Cantex Mine Development Corp.

Condensed Consolidated Interim Financial Statements

Unaudited

Expressed in Canadian dollars

April 30, 2019

Cantex Mine Development Corp.
April 30, 2019

Table of contents

NOTICE TO READER

These condensed consolidated interim financial statements of Cantex Mine Development Corp. ("the Company") for the nine months ended April 30, 2019 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by International Financial Reporting Standards for a review of interim financial statements by an entity's auditor.

Cantex Mine Development Corp.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - prepared by management)

(Stated in Canadian dollars)

As at	Note		April 30, 2019		July 31, 2019
Assets					
Current assets					
Cash		**$**	**14,914,014**	$	1,773,923
Receivables and prepaids	3		**81,974**		49,079
			14,995,988		1,823,002
Non-current assets					
Reclamation bonds	4(b)		**8,834**		8,566
Field equipment and camp	5		**262,718**		-
		$	**15,267,540**	$	1,831,568
Liabilities					
Current liabilities					
Trade and other payables		**$**	**550,290**	$	310,599
Due to related parties	6		**5,219,223**		5,725,155
			5,769,513		6,035,754
Shareholders' equity (deficiency)					
Share capital	7		**70,056,918**		54,137,978
Equity reserve	7		**1,590,363**		1,203,628
Deficit			**(62,149,254)**		(59,545,792)
			9,498,027		(4,204,186)
		$	**15,267,540**	$	1,831,568

Nature and continuance of operations (Note 1)

Subsequent events (Note 7)

Contingencies (Note 8)

Approved by the Board of Directors:

"Vernon Frolick"	*"Chad Ulansky"*
Vernon Frolick	Chad Ulansky

Cantex Mine Development Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
(Unaudited - Prepared by Management)
(Stated in Canadian dollars)

		Three month periods ended April 30,		Nine month periods ended April 30,	
	Note	**2019**	2018	**2019**	2018
Expenses					
Depreciation	6	**306**	$ -	**$ 306**	$ -
Exploration expenditures	4	**1,093,713**	72,327	**2,094,043**	261,813
Office and administrative		**82,847**	23,353	**127,990**	59,035
Professional fees (recovery of)		**8,158**	5,640	**19,268**	4,283
Stock-based compensation	6(d)	**-**	-	**401,000**	-
Transfer agent and filing fees		**59,735**	8,026	**81,577**	17,207
		(1,244,759)	(109,346)	**(2,724,184)**	(342,338)
Other items					
Interest income		**9,885**	(110)	**19,959**	315
Miscellaneous income		**-**	-	**-**	3,100
Foreign exchange gain		**4,782**	(2,780)	**22,499**	17,076
		14,667	(2,890)	**42,458**	20,491
Loss and comprehensive loss	**$**	**(1,230,092)**	$ (106,456)	**$ (2,681,726)**	$ (321,847)
Loss per common share, basic and diluted	**$**	**(0.03)**	$ (0.01)	**$ (0.09)**	$ (0.02)
Weighted average number of common shares outstanding, basic and diluted		**36,639,402**	13,057,566	**29,623,748**	13,057,566

See accompanying notes to the condensed consolidated interim financial statements.

Cantex Mine Development Corp.

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

(Unaudited - Prepared by Management)
(Stated in Canadian dollars)

	Note	**Number of common shares**	**Share capital**	**Equity reserve**	**Equity (Deficit)**	**Total**
		Note 7(b)				
Balance, July 31, 2017		13,057,569	$ 52,264,997	$ 1,363,628	$ (58,815,775)	$ (5,187,150)
Loss and comprehensive loss for the year		-	-	-	(321,847)	(321,847)
Balance, April 30, 2018		13,057,569	52,264,997	1,363,628	(59,137,622)	(5,508,997)
Shares issued for cash - private placement	7(c)	11,666,667	1,750,000	-	-	1,750,000
Share issuance costs	7(c)	-	(53,019)	16,000	-	(37,019)
Reserves transferred on expired warrants	7(d)	-	176,000	(176,000)	-	-
Loss and comprehensive loss for the year		-	-	-	(408,170)	(408,170)
Balance, July 31, 2018		24,724,236	54,137,978	1,203,628	(59,545,792)	(4,204,186)
Shares issued for cash - private placement	7(c)	15,000,000	15,000,000	-	-	15,000,000
Warrants exercised for shares	7(c)	5,877,350	1,176,949	-	-	1,176,949
Share issuance costs	7(c)	-	(270,009)	75,999	-	(194,010)
Reserves transferred on expired warrants	7(d)	-	12,000	(12,000)	-	-
Stock-based compensation	7(e)	-	-	401,000	-	401,000
Reserves transferred on expired options		-	-	(78,264)	78,264	-
Loss and comprehensive loss for the year		-	-	-	(2,681,726)	(2,681,726)
Balance, April 30, 2019		45,601,586	$ 70,056,918	$ 1,590,363	$ (62,149,254)	$ 9,498,027

