KERR MINES INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED MARCH 31, 2019

(EXPRESSED IN CANADIAN DOLLARS)

(UNAUDITED)

Notice To Reader

The accompanying unaudited condensed interim consolidated financial statements of Kerr Mines Inc. (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.

Kerr Mines Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
Unaudited

	As at March 31, 2019	As at June 30, 2018
ASSETS		
Current assets		
Cash	**$ 1,176,010**	$ 1,035,247
Marketable securities (note 3)	**402,141**	2,519
Assets held for sale (note 3)	**-**	27,747
Accounts receivable (note 5)	**12,855**	216,588
Prepaid expenses and other assets	**353,509**	319,044
Total current assets	**1,944,515**	1,601,145
Non-current assets		
Restricted investments (note 4)	**1,090,397**	1,531,890
Property, plant and equipment (note 6)	**9,798,784**	9,994,569
Mining properties (note 7)	**7,270,465**	7,270,465
Total assets	**$ 20,104,161**	$ 20,398,069
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	**$ 377,566**	$ 855,095
Liabilities directly associated with assets held for sale (note 3)	**-**	476,778
Total current liabilities	**377,566**	1,331,873
Non-current liabilities		
Promissory note payable (note 9)	**2,268,669**	2,136,863
Convertible promissory notes payable (note 10)	**6,724,459**	4,194,119
Derivative financial liabilities (note 10)	**457,227**	208,739
Loan payable (note 11)	**4,094,680**	3,856,783
Decommissioning liabilities (note 12)	**2,290,470**	2,174,079
Total liabilities	**16,213,071**	13,902,456
Equity		
Share capital (note 13)	**141,687,225**	139,366,531
Contributed surplus	**10,689,076**	10,531,788
Warrant reserve (note 15)	**3,388,710**	2,699,910
Share-based payments reserve (note 14)	**1,696,388**	1,696,578
Accumulated other comprehensive income	**416,770**	498,689
Deficit	**(153,987,079)**	(148,297,883)
Total equity	**3,891,090**	6,495,613
Total liabilities and equity	**$ 20,104,161**	$ 20,398,069

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)
Commitments and contingencies (note 20)
Subsequent events (note 22)

Approved on behalf of the Board:

(Signed) "Fahad Al Tamimi" Director   (Signed) "Claudio Ciavarella" Director

Kerr Mines Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
Unaudited

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2018
Operating expenses				
Exploration and evaluation expenditures (note 16)	**$ 1,898,071**	$ 2,071,782	**$ 4,480,890**	$ 6,959,882
General and administrative	**12,657**	14,795	**23,142**	41,418
Depreciation (note 6)	**113,997**	304,353	**339,315**	473,368
Salaries and benefits	**1,345**	10,563	**5,077**	113,870
Consulting fees	**(3,905)**	19,603	**49,865**	239,603
Professional fees	**23,800**	28,779	**325,074**	63,200
Promotion and travel	**13,058**	8,311	**13,058**	90,113
Shareholder relations	**3,865**	107,244	**135,828**	994,352
	(2,062,888)	(2,565,430)	**(5,372,249)**	(8,975,806)
Gain on disposal of other assets	**-**	-	**525,272**	(401,780)
Unrealized loss on marketable securities	**(24,592)**	-	**(153,397)**	-
Finance charges	**(254,875)**	(269,691)	**(704,741)**	(543,223)
Net gain on settlement of debts (note 17)	**-**	-	**-**	1,269,335
Gain on revaluation of derivative liability	**242,323**	49,560	**80,259**	6,363
Interest and other revenue	**3,744**	1,590	**10,121**	3,247
Gain (loss) on foreign exchange	**(146,738)**	(271,110)	**82,637**	(1,386,351)
Share-based payments (note 14)	**(84,166)**	(363,079)	**(157,098)**	(1,265,496)
Net loss for the period	**$ (2,327,192)**	$ (3,418,160)	**$ (5,689,196)**	$ (11,293,711)
Other comprehensive income (loss)				
Foreign exchange difference	**$ 69,431**	$ 602,803	**$ (81,919)**	$ 1,939,796
Other comprehensive income (loss) for the period	**$ 69,431**	$ 602,803	**$ (81,919)**	$ 1,939,796
Total comprehensive loss for the period	**$ (2,257,761)**	$ (2,815,357)	**$ (5,771,115)**	$ (9,353,915)
Basic and diluted net loss per share (note 18)	**$ (0.01)**	$ (0.01)	**$ (0.02)**	$ (0.05)
Weighted average number of common shares outstanding	**277,024,577**	255,785,168	**265,397,163**	243,047,427

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

Kerr Mines Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
Unaudited

	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2018
Operating activities		
Net loss for the period	**$ (5,689,196)**	$(11,293,711)
Adjustments for:		
Depreciation	**339,315**	473,368
Share-based payments	**157,098**	1,265,496
Accretion expenses	**204,274**	-
Unrealized loss on marketable securities	**153,397**	-
Accrued interest	**684,261**	-
Net gain on settlement of debts	**-**	(1,269,335)
Loss on revaluation of derivative liability	**(371,213)**	(6,363)
Foreign exchange	**(96,634)**	1,639,583
(Gain) loss on disposal of other assets	**(525,272)**	401,780
Changes in non-cash working capital items:		
Accounts receivable	**203,733**	(18,383)
Prepaid expenses and other assets	**(34,465)**	43,947
Inventories	**-**	7,281
Accounts payable and accrued liabilities	**(477,529)**	(228,940)
Net cash used in operating activities	**(5,452,231)**	(8,985,277)
Investing activities		
Decrease (increase) in restricted cash	**-**	53,060
Net cash provided by investing activities	**-**	53,060
Financing activities		
Issue of shares, net of costs	**2,932,594**	7,397,837
Convertible note payable	**2,660,400**	-
Loans (repaid) advanced	**-**	(200,000)
Net cash provided by financing activities	**5,592,994**	7,197,837
Net change in cash	**140,763**	(1,734,380)
Cash, beginning of period	**1,035,247**	5,065,452
Cash, end of period	**$ 1,176,010**	$ 3,331,072

