SERENGETI
RESOURCES INC.

Condensed Consolidated Interim Financial Statements

For the Three-month Period Ended May 31, 2019 and 2018

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Condensed Consolidated Unaudited Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed consolidated interim unaudited financial statements for the three-month period ended May 31, 2019.

(Unaudited - Expressed in Canadian Dollars)

	Note	May 31, 2019	February 28, 2019
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 1,570,109	$ 373,357
Receivables	4	33,496	28,043
Due from joint venture partner	5	1,085,692	1,085,692
Prepaid expenses		12,597	15,599
		2,701,894	1,502,691
Non-current assets			
Investment in joint venture	6	14,792,570	14,824,963
Reclamation deposits	8	31,760	31,760
Property, plant and equipment	7	90,528	1,528
Exploration and evaluation assets	8	2,503,791	2,445,815
		17,418,649	17,304,066
TOTAL ASSETS		**$ 20,120,543**	**$ 18,806,757**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	10,13	$ 104,345	$ 69,601
Deferred revenue	6	58,786	107,422
Current portion of lease payable	11	27,161	-
		190,292	177,023
Lease payable	11	60,188	-
TOTAL LIABILITIES		250,480	177,023
SHAREHOLDERS' EQUITY			
Share capital	12	43,087,541	41,645,496
Other reserves	12	8,258,524	8,007,772
Deficit		(31,476,002)	(31,023,534)
TOTAL SHAREHOLDERS' EQUITY		**19,870,063**	**18,629,734**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 20,120,543**	**$ 18,806,757**

Nature of operations and going concern (note 1)
Subsequent events (note 15)

(Unaudited - Expressed in Canadian Dollars)

	Note		Three month period ended May 31, 2019		2018
Expenses					
Consulting	13	$	59,475	$	27,290
Conventions and tradeshows			4,206		8,845
Corporate development			17,853		3,203
Depreciation			2,661		163
Director fees	13		16,239		12,500
Investor relations			4,691		10,126
Management fees	13		48,713		47,746
Office and miscellaneous			16,705		23,665
Professional fees			7,314		11,088
Project investigation costs			10,535		20,063
Salaries			25,650		-
Share-based compensation	12		250,752		231,104
Transfer agent and filing fees			3,335		9,556
			(468,129)		(405,349)
Other Items					
Interest income			9		873
Share of joint venture loss	6		(780)		(1,894)
Interest expense	11		(590)		-
Management income	6		17,022		5,280
			15,661		4,259
Loss and comprehensive loss for the period		**$**	**(452,468)**	**$**	**(401,090)**
Loss per share – basic and diluted		**$**	**(0.00)**	**$**	**(0.00)**
Weighted average number of common shares outstanding			**93,640,429**		**86,795,057**

(Unaudited - Expressed in Canadian Dollars)

		Share capital					
	Note	Number of shares	Amount	Warrant reserve	Other reserves	Deficit	Total Shareholders' Equity
Balance at February 28, 2018		**86,635,121**	**$ 40,710,973**	**$ 175,345**	**$ 7,836,703**	**$ (31,195,283)**	**$ 17,527,738**
Shares issued for acquisition of property interests		212,058	29,688				29,688
Shares issued for cash - exercise of warrants		1,975,000	206,250	-	-	-	206,250
Share issuance costs		-	(4,760)	-	-	-	(4,760)
Reallocation of fair market value of warrants exercised		-	58,484	(58,484)	-	-	-
Share-based payments		-	-	-	231,104	-	231,104
Net loss for the period		-	-	-	-	(401,090)	(401,090)
Balance at May 31, 2018		**88,822,179**	**$ 41,000,635**	**$ 116,861**	**$ 8,067,807**	**$ (31,596,373)**	**$ 17,588,930**
Balance at February 28, 2019		**92,849,668**	**$ 41,645,496**	**$ -**	**$ 8,007,772**	**$ (31,023,534)**	**$ 18,629,734**
Shares issued for cash - flow-through financing	10	4,850,000	1,455,000	-	-	-	1,455,000
Share issuance costs	10	-	(12,955)	-	-	-	(12,955)
Share-based payments	10	-	-	-	250,752	-	250,752
Net loss for the period		-	-	-	-	(452,468)	(452,468)
Balance at May 31, 2019		**97,699,668**	**$ 43,087,541**	**$ -**	**$ 8,258,524**	**$ (31,476,002)**	**$ 19,870,063**

See accompanying notes to the condensed consolidated interim financial statements.