See accompanying notes to the condensed consolidated interim financial statements.

Cantex Mine Development Corp.

Condensed Consolidated Inteirm Statements of Cash Flows

(Unaudited - Prepared by Management)

(Stated in Canadian dollars)

	Nine month periods ended, April 30, 2019	2018
Operating activities		
Loss for the year	**$ (2,681,726)**	$ (321,847)
Items not involving cash		
Depreciation	**(306)**	-
Stock-based compensation	**401,000**	-
Interest income	**(19,959)**	(315)
Unrealized foreign exchange gain	**(268)**	(41)
Changes in operating assets and liabilities		
Receivables and prepaids	**(32,895)**	(4,947)
Refund of Nevada reclamation bond	**-**	5,806
Trade and other payables and due to related parties	**(266,241)**	138,864
	(2,600,395)	(182,480)
Investing activities		
Interest received	**19,959**	315
Purchase of property and equipment	**(262,412)**	-
	(242,453)	315
Financing activities		
Issuance of common shares	**15,000,000**	-
Warrants exercised	**1,176,949**	-
Share issue costs	**(194,010)**	-
Advances from related party	**-**	221,000
	15,982,939	221,000
Change in cash during the year	**13,140,091**	38,835
Cash, beginning of year	**1,773,923**	84,754
Cash, end of year	**$ 14,914,014**	$ 123,589
Supplemental disclosure:		
Taxes paid	**$ -**	$ -
Interest paid	**$ -**	$ -
Transfer of reserves on expired options	**$ 78,264**	$ -
Transfer of reserves on expired warrants	**$ 12,000**	$ -
Finder's warrants issued as fees on private placement	**$ 76,000**	$ -

See accompanying notes to the condensed consolidated interim financial statements.

1. Nature and continuance of operations

Cantex Mine Development Corp. ("Cantex" or the "Company") is incorporated under the laws of the Province of Alberta and is considered to be in the exploration stage with respect to its mineral properties. To date, the Company has not generated significant revenues from operations and has not yet determined whether its mineral properties contain ore reserves that are economically recoverable. The Company's common shares are listed on the TSX Venture Exchange under the symbol "CD".

The head office, principal address and registered and records office of the Company are located at 203-1634 Harvey Avenue, Kelowna, BC V1Y 6G2.

During the year ended July 31, 2018, the board of directors authorized a 10-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retrospectively restated for all periods presented, unless otherwise stated.

These condensed consolidated interim financial statements have been prepared by management on a going concern basis, which assumes the Company will continue in operations for the foreseeable future and be able to realize its assets and discharge is liabilities in the normal course of business. The ability of the Company to continue operations is dependent upon the existence of economically recoverable reserves, successful development of the Company's mineral properties (Note 4), continued receipt of financial support (Note 5), completion of equity financings (Note 6), and generating profitable operations in the future. It is not possible to predict whether economically recoverable reserves exist, the Company's financing efforts will be successful, or if the Company will attain a profitable level of operations.

As at April 30, 2019, the Company has incurred cumulative losses of $62,149,254 (July 31, 2018 – $59,545,792) and has working capital of $9,226,475 (July 31, 2018 – deficit of $4,212,752). The above conditions may raise significant doubt regarding the Company's ability to continue as a going concern. Additional financing will be required for the Company to continue operations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, adjustments would be necessary in the carrying values of assets and liabilities.

2. Basis of presentation

(a) *Statement of compliance*

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS"). The significant policies are the same as those set out in Note 3 to the audited consolidated financial statements for the year ended July 31, 2018.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2018 annual consolidated financial statements. These interim financial statements do not include all the necessary annual disclosure in accordance with IFRS.