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

Kerr Mines Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
Unaudited

		Reserves					
	Share capital	Contributed surplus	Share-based payments reserve	Warrant reserve	Accumulated other comprehensive income (loss)	Deficit	Total
Balance, June 30, 2017	**$132,264,928**	**$ 10,531,788**	**$ 178,496**	**$ 2,379,100**	**$ 1,286,626**	**$(136,729,749)**	**$ 9,911,189**
Shares issued	7,696,265	-	-	-	-	-	7,696,265
Share issuance costs	(273,852)	-	-	-	-	-	(273,852)
Warrants issued	(320,810)	-	-	573,900	-	-	253,090
Share-based payments	-	-	1,265,496	-	-	-	1,265,496
Net loss and comprehensive loss for the period	-	-	-	-	1,939,796	(11,293,711)	(9,353,915)
Balance, March 31, 2018	**$139,366,531**	**$ 10,531,788**	**$ 1,443,992**	**$ 2,953,000**	**$ 3,226,422**	**$(148,023,460)**	**$ 9,498,273**
Balance, June 30, 2018	**$139,366,531**	**$ 10,531,788**	**$ 1,696,578**	**$ 2,699,910**	**$ 498,689**	**$(148,297,883)**	**$ 6,495,613**
Shares issued	2,973,517	-	-	-	-	-	2,973,517
Share issue cost	(40,923)	-	-	-	-	-	(40,923)
Warrants issued	(611,900)	-	-	688,800	-	-	76,900
Stock-options expired	-	157,288	(157,288)	-	-	-	-
Share-based payments	-	-	157,098	-	-	-	157,098
Net loss and comprehensive loss for the period	-	-	-	-	(81,919)	(5,689,196)	(5,771,115)
Balance, March 31, 2019	**$141,687,225**	**$ 10,689,076**	**$ 1,696,388**	**$ 3,388,710**	**$ 416,770**	**$(153,987,079)**	**$ 3,891,090**

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

1. Nature of operations and going concern

Kerr Mines Inc. ("Kerr" or the "Company") is incorporated under the laws of the Province of Ontario. The principal business activities are directed towards exploring and developing the Copperstone gold property in La Paz County, Arizona, United States. To date, the Company has not earned significant revenue as all properties are pre-production.

The Company is listed on the Toronto Stock Exchange, trading under the symbol KER. The Company's corporate office and principal place of business is located at 18 King Street East, Suite 902, Toronto, Ontario, M5C 1C4, Canada.

As at March 31, 2019, the Company had working capital of $1,566,949 (June 30, 2018 – $269,272). The Company has incurred losses in previous periods and has not yet achieved profitable operations, with a current loss of $5,689,196 for nine months ended March 31, 2019 (nine months ended March 31, 2018 - loss of $11,293,711) and has an accumulated deficit of $153,987,079 as at March 31, 2019, (June 30, 2018 - $148,297,883), and expects to incur future losses in the development of its business and requires additional financing to continue to be able to operate, retain rights to its properties and carry out exploration and development of its properties, all of which casts significant doubt about the Company's ability to continue as a going concern. These unaudited condensed interim consolidated financial statements have been prepared on a going-concern basis and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material. While the Company expects to be able to obtain sufficient financing to continue as a going concern, it is not possible to predict whether financing efforts will be successful.

As at March 31, 2019, the Company is in the process of advancing the Copperstone Mine project to production. The continued operations of the Company and the amounts recoverable on the properties are dependent upon the ability of the Company to obtain the financing to continue the Company's current focus of maximizing Copperstone's potential by defining and expanding current resources and strengthening the mine's economics leading to project financing and a production decision.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed interim consolidated financial statements are based on IFRS's issued and outstanding as of May 14, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended June 30, 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending June 30, 2019 could result in restatement of these unaudited condensed interim consolidated financial statements.

(Expressed in Canadian Dollars)

2. Significant accounting policies (continued)

New standards adopted

IFRS 9 - Financial Instruments ("IFRS 9")

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, ("IFRS 9 (2014") to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”) based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 - Financial Instruments: Recognition and Measurement, for the classification and measurement of financial liabilities.

The Company adopted IFRS 9 in it's unaudited condensed interim consolidated financial statements on July 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on July 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- ♦ It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;
- ♦ Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the unaudited condensed interim consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the unaudited condensed interim consolidated statement of loss and comprehensive loss for the period. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

Classification	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Accounts receivable	Loans and receivables (amortized cost)	Amortized cost
Marketable securities	Fair value through profit and loss ("FVTPL")	FVTPL
Restricted investments	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Promissory note payable	Other financial liabilities (amortized cost)	Amortized cost
Convertible promissory notes payable	Other financial liabilities (amortized cost)	Amortized cost
Loan payable	Other financial liabilities (amortized cost)	Amortized cost
Decommissioning liabilities	Other financial liabilities (amortized cost)	Amortized cost
Derivative financial liabilities	Fair value through profit and loss ("FVTPL")	FVTPL

The original carrying value of the Company’s financial instruments under IAS 39 has not changed under IFRS 9.

2. Significant accounting policies (continued)

New standards adopted (continued)

IFRS 2 - Share-based Payment ("IFRS 2")

IFRS 2 was amended in June 2016, clarifying the accounting for certain types of share-based payment transactions. The amendments provide requirements on accounting for the effects of vesting and non-vesting conditions of cash-settled share-based payments, withholding tax obligations for share-based payments with a net settlement feature, and when a modification to the terms of a share-based payment changes the classification of the transaction from cash-settled to equity-settled. At July 1, 2018, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

IFRS 15 - Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 also includes a cohesive set of disclosure requirements that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. At July 1, 2018, the Company adopted this standard and there was no material impact on the Company's unaudited condensed interim consolidated financial statements.

