



**MINERAL MOUNTAIN RESOURCES LTD.**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Nine Months Ended December 31, 2018

(Unaudited – Prepared by Management)

(EXPRESSED IN CANADIAN DOLLARS)

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT**

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report.

**MINERAL MOUNTAIN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Unaudited – Prepared by Management)

	Note	December 31, 2018	March 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 58,892	\$ 1,910,834
Sales tax recoverable		8,824	14,095
Prepaid expenses and deposits	5	200,587	175,830
		268,303	2,100,759
<b>Non-current assets</b>			
Exploration and evaluation assets	7	6,159,387	4,750,206
Restricted cash	8	25,070	24,667
Equipment	6	19,443	22,392
		6,203,900	4,797,265
<b>Total assets</b>		<b>\$ 6,472,203</b>	<b>\$ 6,898,024</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	9	\$ 540,446	\$ 580,675
Amounts due to related parties	10	333,475	226,458
<b>Total liabilities</b>		<b>873,921</b>	<b>807,133</b>
<b>Equity</b>			
Share capital		42,822,867	42,626,247
Share-based payments reserve		3,399,746	3,270,936
Deficit		(40,624,331)	(39,806,292)
<b>Total equity</b>		<b>5,598,282</b>	<b>6,090,891</b>
<b>Total liabilities and equity</b>		<b>\$ 6,472,203</b>	<b>\$ 6,898,024</b>

**Commitments** (Note 7 & 15)

The financial statements were authorised for issue by the board of directors on February 28, 2019 and were signed on its behalf by:

“ Nelson Baker”

“Brad Baker”

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited – Prepared by Management)

	Note	Three Months Ended December 31, 2018	Three Months Ended December 31, 2017	Nine Months Ended December 31, 2018	Nine Months Ended December 31, 2017
<b>EXPENSES</b>					
Consulting		\$ 103,500	\$ 117,300	\$ 314,100	\$ 288,852
Depreciation	6	473	-	1,421	-
Media and news dissemination		5,673	26,186	32,867	41,430
Office and miscellaneous		24,770	28,650	82,567	78,433
Professional fees		16,971	61,132	78,968	88,479
Rent		24,458	24,344	73,338	74,684
Share-based payments		-	-	183,180	82,104
Transfer agent and filing fees		9,589	7,604	33,815	18,362
Travel and conference		1,847	20,658	18,247	36,074
		(187,281)	(285,874)	(818,503)	(708,418)
<b>OTHER ITEMS</b>					
Interest income		156	97	2,828	742
Foreign exchange		(10,221)	(798)	(2,364)	(20,885)
		(10,065)	(701)	464	(20,143)
<b>Comprehensive loss for the period</b>		\$ (197,346)	\$ (286,575)	\$ (818,039)	\$ (728,561)
<b>Basic and diluted loss per common share</b>	11	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.01)

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Unaudited – Prepared by Management)

	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, March 31, 2018		67,686,536	\$ 42,626,247	\$ 3,270,936	\$ (39,806,292)	\$ 6,090,891
Comprehensive loss for the period		-	-	-	(818,039)	(818,039)
Transactions with owners						
Exercise of stock options	11	200,000	114,370	(54,370)	-	60,000
Exercise of warrants	11	235,000	82,250	-	-	82,250
Share-based payments	12	-	-	183,180	-	183,180
		435,000	196,620	128,810	-	325,430
Balance, December 31, 2018		68,121,536	\$ 42,822,867	\$ 3,399,746	\$ (40,624,331)	\$ 5,598,282

	Note	Number of Shares	Share capital	Share-based payments reserve	Share subscription proceeds	Deficit	Total equity
Balance, March 31, 2017		51,915,172	\$ 39,234,693	\$ 3,242,901	\$ -	\$ (38,683,397)	\$ 3,794,197
Comprehensive loss for the period		-	-	-	-	(728,561)	(728,561)
Transactions with owners							
Private placements	11	11,130,000	2,226,000	-	-	-	2,226,000
Share subscription proceeds	11	-	-	-	76,200	-	76,200
Share issuance costs	11	-	(78,491)	-	-	-	(78,491)
Share-based payments	12	-	-	82,104	-	-	82,104
Adjustment on expiration of stock options		-	-	(391,924)	-	391,924	-
		11,130,000	2,147,509	(309,820)	76,200	391,924	2,305,813
Balance, December 31, 2017		63,045,172	\$ 41,382,202	\$ 2,933,081	\$ 76,200	\$ (39,020,034)	\$ 5,371,449

