



CONFEDERATION

MINERALS LTD.

Interim Condensed Consolidated Financial Statements

Three Months Ended September 30, 2019 and 2018

(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of Confederation Minerals Ltd. for the three months ended September 30, 2019, have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indication that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of the interim financial statements by an entity's auditor.

CONFEDERATION MINERALS LTD.Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

For the Three Months Ended September 30,	Notes	2019	2018
		\$	\$
Expenses			
Bank charges and interest		60	68
Consulting and management fees	11	91,000	87,000
Exploration and evaluation expenditures	7	2,768	9,733
Filing fees		200	1,278
Insurance		1,738	7,306
Meals and entertainment		280	413
Office expenses		7,881	5,222
Professional fees		11,604	-
Project investigation		550	275
Shareholder information		-	649
Transfer agent fees		1,874	553
Travel and accommodation		3,226	21
		(121,181)	(112,518)
Interest and miscellaneous income		77	85
Loss for the period		(121,104)	(112,433)
Total comprehensive loss for the period		(121,104)	(112,433)

Loss per share (note 12)

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

CONFEDERATION MINERALS LTD.Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

For the Three Months Ended September 30,	2019	2018
	\$	\$
Cash provided by (used in):		
Operating activities:		
Loss for the period	(121,104)	(112,433)
Items not involving cash:		
Interest income	(77)	(85)
Changes in non-cash working capital:		
Receivables	1,018	43,710
Prepaid expenses	(4,474)	(3,754)
Payables and accruals	81,751	62,142
	(42,886)	(10,420)
Investing activities:		
Interest received	77	85
	77	85
Financing activities:	-	-
Net change in cash	(42,809)	(10,335)
Cash, beginning of period	435,294	591,455
Cash, end of period	392,485	581,120

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

CONFEDERATION MINERALS LTD.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Share Capital				Total Equity (Deficiency)
	Number of Shares	Amount \$	Reserves \$	Deficit \$	
Balance - June 30, 2018	13,626,972	23,109,725	2,955,549	(25,710,967)	354,307
Loss for the period	-	-	-	(112,433)	(112,433)
Balance - September 30, 2018	13,626,972	23,109,725	2,955,549	(25,823,400)	241,874
Balance - June 30, 2019	18,126,972	24,144,725	2,955,549	(26,213,763)	886,511
Loss for the period	-	-	-	(121,104)	(121,104)
Balance - September 30, 2019	18,126,972	24,144,725	2,955,549	(26,334,867)	765,407

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

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements
For the Period Ended September 30, 2019
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company was incorporated on November 3, 2005 under the Business Corporations Act (British Columbia) and trades on the TSX Venture Exchange ("TSX-V") under the symbol CFM. The Company's principal business activity is the exploration of exploration and evaluation assets.

The amounts shown as exploration and evaluation assets represent net acquisition costs to date, less any amounts amortized and/or written off, and do not necessarily represent present or future values. The recoverability of these amounts and any additional amounts required to place these assets into commercial production are dependent upon certain factors. These factors include the existence of ore deposits sufficient for commercial production and the Company's ability to obtain the required additional financing necessary to develop these assets.

The Company has a working capital deficiency as at September 30, 2019 of \$350,292 and an accumulated deficit of \$26,334,867. These interim condensed consolidated financial statements have been prepared under the assumptions of a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses from inception and does not currently have the financial resources to maintain its operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds from there and/or raise equity capital or borrowings sufficient to meet current and future obligations. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These interim condensed consolidated financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern.

The financial information is presented in Canadian Dollars (CDN\$), which is the functional currency of the Company.

The head office and principal address of the Company are located at Suite 2250, 1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9.

2. BASIS OF PRESENTATION

Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with the significant accounting policies disclosed in note 3.

Basis of measurement

The interim condensed consolidated financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the interim condensed consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements

For the Period Ended September 30, 2019

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (continued)

Basis of measurement (continued)

assumptions and estimates are significant to the interim condensed consolidated financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basic of Consolidation

These interim condensed consolidated financial statements incorporate the financial statements of the Company and 1106877 B.C. Ltd., the Company's wholly owned subsidiary. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. All significant intercompany transactions and balances have been eliminated.

b) Cash

Cash includes cash on hand, and demand deposits with financial institutions.

c) Mineral Exploration and Evaluation Expenditures

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore a mineral property has been acquired, all costs related to the acquisition of mineral properties are capitalized by property. All exploration and evaluation expenditures are expensed until properties are determined to have economically recoverable resources. These direct expenditures include such costs as materials used, surveying costs, geological studies, drilling costs, payments made to contractors and depreciation of plant and equipment during the exploration phase.