New standards not yet adopted and interpretations issued but not yet effective

IFRS 10 - Consolidated Financial Statements ("IFRS 10"). IFRS 10 and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 16 - Leases ("IFRS 16") was issued on January 13, 2016. The new standard brings most leases onto the 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 periods beginning on or after January 1, 2019. The Company is currently evaluating the impact of IFRS 16 on its unaudited condensed interim consolidated financial statements.

3. Assets held for sale and liabilities directly associated with assets held for sale

Assets held for sale

The McGarry property, Barber Larder Property, and all related plant and equipment (collectively "McGarry assets") have been classified as held for sale in first quarter of 2018 for the following reasons:

- The directors of the Company made the determination that it would pursue the possible sale of the McGarry assets to two potential purchasers;
- McGarry assets were available for sale in its current condition;
- The actions to complete the sale were expected to be completed within one year;

(Expressed in Canadian Dollars)

3. Assets held for sale and liabilities directly associated with assets held for sale (continued)

Liabilities directly associated with assets held for sale

The decommissioning liabilities directly associated to the McGarry assets have been classified as liabilities directly associated with assets held for sale.

No exploration or development activities had been undertaken on the McGarry assets since 2014. The assets were sold to Orefinders Resources Inc., ("Orefinders") (TSX-V:ORX), a Canadian based junior gold exploration company, for 8 million common shares of Orefinders; and 440,248 common shares of Power Ore (TSXV: PORE), a battery metal focused company. The Company has divested all its interest in the McGarry assets to Orefinders and closed the transaction on August 15, 2018. The shares have been valued at $553,019.

As at June 30, 2018, there was no impairment for the assets held for sale since the liabilities directly associated with assets held for sale was higher than the assets held for sale. The net amount was negative and resulted in a gain.

The details of the McGarry assets and liabilities are as follows:

Mineral properties (Note 7)		
McGarry property	$	-
Barber Larder property		-
Total mineral properties classified as assets held for sale		-
Property and equipment (Note 6)		
Buildings		19,709
Mine and Mill equipment		-
Surface Vehicles		4,063
Computer equipment		3,975
Total property and equipment classified as assets held for sale		27,747
Assets held for sale at June 30, 2018		**27,747**
Decommissioning liabilities related to McGarry property (Note 12)		476,778
Liabilities directly associated with assets held for sale at June 30, 2018	**$**	**476,778**

4. Restricted investments

		As at March 31, 2019		**As at June 30, 2018**
Restricted investments				
Guaranteed investment certificates ("GIC") (1)	**$**	**-**	$	457,405
Short-term cashable account (2)		**1,090,397**		1,074,485
Total	**$**	**1,090,397**	$	1,531,890

(1) Letters of credit are secured by the GIC investment as disclosed in (note 20) and relate to the decommission liabilities on the McGarry property (note 7). This amount was released to the Company after the disposal of McGarry assets in August 2018.

(2) Pursuant to the term of the surety bond disclosed in (note 20) the Company provided cash collateral of $1,090,397 or US$816,000 (June 30, 2018 - $1,074,485 or US$816,000) which is held with the Bank of New York in the name of the Company to cover a portion of the decommission liabilities related to Copperstone property (note 7).

(Expressed in Canadian Dollars)

5. Accounts receivable

	As at March 31, 2019	As at June 30, 2018
HST receivable	**$ 10,836**	$ 214,569
Other receivables	**2,019**	2,019
Total	**$ 12,855**	$ 216,588

6. Property, plant and equipment

Cost	Buildings	Mine and mill equipment	Surface vehicles	Computer equipment	Mill	Total
Balance, June 30, 2017	$ 2,588,450	$ 1,893,536	$ 2,315,301	$ 115,221	$ 5,590,433	$ 12,502,941
Disposals	-	-	(768,052)	-	-	(768,052)
Foreign exchange differences	38,422	20,618	22,181	894	131,854	213,969
Assets held for sale	(74,813)	(1,353,229)	(15,334)	(54,620)	-	(1,497,996)
Balance, June 30, 2018	2,552,059	560,925	1,554,096	61,495	5,722,287	10,450,862
Foreign exchange differences	136,120	(46,935)	159,728	-	(105,383)	143,530
Balance, March 31, 2019	$ 2,688,179	$ 513,990	$ 1,713,824	$ 61,495	$ 5,616,904	$ 10,594,392

Accumulated depreciation	Buildings	Mine and mill equipment	Surface vehicles	Computer equipment	Mill	Total
Balance, June 30, 2017	$ 55,104	$ 1,425,627	$ 27,938	$ 108,084	$ -	$ 1,616,753
Depreciation for the year	-	61,798	243,935	4,055	-	309,788
Assets held for sale	(55,104)	(1,353,229)	(11,271)	(50,644)	-	(1,470,248)
Balance, June 30, 2018	-	134,196	260,602	61,495	-	456,293
Depreciation for the period	-	70,453	268,862	-	-	339,315
Balance, March 31, 2019	$ -	$ 204,649	$ 529,464	$ 61,495	$ -	$ 795,608

Carrying value	Buildings	Mine and mill equipment	Surface vehicles	Computer equipment	Mill	Total
Balance, June 30, 2018	$ 2,552,059	$ 426,729	$ 1,293,494	$ -	$ 5,722,287	$ 9,994,569
Balance, March 31, 2019	$ 2,688,179	$ 309,341	$ 1,184,360	$ -	$ 5,616,904	$ 9,798,784

(Expressed in Canadian Dollars)

7. Mineral properties

The mineral property additions and evaluation, exploration and care and maintenance expenses for the Company on its properties are broken down as follows:

	As at March 31, 2019	As at June 30, 2018
Copperstone Property	**$ 7,270,465**	$ 7,270,465
Total	**$ 7,270,465**	$ 7,270,465

Copperstone

The Company is engaged in exploring and developing the Copperstone gold property ("Copperstone Project") in La Paz County, Arizona, United States.