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**NINE MONTHS ENDED DECEMBER 31**  
(Unaudited – Prepared by Management)

	Note	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the period		\$ (818,039)	\$ (728,561)
Items not affecting cash:			
Depreciation		1,421	-
Foreign exchange		(403)	403
Share-based payments		183,180	82,104
Changes in non-cash working capital items:			
Sales tax recoverable		5,271	2,628
Prepaid expenses and deposits		(149)	(94,701)
Trade and other payables		7,585	17,032
Amounts due to related parties		107,017	(82,462)
Net cash used in operating activities		(514,117)	(803,557)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Exploration and evaluation assets		(1,480,075)	(667,506)
Purchase of equipment		-	(6,650)
Net cash used in investing activities		(1,480,075)	(674,156)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of share capital		142,250	2,226,000
Proceeds from share subscriptions		-	76,200
Loan repayment		-	(67,361)
Net cash provided by financing activities		142,250	2,234,839
<b>Change in cash and cash equivalents during the period</b>		<b>(1,851,942)</b>	<b>757,126</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>1,910,834</b>	<b>852,069</b>
<b>Cash and cash equivalents, end of the period</b>	4	\$ 58,892	\$ 1,609,195

Supplemental disclosures with respect to cash flows (Note 13)

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

## **1. NATURE OF BUSINESS**

Mineral Mountain Resources Ltd. (the “Company”) was incorporated on September 1, 2006 under the laws of British Columbia, Canada and maintains its head office at Suite 401, 1195 West Broadway, Vancouver, British Columbia, Canada, V6H 3X5. Its registered office is located at Suite 2300, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5. The Company is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company’s common shares are listed on the TSX Venture Exchange (TSX-V) under the symbol “MMV” and on the OTCQX under the symbol “MNRLF”.

## **2. BASIS OF PREPARATION**

These condensed unaudited interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by International Accounting Standards Board (“IASB”), applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. The condensed unaudited interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended March 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

These interim consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

### **Basis of measurement**

These interim consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### **Going concern of operations**

The Company is an exploration stage company. The Company has a history of losses with no operating revenue. The ability of the Company to recover the costs it has incurred to date on the exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the assets. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

As at December 31, 2018, the Company had a cash balance of \$58,892. The Company spent \$514,117 in operating activities and \$1,480,075 on its mineral exploration project. During the nine months ended December 31, 2018, the Company received net proceeds of \$142,250 from the exercise of stock options and warrants. The Company had working capital deficiency of \$605,618 as at December 31, 2018.

The Company’s ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in which case the Company may be unable to meet its obligations. The directors, after reviewing the current cash position and having considered the Company’s ability to raise funds in the short term, adopt the going concern basis in preparing its consolidated financial statements.

These consolidated financial statements do not include adjustments that would be required if going concern is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

**2. BASIS OF PREPARATION (cont'd...)**

**Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is functional currency of the Company and its subsidiary.

**Significant estimates and assumptions**

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options and agent's warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

**Significant judgments**

The preparation of these consolidated financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these assets. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests have been prepared involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.
- ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.
- iii) The classification of financial instruments.
- iv) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.
- v) The determination of whether a decline in the fair value of a financial asset classified as available-for-sale is prolonged and /or significant and is therefore an impairment.



### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out in the Company’s audited annual consolidated financial statements for the year ended March 31, 2018 were consistently applied to all the periods presented unless otherwise noted below.

#### New accounting policies

New standard IFRS 9 *Financial Instruments* (“IFRS 9”) has been issued by IASB to replace IAS 39 *Financial Instruments: Recognition and Measurement* (“IAS 39”). IFRS 9 introduces extensive changes to IAS 39’s guidance on the classification and measurement of financial assets and introduces a new “expected credit loss model” for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The standard becomes effective for annual periods beginning on or after January 1, 2018, which is the date of the Company will adopt IFRS 9.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is substantially unchanged. All aspects of our accounting policies for financial instruments as disclosed in note 3 to the financial statements for the year ended March 31, 2018 are unaffected.

#### Future change

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for accounting periods beginning on or after January 1, 2019, or later periods. The Company has not applied these new standards in preparing these financial statements. The following pronouncement is considered by the Company to be the most significant of several pronouncements that may affect the financial statements in future periods.