Mineral property acquisition costs for each mineral property are carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped in full through successful development and exploration of the mineral property or alternatively, by sale; or
- Exploration and evaluation activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves; however, active and significant operations in relation to the mineral property are continuing, or planned for the future.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged to profit or loss at the time the determination is made.

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements
For the Period Ended September 30, 2019
(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**c) Mineral Exploration and Evaluation Expenditures (continued)**

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is first tested for impairment and is then considered to be a mine under development and is classified as "mining assets", within property, plant, and equipment. Exploration and evaluation acquisition costs accumulated are also tested for impairment before they are transferred to development properties.

d) Foreign Currencies Translation and Transaction

The functional currency of the Company is measured using the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss.

e) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company performs impairment testing on each cash-generating unit.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in accumulated other comprehensive loss/income.

f) Provisions**Rehabilitation Provision**

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records, if any, the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements
For the Period Ended September 30, 2019
(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Provisions (continued)

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

g) Income Taxes

Income tax expense comprises current and deferred tax expense. Current tax and deferred tax expense are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

h) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, share warrants and flow-through shares are classified as equity instruments.

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve issuance of common shares or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of equity financing transaction, the warrants are exercisable into additional common shares at a price.

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements

For the Period Ended September 30, 2019

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share Capital (continued)

prior to expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency fee or other transactions costs are accounted for as share-based payments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon qualifying expenditures being incurred, the Company derecognizes the liability and recognizes the premium as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

i) Earnings / Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. For the years presented, this calculation proved to be anti-dilutive.

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements
For the Period Ended September 30, 2019
(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Share-based Payments (continued)

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Options or warrants granted that relate to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

k) Recent accounting pronouncements and future changes in accounting standards

The Company did not adopt any new accounting standard changes or amendments in 2018 that had a material impact on the Company's interim condensed consolidated financial statements. The following accounting standard was adopted by the Company for the fiscal years beginning on or after July 1, 2018:

IFRS 9 Financial instruments

IFRS 9 Financial Instruments replaced IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The Company adopted IFRS 9 using the modified retrospective approach where the cumulative impact of adoption will be recognized in deficit as of July 1, 2018 and comparatives will not be restated.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income, or (iii) at fair value through profit or loss.

Amortized cost

Financial assets classified and measured at amortized cost are those assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are SPPI. Financial assets classified at amortized cost are measured using the effective interest method.

Fair value through other comprehensive income ("FVTOCI")

Financial assets classified and measured at FVTOCI are those assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise to cash flows that are SPPI. This classification includes certain equity instruments where IFRS 9 allows an entity to make an irrevocable election to classify the equity instruments, on an instrument-by-instrument basis, that

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements

For the Period Ended September 30, 2019

(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**k) Recent accounting pronouncements and future changes in accounting standards (continued)**Fair value through other comprehensive income ("FVTOCI")

would otherwise be measured at fair value through profit or loss ("FVTPL") to present subsequent changes in FVTOCI.

Fair value through profit or loss ("FVTPL")

Financial assets classified and measured at FVTPL are those assets that do not meet the criteria to be classified at amortized cost or at FVTOCI. This category includes debt instruments whose cash flow characteristics are not SPPI or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell the financial asset.

Consistent with IAS 39, financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39 Classification	IFRS 9 Classification
Financial Assets		
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Financial Liabilities		
Payables and accruals	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost

The adoption of IFRS 9 did not have an impact on the Company's classification and measurement of financial assets and liabilities.

IFRS 9 uses an expected credit loss impairment model as opposed to an incurred credit loss model under IAS 39. The impairment model is applicable to financial assets measured at amortized cost where any expected future credit losses are provided for, irrespective of whether a loss event has occurred as at the reporting date. The adoption of the new expected credit loss impairment model had no impact on the carrying amounts of financial assets at amortized cost.

Consistent with IAS 39, the financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. Financial liabilities are derecognized when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements
For the Period Ended September 30, 2019
(Expressed in Canadian Dollars)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Recent accounting pronouncements and future changes in accounting standards (continued)

Fair value through profit or loss ("FVTPL")

The Company has reviewed new accounting pronouncements that have been issued but are not yet effective. The Company will continue to evaluate the impact these standards will have on the condensed interim consolidated financial statements when they are finalized. Currently the effect is expected to be immaterial. These standards include:

IFRS 16 Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidation financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the interim condensed consolidated financial statements within the next financial year are discussed below:

Acquisition of Assets

The determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The transaction with 1106877 B.C. Ltd. was determined to constitute an acquisition of assets (note 6).