The Company holds a 100% leasehold interest in the Copperstone Project. The landlord is The Patch Living Trust. The current lease expires June 12, 2026. The lease is renewable for one or more ten-year terms at the Company's option under the same terms and conditions. The Company is obligated to pay for all permitting and state lease bonding, insurance, taxes, and is also required to pay an annual lease payment of US$40,000 to the Patch Living Trust. In addition, the Company is obligated to pay a quarterly production gross royalty equal to 1.5% of the disposition of Metal Products by the Company. Total annual production gross royalty obligations for the Copperstone Property total 6%. Of the annual gross production royalty, 4.5% is payable to Trans Oceanic Minerals Company Ltd., a company controlled by Fahad Al Tamimi, the Company's Chairman of the Board of Directors, and 1.5% payable to the Patch Living Trust.

All required property payments were made with respect to the Copperstone Project as of March 31, 2019, and all claims are in good standing. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements. The Company's ability to retain the rights to certain of its properties is dependent upon the Company continuing to make option payments and meet other commitments.

McGarry Property

The McGarry Property is located in the southwestern part of McGarry Township within the Larder Lake Mining Division of Ontario, Canada. The McGarry Property consists of 34 contiguous, patented mining claims (31) and mining licenses of occupation (3) totaling 1,112.0 acres with surface rights on a majority of the claims totaling 975.56 acres. The mining rights and surface rights are all in good standing and are maintained by the payment of annual taxes since no work requirements exist.

The McGarry property was sold to Orefinders Resources Inc., for 8 million common shares of Orefinders; and 440,248 common shares of Power Ore. The Company has divested all of its interest in the McGarry assets to Orefinders and closed the transaction on August 15, 2018 (note 3).

(Expressed in Canadian Dollars)

7. Mineral properties (continued)

Barber Larder Property

The Barber Larder Property consists of 15 patented claims and 2 mining licenses of occupation totaling 237 hectares or 585 acres. The mining claims are located contiguous to the western boundary of the Company's McGarry Property.

The Barber Larder property was sold to Orefinders on August 15, 2018 (note 3).

8. Accounts payable and accrued liabilities

		As at March 31, 2019		As at June 30, 2018
Trade payables	**$**	**176,777**	$	722,470
Accrued liabilities		**200,666**		132,500
Payroll liabilities		**123**		125
Total	**$**	**377,566**	$	855,095

9. Promissory note payable

Braydon Capital Corporation, (a company controlled by Claudio Ciavarella, an Officer, director and shareholder of Kerr) and Trans Oceanic Minerals Corporation Ltd. (a company controlled by Fahad Al Tamimi (Kerr's Chairman of the Board, a shareholder and creditor of Kerr) have each agreed to provide the Company with a promissory notes of $1,000,000 bearing interest at 8% after the first year and having a maturity date three (3) years from the date of issuance. Kerr has drawn against these facilities to meet its on-going working capital requirements, short term obligations and the payment of settlement amounts to various creditors. The notes are secured by a general security agreement in the Copperstone Mine. During the nine months ended March 31, 2019, the promissory notes were amended by extending the maturity date to August 2020. The balance includes accrued interest of $268,669 as at March 31, 2019 (June 30, 2018 - $136,863).

		March 31, 2019		June 30, 2018
Long term debt facility	**$**	**2,000,000**	$	2,000,000
Accrued interest		**268,669**		136,863
Total	**$**	**2,268,669**	$	2,136,863

10. Convertible promissory notes payable

Kerr debenture I

The Company has a convertible promissory note in the amount of US$2,054,570 (“Kerr debenture I”) payable to Trans Oceanic Minerals Corporation Ltd. The Kerr Debenture I has a maturity date of August 22, 2019, interest rate of 8% per annum, compounded monthly, payable quarterly. The interest will not accrue and will not be payable until August 22, 2017. The holder has the right to convert any part of the amount owing into common shares of the Company at a conversion price of $0.90 per common share. During the nine months ended March 31, 2019, the convertible promissory note was amended by extending the maturity date to August 2020.

For the nine months ended March 31, 2019 accrued interest expense of $169,325 (for the year 2018 - $182,203) was recorded.

Kerr debenture II

The Company has a convertible promissory note in the amount of US$1,000,000 (“Kerr debenture II”) payable to Trans Oceanic Minerals Corporation Ltd. The Kerr Debenture II has a maturity date of August 22, 2019, interest rate of 8% per annum, compounded monthly, payable quarterly. The interest will not accrue and will not payable until August 22, 2017. The holder has the right to convert any part of the amount owing into common shares of the Company at a conversion price of $0.065 per common share.

The conversion feature of a convertible financial instrument is presumed to be classified as a derivative financial liability unless it meets all the criteria to recognize as equity instrument under IAS 32 - Financial Instruments: Presentation. One of criteria is that the conversion option exchanges a fixed amount of shares for a fixed amount of cash ("fixed for fixed"). Since the convertible promissory note payables are denominated in US dollar, but are convertible into common shares based upon a Canadian dollar conversion rate, therefore the fixed for fixed criteria is not met. As such, the conversion option cannot be classified as an equity instrument. The Company allocated the convertible promissory note payables into two components, with the debentures carried at amortized cost, and the conversion option carried at fair-value. On initial recognition, $258,305 has been allocated to the derivative financial liabilities, classified as fair value through profit and loss; and $3,697,363 has been allocated to the debenture component.