Serengeti Resources Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three month period ended May 31, 2019	2018
Operating activities		
Net loss for the period	$ (452,468)	$ (401,090)
Adjustments for non-cash items:		
Depreciation	2,661	163
Share of joint venture loss	780	1,894
Interest on lease payable	590	-
Management fee income	(17,022)	(5,280)
Share-based compensation	250,752	231,104
Changes in non-cash working capital items:		
Receivables	1,026	(15,057)
Prepaid expenses	883	6,811
Trade payables and accrued liabilities	3,821	(31,773)
Net cash flows used in operating activities	(208,977)	(213,228)
Investing activities		
Expenditures on exploration and evaluation assets	(35,941)	(40,385)
Net cash flows used in investing activities	(35,941)	(40,385)
Financing activities		
Proceeds on issuance of common shares net of share issuance costs	1,444,453	206,250
Lease payable repayments	(2,783)	-
Net cash flows provided by financing activities	1,441,670	206,250
Increase (decrease) in cash and cash equivalents	1,196,752	(47,363)
Cash and cash equivalents, beginning of period	373,357	1,032,838
Cash and cash equivalents, end of period	**$ 1,570,109**	**$ 985,475**

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature of operations and going concern

Serengeti Resources Inc. (the "Company" or "Serengeti") was incorporated on March 5, 1973, under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "SIR".

The head office and principal address of the Company is 800 West Pender Street, Suite 520, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered and records office address is 1185 West Georgia Street, Suite 1750, Vancouver, British Columbia, Canada, V6E 4E6.

Going concern

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At May 31, 2019, the Company had not achieved profitable operations, had a net loss of $452,468 for the period ended May 31, 2019 and accumulated losses of $31,476,002 (February 28, 2019 - $31,023,534) since inception, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company is in the process of completing a preliminary feasibility study on its Kwanika property. The Company's continuation as a going concern is dependent upon successful completion of the preliminary feasibility study on its Kwanika property and its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

2. Significant accounting policies and basis of preparation

These consolidated financial statements were authorized for issue by the directors of the Company on July 26, 2019.

Statement of compliance with International Financial Reporting Standards

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies and methods of computation applied by the Company in these condensed consolidated interim financial statements are the same as those applied in the Company's annual financial statements as at and for the year ended February 28, 2018 with the exception of the new accounting policy adopted in the current period.

The condensed consolidated interim financial statements do not include all of the information and note disclosures required for full annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended February 28, 2018.

New accounting standards

Effective March 1, 2019, the Company has adopted *IFRS 16 Leases.* IFRS 16 is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. The Company is a lessee in respect of its office lease. As a result

(Unaudited - Expressed in Canadian Dollars)

2. Significant accounting policies and basis of preparation (cont'd)

New accounting standards *(cont'd)*
of the new accounting policy, the Company recorded a lease liability and a leased office asset of $91,661 at the inception of its office lease on May 1, 2019. The asset is being amortized over the lease term of 3 years on a straight - line basis. Lease payments are being recorded against the lease liability and interest expense of 8% is being recorded on the liability.

3. Cash and cash equivalents

The components of cash and cash equivalents are as follows:

		May 31, 2019		**February 28, 2019**
Cash at bank	$	21,609	$	145,857
Guaranteed investment certificates		1,548,500		227,500
	$	1,570,109	$	373,357

4. Receivables

		May 31, 2019		**February 28, 2019**
Exploration costs recoverable from joint venture partner	$	17,867	$	19,281
Goods and services tax receivable		15,423		8,354
Other receivables		206		408
	$	33,496	$	28,043

5. Due from joint venture partner

Pursuant to the joint venture agreement with Kwanika Copper Corporation ("KCC"), (note 6), the Company is entitled to the proceeds from the Mineral Exploration Tax Credit to be paid to KCC and has been recorded as a receivable and included in the statement of financial position in due from joint venture partner. The estimated proceeds of $1,082,286 were included in other income in the statement of income and comprehensive income for the year ended February 28, 2019.