- New standard IFRS 16 *Leases* (“IFRS 16”) has been issued by the IASB to replace IAS 17 *Leases* and the related interpretive guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15 *Revenue*. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

Other new standards or interpretations with future effective dates are either not applicable or not expected to have a significant impact on the Company’s financial statements.

### 4. CASH AND CASH EQUIVALENTS

	December 31, 2018	March 31, 2018
Cash	\$ 58,892	\$ 1,015,834
Guaranteed investment certificates	-	895,000
	<b>\$ 58,892</b>	<b>\$ 1,910,834</b>

**MINERAL MOUNTAIN RESOURCES LTD.**  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
NINE MONTHS ENDED DECEMBER 31, 2018  
(Unaudited – Prepared by Management)

**5. PREPAID EXPENSES AND DEPOSITS**

	December 31, 2018	March 31, 2018
Exploration deposits	\$ 27,578	\$ 26,080
Prepaid expenses	142,559	119,300
Rental deposit	30,450	30,450
	<b>\$ 200,587</b>	<b>\$ 175,830</b>

**6. EQUIPMENT**

	Office equipment	Field equipment	Total
<b>Cost</b>			
Balance as at March 31, 2018 and December 31, 2018	\$ 9,478	\$ 20,367	\$ 29,845
<b>Accumulated depreciation</b>			
Balance as at March 31, 2018	948	6,505	7,453
Depreciation for the period	1,421	1,528	2,949
Balance as at December 31, 2018	2,369	8,033	10,402
Net value as at December 31, 2018	\$ 7,109	\$ 12,334	\$ 19,443

	Office equipment	Field equipment	Total
<b>Cost</b>			
Balance as at March 31, 2017	\$ -	\$ 13,717	\$ 13,717
Additions	9,478	6,650	16,128
Balance as at March 31, 2018	9,478	20,367	29,845
<b>Accumulated depreciation</b>			
Balance as at March 31, 2017	-	4,801	4,801
Depreciation for the year	948	1,704	2,652
Balance as at March 31, 2018	948	6,505	7,453
Net value as at March 31, 2018	\$ 8,530	\$ 13,862	\$ 22,392

During the nine months ended December 31, 2018, the Company expensed \$1,421 (2017 - \$nil) in depreciation to the statement of comprehensive loss and capitalized \$1,528 (2017 - \$1,278) to exploration and evaluation assets.

**MINERAL MOUNTAIN RESOURCES LTD.**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**NINE MONTHS ENDED DECEMBER 31, 2018**  
(Unaudited – Prepared by Management)

**7. EXPLORATION AND EVALUATION ASSETS**

	March 31, 2017	Additions	March 31, 2018	Additions	December 31, 2018
<b>Rochford Project, South Dakota</b>					
Acquisition costs					
Option payments	\$ 1,696,500	\$ 127,350	\$ 1,823,850	\$ 129,000	\$ 1,952,850
Staking and other property costs	873,343	120,680	994,023	103,105	1,097,128
	2,569,843	248,030	2,817,873	232,105	3,049,978
Exploration costs					
Assays	674	10,686	11,360	65,544	76,904
Drilling	-	467,982	467,982	470,180	938,162
Equipment rental	5,297	20,260	25,557	30,639	56,196
Field work	1,469	50,934	52,403	59,153	111,556
Geological consulting	279,703	441,055	720,758	353,000	1,073,758
Geophysical survey	224,903	63,851	288,754	69,100	357,854
Miscellaneous	209,187	30,695	239,882	58,501	298,383
State and local taxes	41,716	21,200	62,916	14,946	77,862
Travel	23,005	39,716	62,721	56,013	118,734
	785,954	1,146,379	1,932,333	1,177,076	3,109,409
	\$ 3,355,797	\$ 1,394,409	\$ 4,750,206	\$ 1,409,181	\$ 6,159,387

**MINERAL MOUNTAIN RESOURCES LTD.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED DECEMBER 31, 2018

(Unaudited – Prepared by Management)

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**7. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Rochford Project, South Dakota**

The Company's Rochford project is located in the Rochford Mining District of the Black Hills, South Dakota. The Rochford project includes the following properties:

Rochford Claims

During the year ended March 31, 2013, the Company staked 289 unpatented mineral claims ("Rochford Claims") situated in the Rochford Mining District of the Black Hills, South Dakota, at a cost of \$191,390.