During the nine months ended March 31, 2019, the convertible promissory note was amended by extending the maturity date to August 2020. The Company calculated the conversion feature and re-allocated the convertible promissory note payables into two components, with the debentures carried at amortized cost, and the conversion option carried at fair-value. On recognition, $116,521 has been allocated to the derivative financial liabilities resulting in a carrying value adjustment of $280,522 and an amortization adjustment of $51,944 on the promissory note.

For the nine months ended March 31, 2019 accretion expense of $58,070 (for the year 2017 - $86,102) was recorded related to the convertible debenture component and accrued interest expense of $86,696 (for the year 2018 - $90,110) was recorded.

The fair value of the derivative financial liabilities decreased by $123,394 during the nine months ended March 31, 2019, and increased by $20,709 during the year ended June 30, 2018 due to the changes in stock price, risk free rate and expected volatility at the end of each reporting date.

10. Convertible promissory notes payable (continued)

Sprott convertible note

The Company executed a term sheet with Sprott Private Resource Lending (Collector) LP ("Sprott"), setting out the indicative terms upon which Sprott is prepared, subject to certain conditions including satisfactory due diligence, to provide up to US$25 million of senior secured project financing (the "Financing Package") to fund the development and production of gold at the Copperstone Mine.

The Highlights of the Financing Package include:

- ♦ US$2 million senior redeemable convertible note (the "Note") with an 9% coupon repayable 18 months after closing (completed November 28, 2019);
- ♦ US$2 million senior gold loan facility repayable 18 months after closing (target completion on or about June 30, 2019 ("Phase 2")).;
- ♦ US$21 million senior project loan facility repayable 48 months after closing;
- ♦ The Company will raise US$2 million in equity as working capital (see note 13(b)(iii)).

In connection with the Note, the Company issued to Sprott 1,000,000 common share purchase warrants (the "Sprott Warrants'). Each Sprott Warrant entitles the holder to purchase one Common Share at a price of Cdn$0.15 until November 27, 2021. The expiry of the Sprott Warrants can be accelerated at the Company's election if the trading price of the common shares is higher than 2.5 times the exercise price for 30 consecutive trading days. The fair value of the 1,000,000 Sprott Warrant was estimated at $76,900 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 2.24%; volatility 112% and an expected life of 36 months.

Since the convertible Note is denominated in US dollar, but are convertible into common shares based upon a Canadian dollar conversion rate, the fixed for fixed criteria is not met. As such, the conversion option cannot be classified as an equity instrument. The Company allocated the convertible promissory note payables into two components, with the debentures carried at amortized cost, and the conversion option carried at fair-value. On initial recognition, $567,757 has been allocated to the derivative financial liabilities and the Company incurred legal fees of $20,837.

For the nine months ended March 31, 2019 accretion expense of $149,785 (for the year 2017 - $nil) was recorded related to the convertible debenture component, and accrued interest expense of $58,537 (for the year 2018 - $nil) was recorded. The fair value of the derivative financial liabilities decreased by $195,875 during the nine months ended March 31, 2019 due to the changes in stock price, risk free rate and expected volatility at the end of each reporting date

(i) Debenture component

Convertible promissory notes payables at June 30, 2017	**$**	**3,777,362**
Accrued interest		272,313
Accretion expenses		86,102
Foreign exchange difference		58,342
Convertible promissory notes payables at June 30, 2018		**4,194,119**
Accrued interest		314,558
Accretion expenses		207,855
Foreign exchange difference		73,505
Less derivative financial liabilities on recognition of amendment Kerr debenture II		(51,944)
Sprott convertible note		2,660,400
Less derivative financial liabilities on initial recognition and expenses		(674,034)
Convertible promissory notes payables at March 31, 2019	**$**	**6,724,459**

(Expressed in Canadian Dollars)

10. Convertible promissory notes payable (continued)

(ii) Debenture component

Balance at June 30, 2017	**$**	**279,014**
Gain on derivative financial liabilities		(70,275)
Balance at June 30, 2018		**208,739**
Gain on derivative financial liabilities		(38,747)
Derivative financial liabilities on recognition of amendment Kerr debenture II		(280,522)
Derivative financial liabilities on initial recognition of Sprott convertible note		567,757
Balance at March 31, 2019	**$**	**457,227**

11. Loan payable

This loan was a promissory note ("Loan Payable") in the amount of $5,109,763 with no fixed terms of repayment and an interest rate of 12% payable to Braydon Capital Corporation (“Braydon”), a company controlled by Claudio Ciavarella, an Officer, director and shareholder of Kerr. As of June 30, 2016, interest payments had not been made which was considered a default.

On August 22, 2016 Braydon agreed to waive interest owing pursuant to the Loan Payable outstanding as of June 30, 2016 totaling $1,753,292. Braydon also agreed to convert $1,500,000 of principal outstanding under the Loan Payable into 18,500,000 common shares. Braydon agreed to replace its residual debt of $3,609,763 under the Loan Payable to have had a maturity date of August 22, 2019 and a revised interest rate of 8% compounded monthly, payable quarterly, with no interest accrued or payable during the first year. During the nine months ended March 31, 2019, the promissory notes were amended by extending the maturity date to August 2020. The balance owing includes accrued interest of $484,917 as at March 31, 2019 (June 30, 2018 - $247,020).

	March 31, 2019	**June 30, 2018**
Loan Payable	**$ 3,609,763**	$ 3,609,763
Accrued interest	**484,917**	247,020
Total	**$ 4,094,680**	$ 3,856,783

(Expressed in Canadian Dollars)

12. Decommissioning liabilities

The Company's decommissioning liabilities relates to the cost of removing and restoring of the McGarry property in the Township of McGarry and the Copperstone Mine in La Paz County, Arizona. Significant reclamation and closure activities include land rehabilitation, demolition of buildings and mine facilities, ongoing care and maintenance and other costs. This estimate depends on the development of environmentally acceptable mine closure plans.