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements

For the Period Ended September 30, 2019

(Expressed in Canadian Dollars)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

5. RECEIVABLES

At September 30, 2019 and June 30, 2019, the Company's receivables consist of GST – value added tax.

6. ACQUISITION

Red Lake Gold Mining District, Ontario

On June 28, 2019, the Company completed the acquisition of 1106877 B.C. Ltd. (the "Privco") which holds certain exploration properties (note 7). The Company acquired 100% of the issued and outstanding common of the Privco by issuing 4,500,000 common shares to the shareholders of the Privco.

The Company's acquisition of the Privco is being accounted for as an acquisition of net assets as the transaction did not qualify as a business combination under IFRS 3 Business Combinations. The allocation of the consideration to the assets and liabilities acquired are as follows:

<i>Consideration</i>	<i>Value of 4,500,000 common shares issued</i>	\$ 1,035,000
	<i>Transaction costs</i>	6,701
		<u>\$ 1,041,701</u>
Net assets acquired	Cash	\$ 5,678
	Exploration and evaluation assets	1,115,698
	Loans payable	(79,675)
		<u>\$ 1,041,701</u>

7. EXPLORATION AND EVALUATION ASSETS

Newman Todd Project

The Company holds a 70% interest in the Newman Todd Project.

The Project is subject to a two percent net smelter return ("NSR") and a fifteen percent net carried interest. The latter interest does not receive payment until capital expenditures have been recovered with interest.

The Company also owns an effective 35% interest in certain other claims adjacent to the Newman Todd Project.

The Company previously impaired the mineral property value to \$1.

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements

For the Period Ended September 30, 2019

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

The schedule below outlines the costs incurred in the Newman Todd Project as at September 30, 2019:

	As at June 30, 2018	Additions/ (Writedowns)	As at June 30, 2019	Additions/ (Writedowns)	As at September 30, 2019
	\$	\$	\$	\$	\$
Acquisition					
Cash payments	1	-	1	-	1
Share issuance	-	-	-	-	-
	1	-	1	-	1
	Cumulative to June 30, 2018	Expenditures during the year	Cumulative to June 30, 2019	Expenditures during the period	Cumulative to September 30, 2019
Exploration and evaluation expenditures					
Advance payment	-	-	-	-	-
Assays and reports	1,363,866	-	1,363,866	-	1,363,866
Camp construction	115,276	-	115,276	1,730	117,006
Drilling	4,860,038	-	4,860,038	-	4,860,038
Environmental	291,336	-	291,336	-	291,336
Equipment installation	101,950	-	101,950	-	101,950
Field expenses	1,206,969	-	1,206,969	-	1,206,969
General administration	84,823	8,072	92,895	1,038	93,933
Metallurgy studies	133,482	-	133,482	-	133,482
Geological consulting	2,994,077	14,008	3,008,085	-	3,008,085
Permitting	4,340	-	4,340	-	4,340
Reclamation	10,000	-	10,000	-	10,000
Resource estimation	33,100	-	33,100	-	33,100
Surveys and geophysics	15,068	-	15,068	-	15,068
Travel and accommodation	480,250	-	480,250	-	480,250
Total exploration and evaluation expenditures	11,694,575	22,080	11,716,655	2,768	11,719,423

Red Lake Gold Mining District, Ontario

On June 28, 2019, the Company acquired a private company whereby Confederation acquired certain exploration properties in the Red Lake Gold Mining District, Ontario (note 6). The Company controls two contiguous properties located in the Red Mining Lake District of Ontario.

The first property is held under an option agreement whereby the Company can acquire 100%, subject to a 1.5% NSR Royalty, by making cash payments based on the following schedule totaling \$100,000. The Company can purchase 1/2 of the NSR for \$400,000.

Amount (CAD)	Due Date
\$13,000	Within 7 days after the effective date (November 21, 2018) (paid)
\$12,000	On or before October 31, 2019 (paid)
\$15,000	On or before October 31, 2020
\$25,000	On or before October 31, 2021
\$35,000	On or before October 31, 2022

The second property is 100% held by the private company, and not subject to any cash payments or royalties.

These two properties are collectively called the "Leo Property".