During the year ended March 31, 2017, the Company staked an additional 150 unpatented federal lode mining claims for approximately \$81,400.

BHB Claims

On March 7, 2016, the Company and its wholly-owned US subsidiary entered into a purchase and sale agreement ("BHB Agreement") with four individuals (collectively the "Owners") to purchase a 100% interest in 19 unpatented lode mineral claims ("BHB Claims") located in the Rochford Mining District and the historical database pertaining to the BHB Claims in consideration of 4,000,000 shares of the Company (issued during the year ended March 31, 2017 with a fair value of \$1,500,000).

In addition, the Company agreed to grant the Owners a collective 2% net smelter returns royalty ("NSR") on the BHB Claims, a collective 1% NSR on the Company's Rochford Claims and a collective 1.5% NSR on claims falling within the area of mutual interest ("Area of Interest Claims Royalty"). The Area of Interest Claims Royalty will only be granted if the acquired property or properties are not already burdened with a royalty.

Standby Property

On September 2, 2016, the Company and its wholly-owned US subsidiary entered into an option agreement to acquire a 100% interest in the 9 patented lode mineral claims located in the Rochford Mining District. To earn its 100% interest, the Company is required to make cash payments of US\$500,000 to the optionor over a three year period as follows:

- pay US\$150,000 by upon execution of the option agreement (paid);
- pay additional US\$100,000 by September 2, 2017 (paid);
- pay additional US\$100,000 by September 2, 2018 (paid); and
- pay additional US\$150,000 by September 2, 2019.

In addition, the Company agreed to grant the optionor a 2% NSR and the Company has the option to purchase up to one-half of the NSR (1% NSR) at the price of US\$1,500,000 for 1% NSR or a proportionate amount if the Company purchases less than 1% of the NSR.

On September 23, 2016, the Company purchased a digital database relating to the Standby property in consideration of US\$75,000 (paid) and 500,000 common shares of the Company (issued with a fair value of \$220,000).

**MINERAL MOUNTAIN RESOURCES LTD.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

NINE MONTHS ENDED DECEMBER 31, 2018

(Unaudited – Prepared by Management)

**8. RESTRICTED CASH**

The Company has provided corporate credit cards to its Chief Executive Officer with a credit limit totalling \$21,450 (\$15,000 in Canadian and \$5,000 in US) for the Company's expenses. As collateral for the credit cards, the Company has a one-year term deposit of \$17,250 earning average annual interest at the prime rate minus 2.27% and a one-year US term deposit of US\$5,750 earning annual interest of 0.2%. As at December 31, 2018, the credit cards had an outstanding balance of \$nil (March 31, 2018- \$9,868) in total.

**9. TRADE AND OTHER PAYABLES**

	December 31, 2018	March 31, 2018
Trade payables	\$ 537,496	\$ 558,675
Accrued expenses	2,950	22,000
	<u>\$ 540,446</u>	<u>\$ 580,675</u>

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and accrued expenses for operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

**10. RELATED PARTY TRANSACTIONS**

Amounts due to related parties were for services rendered to the Company by the directors and officers or companies controlled by its directors and officers or former directors and are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the nine month periods ended December 31 is as follows:

	2018	2017
Consulting fees	\$ 243,000	\$ 192,000
Office and miscellaneous	7,500	13,500
Professional fees	49,382	39,400
Share-based payments	130,878	-
Total	<u>\$ 430,760</u>	<u>\$ 244,900</u>

**10. RELATED PARTY TRANSACTIONS (cont'd...)**

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the nine month periods ended December 31, 2018:

- a) Incurred consulting fees of \$90,000 (2017 - \$72,000) to a company controlled by the President of the Company.
- b) Incurred consulting fees of \$45,000 (2017 - \$45,000) and office expenses of \$7,500 (2017 - \$13,500) to a company controlled by a director of the Company.
- c) Incurred consulting fees of \$63,000 (2017 - \$45,000) to a director of the Company.
- d) Incurred professional fees of \$9,407 (2017 - \$14,125) to a company which a director of the Company is an officer.
- e) Incurred professional fees of \$39,975 (2017 - \$25,275) and consulting fees of \$45,000 (2017 - \$25,000) to a company controlled by the Chief Financial Officer of the Company.
- f) Incurred consulting fees of \$nil (2017 - \$5,000) to a company controlled by a former director of the Company.