A continuity for asset retirement obligations is as follows:

Asset Retirement Obligation	Bear Lake (1)	McGarry (2)	Copperstone (3)	Total
Balance, June 30, 2017	$ 53,060	$ 476,778	$ 2,161,431	$ 2,691,269
Accretion expense for the year	-	-	36,337	36,337
Disposals	(53,060)	-	-	(53,060)
Foreign exchange differences	-	-	(23,689)	(23,689)
Classified as liability directly associated with assets held for sale	-	(476,778)	-	(476,778)
Balance, June 30, 2018	-	-	2,174,079	2,174,079
Accretion expense for the year	-	-	84,153	84,153
Foreign exchange differences	-	-	32,238	32,238
Balance, March 31, 2019	$ -	$ -	$ 2,290,470	$ 2,290,470

(1) Bear Lake

The Company had a cash deposit of $53,060 (including accumulated interest) (note 4) with the Ministry of Northern Development and Mines of the province of Ontario ("MNDM") to cover a portion of the decommission liability related to the Bear Lake property. The property was sold in 2016, and the liability has been released in 2018.

(2) McGarry:

The decommissioning liability related to McGarry was estimated to be $476,778 to which the Company has provided a letter of credit as disclosed in (note 20) and is secured by GIC investment (note 4). This liability has been reclassified as liabilities directly associated with assets held for sale (note 3).

(3) Copperstone:

The mine closure provision liability is based upon numerous estimates and assumptions, as follows:

i) Total undiscounted amount of future retirement costs was estimated to be US$1,764,096 (Cdn$2,290,470) to which the Company has provided cash collateral as disclosed in (note 20).
ii) Risk-free rate at 2.12%.
iii) Expected timing of cash outflows required to settle the obligation is for the full amount to be paid in 2021.
iv) Inflation over the period up to 2021 was estimated to be 1.62% per annum.

(Expressed in Canadian Dollars)

13. Share capital

a) Authorized share capital

The authorized share capital consists of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

b) Common shares issued

	Number of common shares	Amount
Balance, June 30, 2017	226,609,403	$132,264,928
Shares issued in financing (i)	8,803,896	1,584,701
Shares issued in financing (ii)	20,371,869	6,111,564
Value allocated to warrant (i)	-	(320,810)
Share issue cost	-	(273,852)
Balance, March 31, 2018	255,785,168	$139,366,531
Balance, June 30, 2018	255,785,168	$139,366,531
Shares issued in financing (iii)	21,239,409	2,973,517
Value allocated to warrant (iii)	-	(611,900)
Share issue cost	-	(40,923)
Balance, March 31, 2019	277,024,577	$141,687,225

(i) On July 10, 2017 the Company closed the final tranche of a non-brokered private placement, by issuing 8,803,896 units at a price of $0.18 per unit, for gross proceeds of $1,584,701. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of $0.27 per share for a period of 24 months from the date of issuance, provided, that if, at any time the common shares trade at a volume weighted average trading price of $0.40, or greater, per 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 fair value of the 4,401,948 share purchase warrants was estimated at $320,810 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.47%; volatility 106% and an expected life of 24 months.

(ii) On December 14, 2017, the Company closed a non-brokered private placement, by issuing 20,371,869 common shares of the Company at a price of $0.30 per share for total gross proceeds of $6,111,564.

(iii) On November 27, 2018, the Company closed a non-brokered private placement, by issuing 21,239,409 units at a price of $0.14 per unit, for gross proceeds of $2,973,517. Each unit is comprised of one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire a common share at a price of $0.21 per share for a period of 24 months from the date of issuance, provided, that if, at any time the common shares trade at a volume weighted average trading price of $0.30, or greater, per 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 fair value of the 21,239,409 share purchase warrants was estimated at $611,900 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 2.22%; volatility 75% and an expected life of 24 months.

(Expressed in Canadian Dollars)

14. Stock options

The purpose of the Company's stock option plan is to provide incentives to directors, officers, employees and consultants of the Company. The maximum number of common shares reserved for issuance upon exercise of the options is 10% of issued and outstanding shares. The Board of Directors may designate the recipients of options and determine the number of common shares covered by each option, its exercise price (which may not be less than closing market price of the common shares on the trading day prior to the grant) and its expiry date. The term of the options shall not exceed five years from the date of grant.

Option pricing models require the input of highly subjective assumptions noted above. Changes in the subjective input assumptions can materially affect the fair value estimate.

The following table reflects the continuity of stock options for the nine months ended March 31, 2019 and March 31, 2018:

	Number of stock options	Weighted average exercise price
Balance, June 30, 2017	4,000,000	$ 0.19
Issued (i)(ii)	5,880,000	0.25
Balance, March 31, 2018	9,880,000	$ 0.22
Balance, June 30, 2018	9,880,000	$ 0.22
Issued (iii)(iv)	1,000,000	0.14
Expired	(880,000)	(0.22)
Balance, March 31, 2019	10,000,000	$ 0.22

(i) On August 23, 2017 the Company issued 3,880,000 stock options to certain directors and officers of the Company with an exercise price of $0.22. The options vest immediately. The fair value of these options at the date of grant of $693,498 was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of $0.22; 115% expected volatility; risk free interest rate of 1.00%; and an expected dividend yield of 0%. For the three and nine months ended March 31, 2019, $nil was expensed to option-based payments (three and nine months ended March 31, 2018 - $363,079 and $1,265,496, respectively)

(ii) On January 12, 2018 the Company issued 2,000,000 stock options to certain directors and officers of the Company with an exercise price of $0.30. The options vest immediately. The fair value of these options at the date of grant of $285,800 was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of $0.32; 140% expected volatility; risk free interest rate of 1.97%; and an expected dividend yield of 0%. For the three and nine months ended March 31, 2019, $nil, was expensed to option-based payments (three and nine months ended March 31, 2018 - $285,800)