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements
For the Period Ended September 30, 2019
(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

The schedule below outlines the costs incurred in the Leo Property as at September 30, 2019:

	As at June 30, 2018	Additions/ (Writedowns)	As at June 30 2019	Additions/ (Writedowns)	As at September 30 2019
	\$	\$	\$	\$	\$
Acquisition					
Acquisition costs (note 6)	-	1,115,698	1,115,698	-	1,115,698
	-	1,115,698	1,115,698	-	1,115,698

8. PAYABLES AND ACCRUALS

	Note	September 30, 2019	June 30, 2019
		\$	\$
Trade payables and accruals		491,276	445,390
Due to related parties	11	180,515	144,650
		671,791	590,040

9. LOANS PAYABLE

As of September 30, 2019, the Company has loans of \$84,675 (June 30, 2019 - \$84,675) which are unsecured, bear no interest, and are payable upon demand.

10. SHARE CAPITAL**a) Authorized**

Unlimited common shares with no par value

b) Issued Share Capital

At September 30, 2019, there were 18,126,972 common shares issued and outstanding

c) Common Shares**Fiscal 2019**

On June 28, 2019, the Company issued 4,500,000 shares at a value of \$1,035,000 in connection to the acquisition of Privco (note 6).

d) Share-based Payments

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option will not be less than the discounted market price of the common shares as permitted by the TSX-V policies. The options can be granted for a maximum term of 5 years.

There were no options granted during period ended September 30, 2019 and 2018.

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements
For the Period Ended September 30, 2019
(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)**d) Share-based Payments (continued)**

The continuity of stock options for the period ended September 30, 2019 is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price (\$)
Balance June 30, 2018 and 2019	1,050,000	0.40
Balance September 30, 2019	1,050,000	0.40

The options outstanding and exercisable at September 30, 2019 are as follows:

Number	Exercise Price	Remaining Contractual
1,050,000	0.40	3.49

e) Warrants

The continuity of the warrants during the period ended September 30, 2019 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance June 30, 2018	4,673,948	0.56
Expired	(2,342,327)	0.56
Balance June 30, 2019	2,331,621	0.55
Balance September 30, 2019	2,331,621	0.55

The outstanding warrants at September 30, 2019 are as follows:

Expiry Date	Price per Share	Warrants Outstanding
March 28, 2020	\$ 0.55	2,331,621

11. RELATED PARTY TRANSACTIONS

The aggregate value of transactions recorded as consulting fees relating to key management personnel and entities which they have control or significant influence were as follows:

Services provided by:	Notes	Three Months Ended September 30,	
		2019	2018
		\$	\$
Baron Global Financial Canada Ltd.	(a)	30,000	30,000
David Velisek	(b)	3,000	-
James Lenec	(c)	16,000	-

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements
For the Period Ended September 30, 2019
(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

- a) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. ("Baron"), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.
- b) David Velisek, the Director of the Company provided business development consulting services.
- c) James Lenec, the Director and President of the Company provided consulting services.

The following table outlines the Company's related party payables:

	September 30, 2019	June 30, 2019
	\$	\$
Baron Global Financial Canada Ltd.	173,000	141,500
David Velisek	6,300	3,150
Denise Lok	1,215	-
	<u>180,515</u>	<u>144,650</u>

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the period ended September 30, 2019 and 2018 was as follows:

For the Three Months Ended September 30,	2019	2018
Loss for the period:	(\$121,104)	(\$112,433)
Weighted average number of common shares outstanding	18,126,972	13,626,972
Basic and diluted loss per share	(\$0.01)	(\$0.01)

13. COMMITMENTS

In April 2016 the Company entered into agreements with two arms-length parties to provide business consulting services. Each of the two consultants will be paid a monthly fee of \$7,000 for an indefinite term. If any of the consulting agreements are terminated without cause, the parties will each receive \$168,000.

14. SEGMENT INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets within Canada.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At September 30, 2019, the Company was not subject to significant interest rate risk.

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements
For the Period Ended September 30, 2019
(Expressed in Canadian Dollars)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

Foreign Exchange Rate Risk

The Company is not subject to significant foreign exchange risk as all of the Company's operations are located in Canada.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to cash held on deposit and receivables.

The Company manages its credit risk by investing only in high quality financial institutions. Receivables are due from a government agency.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and match the maturity profile of financial assets to development, capital and operating needs. The Company is exposed to liquidity risk.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Cash is measured at fair value using level 1. The carrying value of receivables, payables and accruals, and loans payable approximates their fair value due to the current nature of those financial instruments.

16. CAPITAL MANAGEMENT

The Company manages its capital, being the components of shareholders' equity, and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has historically relied on the equity markets to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

CONFEDERATION MINERALS LTD.

Notes to the Interim Condensed Consolidated Financial Statements

For the Period Ended September 30, 2019

(Expressed in Canadian Dollars)

16. CAPITAL MANAGEMENT (Continued)

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital restrictions.