The Company has entered into four consulting agreements with a director and three companies controlled separately by two directors and an officer of the Company for management and corporate consulting services for a total monthly fee of \$27,000 plus applicable taxes. These agreements are for a one year term and continue thereafter on a month to month basis and may be terminated with a six month notice or a termination payment equal to six months' remuneration.

**11. SHARE CAPITAL**

**Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value.

**Issued share capital**

At December 31, 2018, the Company had 68,121,536 common shares outstanding (March 31, 2018 - 67,686,536).

**Share issuance**

During the nine months ended December 31, 2018, the Company:

- a) Issued 200,000 common shares at \$0.30 per share from the exercise of stock options for gross proceeds of \$60,000.
- b) Issued 235,000 common shares at \$0.35 per share from the exercise of warrants for gross proceeds of \$82,250.

**11. SHARE CAPITAL** (cont'd...)

**Share issuance** (cont'd...)

During the year ended March 31, 2018, the Company:

- a) Completed a non-brokered private placement of 14,456,000 units at a price of \$0.20 per unit for gross proceeds of \$2,891,200. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of \$0.35 in the first 12 months and at an exercise price of \$0.50 in the second 12 months. No value was allocated to the warrants based on the residual method. The Company paid \$85,712 as a finders' fee. The Company also incurred filing and other expenses of \$21,855 in connection with the private placement.
- b) Issued 500,000 common shares at \$0.30 per share per share from the exercise of stock options for gross proceeds of \$150,000. Accordingly, \$143,775 was transferred from share-based payments reserve to share capital.
- c) Issued 815,364 common shares at prices ranging from \$0.25 to \$0.40 per share from the exercise of warrants for gross proceeds of \$314,146.

**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the nine months ended December 31, 2018 was based on the loss attributable to common shareholders of \$818,039 (2017 - \$728,561) and a weighted average number of common shares outstanding of 68,073,609 (2017 - 52,886,517).

At December 31, 2018, 5,875,000 stock options (2017 - 4,835,000), 19,279,498 warrants (2017 - 8,493,862), and nil agent's warrants (2017 - 83,100) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

**12. SHARE-BASED PAYMENTS**

**Stock options**

The Company has adopted an incentive rolling stock option plan (the "Plan") under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors. Options granted to employees or consultants performing investor relations will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period. The exercise price of options granted under the Plan shall not be less than the closing price of the Company's shares on the trading day immediately preceding the date of grant, less the discount permitted under the TSX-V's policies.

**MINERAL MOUNTAIN RESOURCES LTD.**  
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**NINE MONTHS ENDED DECEMBER 31, 2018**  
(Unaudited – Prepared by Management)

**12. SHARE-BASED PAYMENTS (Cont'd...)**

**Stock options (Cont'd...)**

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2017	4,710,000	\$ 0.40
Granted	2,450,000	0.33
Exercised	(500,000)	0.30
Expired	(585,000)	1.04
Balance, March 31, 2018	6,075,000	\$ 0.32
Exercised	(200,000)	0.30
Balance, December 31, 2018	5,875,000	\$ 0.32
Exercisable at December 31, 2018	5,875,000	\$ 0.32
Weighted average fair value of options granted during the period	\$ nil	(2017 - \$ 0.18)

The options outstanding at December 31, 2018 have an exercise price in the range of \$0.23 to \$0.455 and a weighted average remaining contractual life of 1.57 years.

For the nine months ended December 31, 2018, the Company recognized share based payment expense of \$183,180 (2017 - \$82,104) for the portion of stock options that were vested during the period.

As at December 31, 2018 the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
3,375,000	\$ 0.30	June 14, 2019
250,000	\$ 0.23	July 7, 2019
250,000	\$ 0.455	September 22, 2021
575,000	\$ 0.35	January 8, 2021
1,275,000	\$ 0.35	January 8, 2023
150,000	\$ 0.39	January 18, 2023
5,875,000		



**MINERAL MOUNTAIN RESOURCES LTD.**  
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(Unaudited – Prepared by Management)

**12. SHARE-BASED PAYMENTS (Cont'd...)**

**Warrants**

Warrants are issued as private placement incentives. Value was allocated to the warrants issued with private placement units based on the residual method. Agents' warrants are measured at fair value on the date of the grant as determined using the Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, March 31, 2017	9,845,962	\$	0.43
Warrants issued	14,456,000		0.35
Warrants exercised	(815,364)		0.52
Warrants expired	(1,269,000)		0.45
Balance, March 31, 2018	22,217,598	\$	0.44
Warrants exercised	(235,000)		0.35
Warrants expired	(2,620,000)		0.90
Agents' warrants expired	(83,100)		0.90
Balance, December 31, 2018	19,279,498	\$	0.37
Exercisable at December 31, 2018	19,279,498	\$	0.37

The warrants outstanding at December 31, 2018 have an exercise price in the range of \$0.25 to \$0.55 and a weighted average remaining contractual life of 0.76 year.