(iii) On November 28, 2018, the Company issued 500,000 stock options to an employee of the Company with an exercise price of $0.13. The options vest 200,000 immediately, 150,000 on May 24, 2019, and 150,000 on May 24 2020. The grant date fair value of $51,100 was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of $0.12; 128% expected volatility; risk free interest rate of 2.27%; and an expected dividend yield of 0%. For the three and nine months ended March 31, 2019, $24,000 was expensed to option-based payments (three and nine months ended March 31, 2018 - $nil)

(Expressed in Canadian Dollars)

14. Stock options (continued)

(iv) On January 29, 2019, the Company issued 500,000 stock options to a director of the Company with an exercise price of $0.14. The options vest immediately. The grant date fair value of $59,700 was assigned to the stock options as estimated by using the Black-Scholes option pricing model with the following assumptions: a five year expected average life; share price of $0.14; 128% expected volatility; risk free interest rate of 1.86%; and an expected dividend yield of 0%. For the three and nine months ended March 31, 2019, $59,700 was expensed to option-based payments (three and nine months ended March 31, 2018 - $nil)

The following table reflects the actual stock options issued and outstanding as of March 31, 2019:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Number of options vested (exercisable)
May 2, 2022	0.19	3.09	4,000,000	2,500,000
August 23, 2022	0.22	3.40	3,000,000	3,000,000
January 12, 2023	0.30	3.79	2,000,000	2,000,000
November 28, 2023	0.13	4.67	500,000	200,000
January 29, 2024	0.14	4.84	500,000	500,000
	0.22	3.42	10,000,000	8,200,000

15. Warrants

The following table reflects the continuity of warrants for the nine months ended March 31, 2019 and March 31, 2018:

	Number of warrants	Amount
Balance, June 30, 2017	17,820,269	$ 0.27
Issued (note 13(b)(i))	4,401,948	0.27
Balance, March 31, 2018, and June 30, 2018	**22,222,217**	**0.27**
Issued (note 13(b)(iii))	21,239,409	0.21
Issued (note 10)	1,000,000	0.16
Balance, March 31, 2019	44,461,626	$ 0.24

The following table reflects the actual warrants issued as of March 31, 2019:

Number of warrants outstanding	Grant date fair value ($)	Exercise price ($)	Expiry date
17,820,269	2,379,100	0.27	June 29, 2019
4,401,948	320,810	0.27	July 10, 2019
21,239,409	611,900	0.21	November 27, 2020
1,000,000	76,900	0.16	November 27, 2021
44,461,626	3,388,710	0.24	

(Expressed in Canadian Dollars)

16. Exploration and Evaluation Expenditures

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2018
McGarry property	**$ -**	$ 107,471	**$ (41,238)**	$ 299,606
Copperstone property	**1,898,071**	1,964,311	**4,522,128**	6,660,276
	$ 1,898,071	$ 2,071,782	**$ 4,480,890**	$ 6,959,882

17. Net gain on settlement of debts

During the nine months ended March 31, 2018, the Company entered into debt settlement and deferral agreements with various creditors and debt holders that resulted in a net gain on debt settlements of $nil for nine months ended March 31, 2019, (nine months ended March 31, 2018 - $1,269,335), representing the discount from the face value of the debt.

18. Loss per share

For the three and nine months ended March 31, 2019, basic and diluted loss per share has been calculated based on the loss attributable to common shareholders of $2,327,192 and $5,689,196, respectively (three and nine months ended March 31, 2018 - $3,418,160 and $11,293,711, respectively) and the weighted average number of common shares outstanding of 277,024,577 and 265,397,163, respectively (three and nine months ended March 31, 2018 - 255,785,168 and 243,047,427, respectively) for basic and diluted loss per share. Diluted loss per share did not include the effect of stock options and warrants as they are anti-dilutive.

19. Related party transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The noted transactions below are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

(Expressed in Canadian Dollars)

19. Related party transactions (continued)

(a) Loans from related parties

The Company has entered into a series of financial transactions with related parties as detailed below.

		March 31, 2019			
Loans from related parties		**Officers**	**Directors**		**Total**
Promissory note payables (note 9)	$	1,134,335	$ 1,134,335	$	2,268,670
Convertible promissory note payables (note 10)		-	4,516,798		4,516,798
Derivative financial liabilities (note 10)		-	85,345		85,345
Loan payable (note 11)		4,094,680	-		4,094,680
Total	**$**	**5,229,015**	**$ 5,736,478**	**$**	**10,965,493**

		June 30, 2018			
Loans from related parties		**Officers**	**Directors**		**Total**
Promissory note payables (note 9)	$	1,068,431	$ 1,068,432	$	2,136,863
Convertible promissory note payables (note 10)		-	4,194,119		4,194,119
Derivative financial liabilities (note 10)		-	208,739		208,739
Loan payable (note 11)		3,856,783	-		3,856,783
Total	$	4,925,214	$ 5,471,290	$	10,396,504

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

		Three Months Ended March 31,		Nine Months Ended March 31,	
		2019	**2018**	**2019**	**2018**
Marrelli Group	(i)	**$ 17,174**	$ 15,213	**$ 41,011**	$ 18,978
Peterson McVicar LLP ("Peterson")	(ii)	**2,274**	92,258	**111,500**	102,762
Silvergate Consulting	(iii)	**(10,000)**	30,000	**50,000**	90,000
Braydon Capital Corporation ("Braydon")	(iv)	**101,805**	95,245	**303,800**	218,509
Trans Oceanic Minerals Corporation ("TOMC")	(v)	**92,268**	146,897	**321,924**	287,852

i) During the three and nine months ended March 31, 2019 the Company paid professional fees and disbursements of $17,174 and $41,011, respectively, (three and nine months ended March 31, 2018 - $15,213 and $18,978, respectively) to Marrelli Support Services Inc., DSA Corporate Services Inc. and DSA Filling Services Limited, together known as the "Marrelli Group", for:

- Carmelo Marrelli, President of Marrelli Group, to act as the Chief Financial Officer ("CFO") of the Company;
- Bookkeeping services;
- Regulatory filing services; and
- Corporate secretarial services.