6. Investment in joint venture – Kwanika Copper Corporation

On November 24, 2017, Serengeti completed a transaction whereby Serengeti, POSCO INTERNATIONAL Corporation (formerly POSCO DAEWOO Corporation) ("PDI") and KCC (formerly Daewoo Minerals Canada Corporation) signed a definitive joint venture agreement (the "JVA") for the exploration and development of the Kwanika and surrounding properties (the "Project"). Pursuant to the JVA, the respective interests of Serengeti and PDI in the Project have been transferred to KCC, which serves as the vehicle for the joint venture.

PDI contributed a total of $8,300,000 in cash and holds 8,200,000 million common shares of KCC (representing 35% of the total issued shares of KCC). Serengeti contributed its 95% ownership of the Kwanika property, in exchange for 15,228,571 common shares of KCC (representing 65% of the total issued shares of KCC).

(Unaudited - Expressed in Canadian Dollars)

6. Investment in joint venture - Kwanika Copper Corporation (cont'd)

Serengeti will remain as project operator so long as it maintains a majority interest and receives a 10% management fee on expenditures. Management fee income of $17,022 (2018: $5,280), representing 35% of the management fees earned from the joint venture in the current period, has been recorded in the consolidated statement of loss and comprehensive loss for the period ended May 31, 2019.

In addition to maintaining its Project interest, Serengeti will be granted a 1% net smelter return royalty ("NSR") if its Project interest is diluted below 50% and an additional 0.5% NSR if its interest is diluted below 33 ⅓%, subject to partial buyback provisions to KCC. KCC will have certain concentrate offtake rights from production on the project, subject to Serengeti's ability to enter into separate streaming arrangements.

Summarized statement of financial position – Kwanika Copper Corporation

		May 31, 2019 (unaudited)
Current assets	$	1,061,820
Non-current assets		22,709,785
Total assets	**$**	**23,771,605**
Current liabilities	$	367,686
Shareholders' equity		
Common shares		
Serengeti Resources Inc.		15,228,571
Daewoo Minerals Canada Corporation		8,300,000
Deficit		(124,652)
Total shareholders' equity		23,403,919
Total equity and liabilities	**$**	**23,771,605**

Changes in the investment in joint venture for the period ended May 31, 2019 are as follows:

Balance February 28, 2019	$	14,824,963
Share of joint venture loss from March 1, 2019 to May 31, 2019		(780)
65% of management fee income earned from joint venture from March 1, 2019 to May 31, 2019		(31,613)
Balance May 31, 2019	$	14,792,570

(Unaudited - Expressed in Canadian Dollars)

7. Property, plant and equipment

	Leased Office	Furniture and Equipment	Total
Cost			
Balance February 28, 2019	$ -	$ 26,956	$ 26,956
Additions	91,661	-	91,661
Balance May 31, 2019	$ 91,661	$ 26,956	$ 118,617
Accumulated depreciation			
Balance February 28, 2019	$ -	$ 25,428	$ 25,428
Additions	2,546	115	2,661
Balance May 31, 2019	$ 2,546	$ 25,543	$ 28,089
Net book value			
Balance February 28, 2019	$ -	$ 1,528	$ 1,528
Balance May 31, 2019	$ 89,115	$ 1,413	$ 90,528

The leased office is being amortized on a straight-line basis over the lease period of 3 years.