These condensed consolidated interim financial statements were approved for issue by the Audit Committee on June 27, 2019.

(Stated in Canadian dollars)

2. Basis of presentation (continued)

(b) *Basis of presentation*

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiary, Cantex Gold Corp.

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest April 30, 2019	Proportion of Ownership Interest July 31, 2018
Cantex Gold Corp.	USA	100%	100%

(c) *Adoption of new and revised standards and interpretations*

These condensed consolidated interim financial statements have been prepared in accordance with IFRS effective as of July 31, 2018.

New Standards Adopted

- *IFRS 9 "Financial Instruments"* – This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement" and will be applicable fiscal years beginning January 1, 2018. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. There was no significant impact to the financial statements from the adoption of this standard.

New Standards Not Yet Adopted

- *IFRS 16 "Leases"* – This new standard will be applicable to fiscal years beginning on or after January 1, 2019. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating of finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. As at April 30, 2019, the Company had no leases, other than an informal arrangement with a related party for shared office space. Subsequent to April 30, 2019, the Company signed a lease agreement for drills and an excavator to be used in the Yukon. The lease is for 12 months, which falls under the exemption to the new standard. As such, the Company does not expect any impact to the financial statements from the adoption of this standard.

- IFRIC 23 "Uncertainty Over Income Tax Treatments" – This interpretation clarifies application of recognition and measurement requirements in IAS 12 *Income Taxes* where there is uncertainty over income tax treatments and will be applicable for fiscal years beginning on or after January 1, 2019. The interpretation specifically addresses whether an entity considers uncertain tax treatments separately; the assumptions an entity makes about the examination of tax treatments by taxation authorities; how an entity determines taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates; and how an entity considers changes in facts and circumstances. At present, the Company has an outstanding tax liability accrued in its payables, relating to an audit in the Yemen branch (see note 9). Due to the state of affairs in Yemen, there is a level of uncertainty related to assumptions on how the Yemeni tax authority will eventually examine the tax treatment of the Company's branch there and the changes in circumstances thereof. As such, the Company is currently examining the potential impact to the financial statements from the adoption of this interpretation.

(Stated in Canadian dollars)

3. Receivables and prepaids

		April 30, 2019		July 31, 2018
GST receivables	**$**	**71,599**	$	15,513
Third party receivable		**-**		31,778
Prepaid expenses		**10,375**		1,788
	$	**81,974**	$	49,079

4. Mineral property interests

The Company has not yet determined whether any of its mineral properties contain economically recoverable mineral reserves. Although the Company has taken steps to verify title to the mineral properties in which it, through its subsidiary, has an interest, in accordance with industry standards for the stage of exploration of such properties, those procedures do not guarantee the Company's title.

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has diligently investigated rights of ownership of all of the mineral concessions in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

(Stated in Canadian dollars)

4. Mineral property interests (continued)

	Yukon (a)	Yemen (b)	Nevada (c)	Total
Cumulative expenditures to July 31, 2017	$ 10,455,990	$ 25,672,958	$ 2,168,740	$ 38,297,688
Additions:				
Consulting and engineering	54,927	5,359	825	61,111
Licenses and permits	-	-	30,094	30,094
Travel, field and other	31,621	70,336	1,216	103,173
Wages	-	67,435	-	67,435
Net expenditures during the period	86,548	143,130	32,135	261,813
Cumulative expenditures to April 30, 2018	10,542,538	25,816,088	2,200,875	38,559,501
Net expenditures to year end	305,921	44,029	589	350,539
Cumulative expenditures to July 31, 2018	10,848,459	25,860,117	2,201,464	38,910,040
Additions:				
Consulting and engineering	349,649	5,938	2,064	357,651
Licenses and permits	14,980	-	19,230	34,210
Travel, field and other	1,180,035	102,059	1,242	1,283,336
Wages	352,975	65,871	-	418,846
Net expenditures during the period	1,897,639	173,868	22,536	2,094,043
Cumulative expenditures to January 31, 2019	$ 12,746,098	$ 26,033,985	$ 2,224,000	$ 41,004,083

(a) *Yukon program*

As of April 30, 2019, the Company holds 1,075 claim blocks covering 21,500 hectares, which are located approximately 100 km northeast of Mayo, Yukon, Canada. These claims are 100% held by the Company and were acquired by staking.