These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at March 31, 2019, the Marrelli Group was owed $8,041 (June 30, 2018 - $7,700).

ii) A director is a partner in a legal firm that provided legal services to the Company. The amounts paid or accrued to the firm relating to services provided in the normal course during the three and nine months ended March 31, 2019 was $2,274 and $111,500, respectively (three and nine months ended March 31, 2018 - $92,258 and $102,762, respectively). The amounts owing to the firm as at March 31, 2019 was $7,552 (June 30, 2018 - $nil).

(Expressed in Canadian Dollars)

19. Related party transactions (continued)

(b) Transactions (continued)

iii) During the three and nine months ended March 31, 2019 the Company expensed consulting fees to Silvergate Consulting, a company controlled by a director of the Company, to provide capital markets and investor relations services to the Company. The amounts paid or accrued to the firm relating to the services provided in the normal course of business for the three and nine months ended March 31, 2019, $(10,000) and $50,000, respectively, (three and nine months ended March 31, 2018 - $30,000 and $90,000, respectively). As at March 31, 2019, the company was owed $50,000 (June 30, 2018 - $60,000).

iv) During the three and nine months ended March 31, 2019 the Company accrued interest to Braydon for the promissory note payables (note 9) and loan payable (note 11).

v) During the three and nine months ended March 31, 2019 the Company accrued interest to TOMC for the promissory note payables (note 9) and convertible promissory notes payable (note 10)

vi) Insiders of the Company subscribed for 6,798,159 Units of the issued 21,239,409 units at a price of $0.14 per unit (see note 13(b)(iii))

(c) Remuneration of directors and key management personnel, other than consulting fees, of the Company was as follows:

	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018	Nine Months Ended March 31, 2019	Nine Months Ended March 31, 2018
Salaries and benefits	**$ 74,772**	$ 78,186	**$ 222,564**	$ 172,434
Stock-based compensation	**84,166**	363,080	**133,098**	1,197,576
	$ 158,938	$ 441,266	**$ 355,662**	$ 1,370,010

The directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services.

20. Commitments and contingencies

(a) Jubilee Gold Inc., the royalty holder on the McGarry property, is entitled to the greater of:
- (i) a Net Smelter Return royalty of a percentage of the price per troy ounce as follows:
  2% when less than US$500
  3% when greater than US$500 and less than US$800
  4% when greater than US$800;
- (ii) $1.00 per short ton of ore derived from the properties;

Balance, June 30, 2016	$ 953,916
Advance royalty payable	52,959
Settlement of debt	(1,006,875)
Balance, June 30, 2017 June 30, 2018 and March 31, 2019	$ -

(Expressed in Canadian Dollars)

20. Commitments and contingencies (continued)

(b) The Company had a letter of credit outstanding as at March 31, 2019 in the amount of $nil (June 30, 2018 - $457,405) which is supported by the restricted investments (note 4). This was transferred with the sale of the property (note 3).

(c) The Company has placed a surety bond of an insurance company in connection with the Copperstone Property as required by the US Bureau of Land Management. Cash collateral of $1,090,397 (US$816,000) is held with the Bank of New York in the name of the Company in a short term cashable account.

(d) The activities of the Company are subject to environmental laws and regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions into air, discharges into water, management of waste, management of hazardous substances, protection of natural resources, endangered species and reclamation of lands disturbed by mining operations. The Company believes it complies with all laws and regulations which currently apply to its activities.

21. Segmented information

As at March 31, 2019, the Company's operations comprises of a mineral exploration and development project in La Paz County, Arizona ("USA") which also represent geographical location, a head office in Toronto, Canada.

Nine Months Ended March 31, 2019

	Canada	USA	Total
Revenues	$ -	$ -	$ -
Net loss	$ (706,812)	$ (4,982,384)	$ (5,689,196)

Nine Months Ended March 31, 2018

	Canada	USA	Total
Revenues	$ -	$ -	$ -
Net loss	$ (3,971,814)	$ (7,321,897)	$ (11,293,711)

Three Months Ended March 31, 2019

	Canada	USA	Total
Revenues	$ -	$ -	$ -
Net loss	$ (233,088)	$ (2,094,104)	$ (2,327,192)

Three Months Ended March 31, 2018

	Canada	USA	Total
Revenues	$ -	$ -	$ -
Net loss	$ (878,339)	$ (2,539,821)	$ (3,418,160)

(Expressed in Canadian Dollars)

21. Segmented information (continued)

As at March 31, 2019

	Canada	USA	Total
Total assets	$ 1,266,588	$ 18,837,573	$ 20,104,161
Non-current assets	$ -	$ 18,159,646	$ 18,159,646

As at June 30, 2018

	Canada	USA	Total
Total assets	$ 1,811,519	$ 18,586,550	$ 20,398,069
Non-current assets	$ 457,405	$ 18,339,519	$ 18,796,924

22. Subsequent events

i) On April 15, 2019, the Company issued 3,000,000 options to an officer and director with an exercise price of $0.125 and an expiry date of April 15, 2024. These options vested immediately

ii) On April 15, 2019, the Company has completed a non-brokered private placement offering of 3,350,000 units of the Company (“Units”) at a price of $0.14 per Unit for gross proceeds of $469,000 to insiders of the Company. Each Unit consists of one common share of the Company and one Common Share purchase warrant (a “Warrant”). Each Warrant entitles the holder thereof to purchase one Common Share at a price of $0.21 per Common Share until April 15, 2021 provided that if, at any time the Common Shares trade on a stock exchange at a volume weighted average trading price of $0.30, or greater, 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.