8. Exploration and evaluation assets

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the period ended May 31, 2019:

	Atty	Milligan West	Other	Total
Property acquisition costs				
Balance, beginning of period	$ 126,551	$ 43,111	$ 817,039	$ 986,701
Additions	25,797	-	1,424	27,221
Balance, end of period	152,348	43,111	818,463	1,013,922
Exploration and evaluation costs				
Balance, beginning of period	378,916	521,816	558,382	1,459,114
Costs incurred during period:				
Camp and operations	1,851	-	2,116	3,967
Consulting	9,933	227	12,506	22,666
Storage	-	-	2,658	2,658
Travel and accommodation	1,138	-	326	1,464
	12,922	227	17,606	30,755
Balance, end of period	391,838	522,043	575,988	1,489,869
Total	$ 544,186	$ 565,154	$ 1,394,451	$ 2,503,791

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and evaluation assets (cont'd)

The following is a description of the Company's exploration and evaluation assets and the related expenditures incurred for the year ended February 28, 2019:

	Atty	Milligan West	Other	Total
Property acquisition costs				
Balance, beginning of year	$ -	$ 43,111	$ 791,175	$ 834,286
Additions	126,551	-	25,864	152,415
Balance, end of year	126,551	43,111	817,039	986,701
Exploration and evaluation costs				
Balance, beginning of year	-	513,115	554,258	1,067,373
Costs incurred during year:				
Aircraft	135,515	-	30,781	166,296
Analysis	15,699	359	3,117	19,175
Camp and operations	44,378	2,106	16,475	62,959
Consulting	64,372	5,137	39,244	108,753
Geophysics	101,038	-	64,021	165,059
Travel and accommodation	17,914	2,750	10,321	30,985
	378,916	10,352	163,959	553,227
Other items:				
Cost recoveries	-	(1,651)	-	(1,651)
Impairment	-	-	(159,835)	(159,835)
Balance, end of year	378,916	521,816	558,382	1,459,114
Total	$ 505,467	$ 564,927	$ 1,375,421	$ 2,445,815

a) Atty and ATG Claims

The Company entered into an agreement to acquire a 100% interest in the Atty property from Finlay Minerals Ltd. ("Finlay") and adjacent claims ("ATG Claims") from Electrum Resource Corp. ("Electrum") on March 4, 2018 and the agreement was approved by the TSX-V on April 10, 2018.

In consideration for the interest in the Atty property the Company is required to complete aggregate exploration expenditures of $12,000,000 over eight years, of which $300,000 is required for 2019, make aggregate cash payments of $625,000 over eight years of which $25,000 was due upon signing (paid), and make $975,000 in payments, payable in cash or shares of the Company, of which $25,000 was due on TSX-V approval of the transaction (314,265 shares with a fair value of $75,283 and $26,365 cash have been issued and paid to date). Electrum is entitled to a net smelter return royalty of 3% on the property which may be reduced to 1.5% by making aggregate optional payments of $500,000. During the year ended February 28, 2019, the Company issued 56,882 shares with a fair value of $20,478 in optional payments towards reducing the net smelter return royalty.

The Company also agreed to make a payment of the lesser of $1,000,000 or the value of 500,000 shares of the Company upon a production decision for the property.

In consideration for the ATG Claims, the Company is required to issue 200,000 shares of the Company, of which 40,000 were to be issued on TSX-V approval with the remaining 160,000 shares to be issued at 40,000 shares per year for a period of four years (80,000 shares with a fair value of $20,000 have been issued to date).

(Unaudited - Expressed in Canadian Dollars)

8. Exploration and evaluation assets (cont'd)

b) Net Smelter Return Royalties – Thor Marmot and Deer Lake Properties

During the year ended February 28, 2019, the Company acquired net smelter return royalties of 0.75% on each of the Thor Marmot and Deer Lake Properties located in the Kemess and Kamloops Mining Districts from Electrum and received a payment of $10,000 in exchange for Portable Assessment Credits that the Company transferred to Electrum to enable Electrum to advance the legacy claims on both properties for the maximum allowable five-year period.

c) Milligan West

The Company owns a 56.3% interest in the Milligan West property in joint venture with Fjordland Exploration Inc., an arm's-length company also listed on the TSX-V.

d) Other B.C. Properties

Serengeti holds a 100% interest in eleven other properties. All of the Company's current mineral properties are located in British Columbia.