(b) *Yemen program*

(i) *Exploration license*

During 1996, the Company was granted a 52,000 square kilometer ("km^2") prospecting permit in the Republic of Yemen. With continued exploration, the Company was able to focus its efforts on progressively smaller areas that demonstrated the potential for economic mineralization. The Company has held an exploration license granting exclusive exploration rights and the right to obtain an exploration contract since 1999. Under the terms of the exploration contract, the Government of the Republic of Yemen has the right to offer to acquire, on commercial terms, an undivided interest of up to 49% in this exploration license. In this event, the Company's interest (and that of any partner) would be diluted proportionately.

4. Mineral property interests (continued)

(b) *Yemen program (continued)*

(i) Exploration license (continued)

In January 2012, the exploration license containing the Al Hariqah project was renewed under the new Yemeni mining code. The new license is valid for an initial four year period and can be renewed for two further four year periods. In addition, the license has been expanded from its original 71 km^2 to 956 km^2.

(ii) Agreement with WCP Resources Ltd.

In December 2011, the Company entered into an agreement with WCP Resources Ltd ("WCP") wherein WCP can earn an interest in the Al Hariqah gold project by funding advanced exploration and mine development to commercial production. The staged earn-in agreement allows WCP to earn up to a 70% interest in the project after funding a minimum of US$30,000,000 over a seven year period.

WCP had two years from February 2012 to exercise an option to commence the earn-in to the project, after which they may earn an initial 40% interest in the project by expending US$5,000,000 within two years. As of May 31, 2014, WCP gave notice that they felt they had reached this 40% level; the Company does not agree with this statement. In October, 2014, WCP gave additional notice that they would no longer be funding the project. Allocation of ownership of the project has not yet been finalized.

In October 2014, the Company, in conjunction with WCP, declared a state of force majeure in regards to the Al Hariqah project. Due to the current political climate, notice was given to the Chairman of the Geological and Mineral Resource Board of Yemen that the Company no longer felt that the project area was secure. Operations at the Al Hariqah site have since ceased; the Company's current expenditures on the project relate to maintaining our Yemen office and employing office staff to continue to promote our interests in the country.

(c) *Nevada program*

As at April 30, 2019, the Company had four gold exploration claims in the state of Nevada comprised of 86 claims. Reclamation bonds of $8,834 (July 31, 2018 - $8,566) have been posted with the State of Nevada.

(Stated in Canadian dollars)

5. Property and equipment

	Field equipment	Computer equipment	Automotive	Total
	$	$	$	$
Cost				
Balance April 30 and July 31, 2018	534,973	2,514	6,978	544,465
Additions	263,024	-	-	263,024
Balance April 30, 2019	797,997	2,514	6,978	807,489
Accumulated depreciation				
Balance April 30 and July 31, 2018	534,973	2,514	6,978	544,465
Depreciation	306	-	-	306
Balance April 30, 2019	535,279	2,514	6,978	544,771
Carrying amounts:				
As at April 30 and July 31, 2018	-	-	-	-
As at April 30, 2019	262,718	-	-	262,718

6. Related party transactions and balances

During the three and nine month periods ended April 30, 2019 and 2018, the Company had related party transactions with the following companies related by way of common directors or shareholders:

- C.F. Mineral Research Ltd. ("CF Minerals") – a private company owned by the Cantex Chairman. CF Minerals provides heavy mineral geochemistry services to the Company.
- Kel-Ex Development Ltd. ("Kel-Ex") - a private company owned by the Cantex Chairman. Kel-Ex provides administration, payroll and office services to the Company.
- Element 29 Ventures Ltd. ("Element 29") - a private company owned by the Cantex CEO. Element 29 provides geological consulting services to the Company.
- Metalex Ventures Ltd. ("Metalex") - a publicly listed company with common directors and management. Metalex shares office space with Cantex and thus have certain shared expenditures which get re-billed on a cost-recovery basis.
- Northern Uranium Corp. ("Northern") - a publicly listed company with common directors and management. Northern shares office space with Cantex and thus have certain shared expenditures which get re-billed on a cost-recovery basis.

(Stated in Canadian dollars)

6. Related party transactions and balances (continued)

The key management personnel of the Company are the Directors, Chief Executive Officer, Chief Financial Officer and Chief Operating Officer.