As at December 31, 2018, the following warrants were outstanding:

	Number of Warrants	Exercise Price	Expiry Date
Warrants	1,845,000	\$ 0.45	March 1, 2019
	3,213,498	\$ 0.55	March 23, 2019
	10,895,000	\$ 0.35	December 7, 2018
		\$ 0.50	December 7, 2019
	3,326,000	\$ 0.35	January 5, 2019
		\$ 0.50	January 5, 2020
	19,279,498		

### **13. SUPPLEMENTAL CASH FLOW INFORMATION**

Significant non-cash investing and financing transactions during the nine month period ended December 31, 2018 included:

- (a) The Company allocated depreciation of equipment of \$1,528 to exploration and evaluation assets.
- (b) Included in trade and other payables are \$440,654 related to exploration and evaluation assets.
- (c) Included in trade and other payables are \$24,608 related to prepaid expenses.

Significant non-cash investing and financing transactions during the nine month period ended December 31, 2017 included:

- (a) The Company allocated depreciation of equipment of \$1,278 to exploration and evaluation assets.
- (b) Included in trade and other payables are \$221,478 related to exploration and evaluation assets.
- (c) Included in trade and other payables are \$11,130 related to share issuance costs.

### **14. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, pursue exploration of its mineral property interest and to maintain a flexible capital structure for the benefits of its stakeholders. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue common shares or dispose of assets.

Management reviews the capital structure on a regular basis to ensure that the Company's capital management objectives are achieved. There was no change in the Company's approach to capital management from the prior year. The Company's capital is not subject to any external restrictions.

### **15. COMMITMENTS**

The Company has obligations under an operating lease for its corporate office facility. The lease expires by 2019 and the minimum remaining commitment for the fiscal year 2019 is \$24,393.

## **16. FINANCIAL INSTRUMENTS**

The Company classified its financial instruments as follows: cash and cash equivalents and restricted cash classified as loans and receivables and measured at amortized cost; trade and other payables and amounts due to related parties as other financial liabilities and measured at amortized cost. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

### **Financial risk management**

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents and restricted cash. The credit risk with respect to its cash and cash equivalents and restricted cash is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure there is sufficient cash available to fund its projects and operations. As at December 31, 2018, the Company had a cash and cash equivalents balance of \$58,892 and current liabilities of \$873,921. The Company's financial liabilities include trade and other payables which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

#### *Interest rate risk*

Interest risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions. The interest rate risks on cash and cash equivalents and restricted cash are not considered significant due to their short-term nature and maturity.

#### *Foreign exchange rate risk*

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. At December 31, 2018, the Company had financial assets of \$25,558 and financial liabilities of \$391,723 denominated in United States dollars. A 10% strengthening of the US dollar would affect net loss by approximately \$36,600. The Company does not hedge its foreign exchange risk.

**17. FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at December 31, 2018 and March 31, 2018, the Company has no financial assets or financial liabilities measured at fair value. There have been no changes in these levels and no changes in classifications during the nine months ended December 31, 2018.

**18. SEGMENTED INFORMATION**

**Operating segments**

The Company operates in a single reportable segment – the acquisition, exploration and development of mineral properties.

**Geographic segments**

The Company's non-current assets are located in Canada the USA as follows:

At December 31, 2018:

	Canada	USA	Total
Equipment	\$ 7,109	\$ 12,334	\$ 19,443
Exploration and evaluation assets	-	6,159,387	6,159,387
	\$ 7,109	\$ 6,171,721	\$ 6,178,830

At March 31, 2018:

	Canada	USA	Total
Equipment	\$ 8,530	\$ 13,862	\$ 22,392
Exploration and evaluation assets	-	4,750,206	4,750,206
	\$ 8,530	\$ 4,764,068	\$ 4,772,598