9. Reclamation deposits

The Company has posted bonds and investment certificates to provide for certain potential reclamation liabilities as agreed with the Province of British Columbia – Ministry of Energy, Mines and Petroleum Resources.

		May 31, 2019		February 28, 2019
Balance, beginning of period	$	31,760	$	94,284
Changes in period		-		(62,524)
Balance, end of period	$	31,760	$	31,760

10. Trade payables and accrued liabilities

		May 31, 2019		February 28, 2019
Trade payables	$	54,022	$	42,272
Amounts due to related parties (note 13)		13,084		6,478
Accrued liabilities		37,239		20,851
	$	104,345	$	69,601

11. Lease payable

On May 1, 2019, the Company entered into an office lease agreement for a period of three years. The lease payments are $2,739 per month for the first year and rise by approximately 4% each year thereafter. The Company has recorded the lease as a liability and the leased office as an asset in accordance with IFRS 16. The fair value of the lease of $91,661 was determined through discounting the future lease payments at a market rate of interest applicable to a similar loan for the purchase of the office space.

(Unaudited - Expressed in Canadian Dollars)

11. Lease payable (cont'd)

The following table summarizes the lease transactions for the period ended May 31, 2019:

	May 31, 2019	February 28, 2019
Balance at beginning of period	$ -	$ -
Additions	91,661	-
Payments made	(4,902)	-
Interest recorded	590	-
Balance at end of period	$ 87,349	$ -

	May 31, 2019	February 28, 2019
Current portion	$ 27,161	$ -
Long term portion	60,188	-
	$ 87,349	$ -

12. Share capital and reserves

Authorized share capital

An unlimited number of common shares without par value.

Issued share capital

At May 31, 2019, there were 97,699,668 issued and fully paid common shares (February 28, 2019 – 92,849,668).

On May 17, 2019, the Company completed a non-brokered private placement financing, issuing 4,850,000 flow-through common shares at a price of $0.30 per share for gross proceeds of $1,455,000. Share issuance costs of $12,955 were incurred in connection with the private placement.

Basic and diluted loss per share

The basic and diluted loss per share for the period ended May 31, 2019 was $0.00 (2018 - $0.00). The calculation of basic and diluted loss per share for the period ended May 31, 2019 was based on the loss attributable to common shareholders of $452,468 (2018 - $401,090) and the weighted average number of common shares outstanding of 93,640,429 (2018 – 86,795,057). The diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive. At May 31, 2019, the total number of potentially dilutive warrants was 2,150,000 (2018 – 2,875,100) and the total number of potentially dilutive stock options was 7,895,000 (2018 – 8,245,000). The aggregate number of potentially dilutive shares was 10,045,000 (2018 – 11,120,100).

(Unaudited - Expressed in Canadian Dollars)

12. Share capital and reserves (cont'd)

There were no warrant transactions for the period ended May 31, 2019.

Warrants

Warrants outstanding at May 31, 2019 and February 28, 2019 are as follows:

Number of warrants	Exercise price	Expiry date
2,150,000	$0.22	Dec 13, 2019

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V policies, grant to directors, officers, employees and consultants of the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance does not exceed a fixed total of 12,624,000. Such options may be exercisable for a period of up to five years from the date of grant.

During the period ended May 31, 2019, The Company granted 1,550,000 stock options with an exercise price of $0.23, exercisable for a period of 5 years and 150,000 stock options with an exercise price of $0.23, exercisable for a period of 2 years.