(a) Related party expenses

The Company's related party expenses (net of recoveries) included in consist of the following amounts:

	Three month periods ended April 30, 2019	2018	Nine month periods ended April 30, 2019	2018
Laboratory and mineralogical costs	**$ 70,613**	$ 30,391	**$ 134,447**	$ 89,725
Geological consulting fees	**115,476**	7,131	**259,858**	26,224
Shared field expenditures	**506,308**	3,788	**723,327**	41,139
Shared office and administrative costs	**20,186**	16,055	**58,996**	42,018
	$ 712,583	$ 57,365	**$ 1,176,628**	$ 199,106

The Company's related party expenses relate to the following related parties:

	Three month periods ended April 30, 2019	2018	Nine month periods ended April 30, 2019	2018
C.F. Mineral Research Ltd.	**$ 70,613**	$ 30,391	**$ 137,828**	$ 89,725
Element 29 Ventures Ltd.	**470,302**	8,421	**626,557**	24,336
Kel-Ex Development Ltd.	**151,440**	14,737	**377,125**	73,099
Metalex Ventures Ltd.	**20,228**	4,582	**35,118**	12,712
Northern Uranium Corp.	**-**	(766)	**-**	(766)
	$ 712,583	$ 57,365	**$ 1,176,628**	$ 199,106

(b) Related party liabilities

The liabilities of the Company include the following amounts due to related parties, which are due on demand, unsecured and non-interest bearing:

	April 30, 2019	July 31, 2018
C.F. Mineral Research Ltd.	**$ 1,280,302**	$ 1,138,254
Element 29 Ventures Ltd.	**194,574**	59,879
Kel-Ex Development Ltd. (1)	**3,737,875**	4,520,327
Metalex Ventures Ltd.	**6,472**	6,695
	$ 5,219,223	$ 5,725,155

(1) Included in related party liabilities is cash advances of $221,000 made during the nine month period ended April 30, 2018; there were no such advances during the nine month period ended April 30, 2019. Total cash advances received from Kelex as at April 30, 2019 is $3,649,000. These unsecured advances are non-interest bearing, with no fixed terms of repayment.

(Stated in Canadian dollars)

6. Related party transactions and balances (continued)

(c) Key management personnel compensation

	Three month periods ended April 30,				Nine month periods ended April 30,			
		2019		2018		**2019**		2018
Wages and benefits (1)	**$**	**114,466**	$	16,968	**$**	**240,104**	$	50,120
Stock based compensation (2)		**-**		-		**401,000**		-
	$	**114,466**	$	16,968	**$**	**641,104**	$	50,120

(1) Wages and benefits include amounts paid or accrued for geological consulting fees and payroll costs; payroll costs are the amounts paid to Kel-Ex for the services of the Chief Financial Officer and the Chief Operating Officer.
(2) Stock-based compensation is the fair value of options granted and expensed to directors and management personnel during the period.

7. Share capital and reserves

(a) *Authorized share capital*

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

(b) *Share consolidation*

In June 2018, the Company consolidated its common shares on a 10:1 basis.

(c) *Issued share capital*

In July 2018, the Company closed a private placement and issued 11,666,667 flow through shares and non-flow through units (the "units"), both at $0.15 per share and unit for gross proceeds of $913,000 in flow-through proceeds and $837,000 in units proceeds. Each share and unit consists of one common share and one common share purchase warrant; each full warrant is exercisable at $0.20 for a period of 36 months. Finder's fees of $19,000 were paid in conjunction with the flow-through shares; 98,667 finder's warrants valued at $16,000 using the Black-Scholes option pricing model with an expected life of 3 years, volatility of 111%, a risk free rate of 1.98% and dividend rate of 0% were issued in conjunction with sale of the units. Share issuance costs of $18,497 were paid for the private placement and share consolidation. As at July 31, 2018, the Company had incurred $319,627 in exploration expenditure relating to the issuance of the flow-through shares, leaving a commitment of $593,373 to be incurred on the Yukon project. Prior to December 31, 2018, the Company incurred the required costs and has no further commitment under the private placement.

During the nine month period ended April, 2019, the Company issued 5,877,350 shares upon the exercising of warrants. Total proceeds received was $1,176,949.

