$ 16,652
Wages and salaries		
included in mineral exploration expenses	24,988	-
Share-based payments	181,173	-
	\$ 242,828	\$ 16,652

As at September 30, 2018, \$20,857 (June 30, 2018 - \$nil) was owed to key management personnel and this amount was included in accounts payable and accrued liabilities.