The changes in stock options during the period ended May 31, 2019 and year ended February 28, 2019, are as follows:

	May 31, 2019		February 28, 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of period	6,195,000	$ 0.11	8,270,000	$ 0.10
Options granted	1,700,000	0.23	1,800,000	0.15
Options exercised	-	-	(2,050,000)	0.08
Options expired	-	-	(1,825,000)	0.12
Options outstanding, end of period	7,895,000	$ 0.14	6,195,000	$ 0.11
Options exercisable, end of period	7,361,666	$ 0.14	6,195,000	$ 0.11

Details of options outstanding as at May 31, 2019 are as follows:

Weighted average exercise price	Weighted average contractual life	Number of options outstanding	Number of options exercisable
$0.05 - $0.095	1.80 years	2,645,000	2,645,000
$0.15 - $0.23	3.62 years	5,250,000	4,716,666
	3.01 years	7,895,000	7,361,666

(Unaudited - Expressed in Canadian Dollars)

12. Share capital and reserves (cont'd)

Stock options *(cont'd)*

During the period ended May 31, 2019, the Company granted 1,700,000 (2018 – 1,800,000) stock options with a weighted average fair value of $0.20 (2018 – $0.12) per option. The Company recorded share-based compensation of $250,752 (2018 - $231,104) relating to options vested during the period.

The fair value of options granted was determined using the Black-Scholes option pricing model using the following weighted average assumptions:

	May 31, 2019	May 31, 2018
Expected life of options	4.74 years	4.67 years
Annualized volatility	129.97%	124.32%
Risk-free interest rate	1.58%	2.03%
Dividend rate	0%	0%

Warrant and share-based payment reserves

The share-based payment and warrant reserves comprise stock-based compensation expense and other warrant payments. When stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

13. Related party transactions

Related party balances

The following amounts due to related parties are included in trade payables and accrued liabilities (note 10). These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

		May 31, 2019		**February 28, 2019**
Directors and officers of the Company	$	13,084	$	6,478

Key management personnel compensation – paid or accrued

Key management personnel include those persons having authority and responsibility for planning, directing and controlling activities of the Company as a whole. The Company has determined that its key management personnel consists of the Company's Board of Directors and corporate officers.

		Three-month period ended		
		May 31, 2019		**May 31, 2018**
Management fees	$	46,759	$	45,381
Consulting (1)		63,705		24,040
Director fees		16,239		12,500
Share-based compensation		193,401		195,074
	$	320,104	$	276,995

(1) Includes accounting fees paid to a company controlled by the CFO of $15,600 (2018: $15,310).

14. Financial risk management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is summarized as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Historically, the Company's principal source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to necessary levels of equity funding.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risks.

Capital Management

The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit.

There were no changes in the Company's approach to capital management during the period.

The Company is not subject to any externally imposed capital requirements.

Fair value

The Company's financial instruments consist of cash and cash equivalents, receivables, reclamation deposits and trade payables. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Cash and cash equivalents are measured at fair value using Level 1 inputs.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

15. Subsequent event

Subsequent to the period ended May 31, 2019:

The Company optioned a group of claims covering approximately 20,372 hectares in central British Columbia. The Company's 3,762-hectare Goose property lies along the western margin of the claim group and will be combined with the new claims as the TopCat project.

The Company may earn a 100% interest by:

- Making staged cash payments totaling $340,000 over 5 years; ($18,000 was paid on signing);
- Issuing a total of 1,500,000 common shares in stages over a 5-year period, with 100,000 shares to be issued upon TSX Venture Exchange approval of the option agreement;
- Incurring a total of $1,250,000 in exploration expenditures over a 5-year period with a minimum of $100,000 to be spent before the first anniversary of the agreement;
- Granting the optionors a 3% net smelter royalty (NSR) on the property, subject to the Company's right to purchase a 2% NSR for $2-million at any time prior to the first anniversary of commercial production.

In June, 2019, the regulators granted a multi-year, area-based (MYAB) permit, covering the period through December 2021, for up to 10,000m of drilling from 20 sites at the Company's Atty Property. In addition, an Exploration Agreement has been signed with the Kwadacha First Nation and the Tsay Keh Dene Nation in support of the exploration program. As part of the consideration for signing this agreement, the Company has agreed to issue to each of the Nations, 25,000 shares, which received TSX Venture Exchange approval and have been issued.

Drilling has commenced at the Company's Atty property, located immediately north of and adjacent to Centerra Gold's Kemess property in north-central BC. The Company plans to drill at least 2,500m (5 holes) to test 3 different targets.