In March, 2019, the Company announced a private placement to raise $10,000,000 in a combination of flow-through shares ("the shares") and non-flow through units ("the units"), each issued at $1.00, with the units comprised of one common share and one half of a warrant. Over the course of three tranches, the Company closed the private placement for a total of $15,000,000, from the sale of 3,500,000 shares and 11,500,000 units; 5,750,000 warrants were issued as part of the private placement. Each whole warrant is exercisable at $1.50 for a period of three years, subject to an acceleration any time following 4 months from closing where the stock close at or above $2.50 for 20 consecutive trading days.

(Stated in Canadian dollars)

7. Share capital and reserves (continued)

(c) *Issued share capital (continued)*

Finder's fees of $145,600 were paid in conjunction with the flow-through shares; 130,000 finder's warrants valued at $76,000 using the Black-Scholes option pricing model with an expected life of 3 years, volatility of 109%, a risk free rate of 1.63% and dividend rate of 0% were issued in conjunction with sale of the units. Share issuance costs of $47,481 were paid for the private placement

(d) *Stock option and warrants*

The Company, in accordance with its shareholder approved stock option plan, is authorized to grant options to directors, officers, employees and consultants, to acquire up to 5% of the aggregate issued and outstanding common shares. The exercise price of the options issued under the plan is determined by the Board of Directors at the time the options are granted. The options vest immediately upon grant, unless otherwise determined by the Board of Directors or Exchange regulations, and are exercisable for a period of up to ten years from the date of grant.

Stock option and share purchase warrant transactions are summarized as follows:

	Stock Options			Warrants		
	Number of options		Weighted Average Exercise Price	Number of warrants		Weighted Average Exercise Price
Outstanding, July 31, 2017 and April 30, 2018	652,268		0.78	1,739,032		1.17
Granted	-		-	11,765,334		0.20
Expired	-		-	(1,493,456)		1.20
Outstanding, July 31, 2018	**652,268**	**$**	**0.78**	**12,010,910**	**$**	**0.22**
Granted	554,000		1.00	5,880,000		1.50
Exercised	-		-	(5,877,350)		0.20
Expired	(93,601)		1.20	(97,726)		1.00
Outstanding, April 30, 2019	**1,112,667**	**$**	**0.85**	**11,915,834**	**$**	**0.84**
Exercisable and outstanding, as at date of issuance	**2,228,000**	**$**	**2.23**	**11,915,834**	**$**	**0.84**

Subsequent to April 30, 2019, the board granted 1,120,000 options with an exercise price of $3.60, expiring June 4, 2025; 4,667 options, with an exercise price of $1.20 were also cancelled.

(Stated in Canadian dollars)

7. Share capital and reserves (continued)

(d) *Stock option and warrants (continued)*

The following stock options and warrants were outstanding at April 30, 2019:

	Number		Exercise price	Expiry date
Options	4,667	$	1.20	January 13, 2022*
	554,000	$	0.70	March 31, 2023
	554,000	$	1.00	December 28, 2024
	1,112,667			

* Cancelled subsequent to April 30, 2019

	Number		Exercise price	Expiry date
Warrants	6,035,834	$	1.20	July 12, 2021
	1,641,500	$	1.50	March 15, 2022
	2,981,500	$	1.50	March 22, 2022
	1,257,000	$	1.00	March 29, 2022
	11,915,834			

(e) *Stock option plan*

During the nine month period ended April 30, the Company recognized stock-based compensation of $401,000 (2018 – $Nil) in the statement of operations as a result of the aforementioned stock options granted and vested. The weighted average fair value of options granted was valued at $0.72 per option (2018 - $Nil) using the Black-Scholes option pricing model. The assumptions used in calculating fair values are as follows:

	2019
Risk-free interest rate	**1.89%**
Expected option life	**6 years**
Expected stock price volatility	**175%**
Expected dividend yield	**0%**

Volatility was determined based upon the historic volatility of the Company's share price over the same period of time as the expected life of the option.

8. Contingencies

The Company is from time to time involved in various claims, legal proceedings and tax assessments arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial conditions or future results of operations of the Company.

As at April 30, 2019, the Company has accrued $101,542 ($75,648USD) relating to a tax audit in the Yemen branch. A notice of assessment was received from the Government of Yemen in December 2014 of $432,845USD, which the Company objected to on the basis that incorrect bases were being used in the calculations. The Company provided further evidence to the Government of Yemen regarding the bases used to calculate the assessment and a lower amount was assessed, but not finalized. Due to the state of affairs in Yemen, the Company has not yet been able to finalize payment terms of the assessment, but has accrued the reassessed amount as a liability.

(Stated in Canadian dollars)

9. Segmented information

The Company manages its business as a single operating segment: mineral exploration. The Company operates in both foreign and domestic countries as follows:

	Nine month periods ended April 30, 2019	2018
Loss		
Canada	**$ 2,435,322**	$ 146,582
Yemen	**223,868**	143,130
United States of America	**22,536**	32,135
	$ 2,681,726	$ 321,847

	April 30, 2019	July 31, 2018
Reclamation bonds		
United States of America	**$ 8,834**	$ 8,566
Equipment		
Canada	**262,718**	-
	$ 271,552	$ 8,566

10. Capital management

The Company includes equity (comprising of issued common shares) reserves and deficit, in its definition of capital.

The Company's objectives when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company's primary objective with respect to capital management is to ensure adequate liquid capital resources are in place to fund the exploration of its mineral properties while maintaining its ongoing operations. To secure the additional capital to pursue these plans, the Company may attempt to raise additional funds through the issuance of debt and or equity.

The Company expects its current capital resources will not be sufficient to complete its exploration plans through its current operating period and it will be required to raise additional funds through future equity issuances or secure other financing. To date, the Company has relied on advances from related parties to fund its operations and exploration activities and expects continued financial support through the next twelve months. The Company is currently not subject to externally imposed capital requirements. The Company does not pay out dividends. The Company's investment policy is to invest its short-term excess cash in secure deposits in large Canadian financial institutions.

11. Financial instruments and risk management

As at April 30, 2019, the Company's financial instruments are cash, receivables, reclamation bonds, trade and other payables and amounts due to related parties. The amounts reflected in the statement of financial position are carrying amounts and approximate their fair values due to their short-term nature. These financial instruments are classified as follows:

- Cash and reclamation bonds are comprised of balances held at major financial institutions (in the case of reclamation bonds, these are held through the related government body) that are readily convertible into a known amount of cash and which are only subject to an insignificant risk of change in value, is classified as fair value through profit and loss, and is measured at amortized cost on the statement of financial position at fair value;

- Receivables are classified as loans and receivables and are initially measured at fair value and subsequent periodic revaluations are recorded at amortized cost using the effective interest method; and

- Trade and other payables and amounts due to related parties are classified as other liabilities and are initially measured at fair value and subsequent periodic revaluations are recorded at amortized cost using the effective interest rate method.

The Company's financial instruments are exposed to certain financial risks, including currency, credit, liquidity and price risk.

Fair value is defined as the price what 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. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liabilities.

Level 3 – Prices or valuation techniques that require inputs that are both significant to fair value measurement and unobservable (supported by little or no market activity).

The Company has no financial instruments measured at fair value hierarchy for the years presented.

Currency risk - The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Yemen and as such, a portion of its expenses are incurred in the local currency and US dollars. A significant change in the currency exchange rates could have an effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

At April 30, the Company is exposed to currency risk relating to funds held in U.S. dollars, Euros and Yemen rials with a value of approximately $763,386 (July 31, 2018: $49,300). The impact of a 5% change in the U.S. dollar and Yemen rials exchange rate to the Canadian dollar would not materially affect decisions of the Company's operations plans.

Credit risk - Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The majority of the Company's cash is held through a large Canadian financial institution with a high investment grade rating.

11. Financial instruments and risk management (continued)

At April 30, 2019, the Company has no financial assets that are past due or impaired due to credit risk defaults. The Company's receivables consist mainly of mineral property recoveries due from partners and GST receivable due from the Federal Government of Canada. The Company is subject to the risk that its partners will default on amounts owing for their portion of exploration expenditures. To date, the Company has collected all of its third party receivable.

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 manages its liquidity risk through the management of its capital structure and financial leverage as outlined in Note 9 to the condensed consolidated interim financial statements.

Trade and other payables are generally due within 30 days. No significant amounts are past due.

Amounts due to related parties have no fixed terms of repayment, are unsecured and are non-interest bearing.

Price risk - The Company is exposed to price risk with respect to commodity prices which can impact the Company's ability to raise funding for its exploration and development programs. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.