COLIBRI RESOURCE CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

May 31, 2019

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

These accompanying unaudited condensed consolidated interim financial statements of Colibri Resource Corporation have been prepared by and are the responsibility of the Company's management.

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

COLIBRI RESOURCE CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited – Prepared by Management)

	Three months ended May 31		Six months ended May 31	
	2019	**2018**	**2019**	**2018**
EXPENSES, ADMINISTRATIVE AND GENERAL				
Accounting and audit fees	15,750	14,383	24,250	25,194
Advertising and promotion	6,806	130,148	38,564	131,963
Amortization	175	204	294	386
Consulting	21,501	13,200	30,751	82,816
Directors fees	3,250	5,000	3,250	5,000
Foreign exchange	1,060	2,906	10,471	9,724
Interest expense	2,481	2,306	4,900	7,366
Legal	15,738	17,643	24,496	22,643
Management fees (Note 6)	18,000	18,000	36,000	36,000
Office and miscellaneous	31,962	16,616	43,793	20,011
Rent	5,574	5,8561	10,236	10,518
Telephone	868	1,887	1,636	1,267
Transfer agent and filing fees	11,782	6,125	18,100	15,248
Travel and related costs	12,082	15,076	23,547	28,318
Wages and benefits	21,230	21,860	41,047	39,470
Share-based compensation	22,632	188,271	41,479	193,522
	(190,891)	(458,305)	(352,814)	(629,446)
Loss on sale of subsidiary	-	(140,792)	-	(140,792)
NET LOSS FOR THE PERIOD	(190,891)	(599,097)	(352,814)	(770,238)
COMPREHENSIVE LOSS				
Net loss for the period	(190,891)	(599,097)	(352,814)	(770,238)
Other comprehensive income (loss) Items that will subsequently be reclassified to profit or loss				
Cumulative translation adjustment	(5,287)	(201,982)	(15,422)	(154,020)
COMPREHENSIVE LOSS FOR THE YEAR	(196,178)	(801,079)	(368,236)	(924,258)
BASIC AND DILUTED LOSS PER SHARE	(0.00)	(0.01)	(0.01)	(0.02)
Weighted average number of shares outstanding (Note 7)	58,347,116	40,751,684	55,654,964	46,740,419

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

COLIBRI RESOURCE CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited – Prepared by Management)

	Note	May 31, 2019	November 30, 2018
ASSETS			
Current assets			
Cash		$ 30,453	$ 15,524
Receivables		36,046	32,178
Prepaid expenses		35,123	75,518
		101,622	123,220
Equipment	4	11,762	8,138
Exploration and evaluation assets	5	650,000	650,000
		$763,384	$781,358
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		$ 142,641	$ 167,735
Accounts payable to related parties	6	482,826	474,584
		625,467	642,319
Shareholders' equity			
Share capital	7	14,518,040	14,216,635
Contributed surplus	7	455,337	409,628
Share subscriptions receivable		20,000	-
Accumulated other comprehensive income		(96,884)	(81,462)
Deficit		(14,758,576)	(14,405,762)
		137,917	139,039
		$763,384	$ 781,358

Nature of operations and going concern (note 1)
Subsequent events (note 12)

Approved on behalf of the Board:

"William Macdonald" Director

"Ronald Goguen" Director

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

COLIBRI RESOURCE CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited – Prepared by Management)

	Share Capital		Share Subscriptions Receivable	Accumulated Other Comprehensive Income	Contributed Surplus	Deficit	Total
	Number	**Amount**					
Balance at November 30, 2017	40,622,006	$12,925,034	$ -	$ (71,128)	$3,696,909	$(9,693,786)	$6,857,029
Loss for the period	-	-	-	-	-	(770,238)	(770,238)
Other comprehensive income	-	-	-	(154,020)	-	-	(154,020)
Net proceeds from private placement	12,120,980	1,147,646	-	-	-	-	1,147,646
Exercise of warrants	160,000	13,600	-	-	-	-	13,600
Broker warrants	-	(21,975)	-	-	21,975	-	-
Share based compensation	-	-	-	-	193,522	-	193,522
Balance at May 31, 2018	51,902,986	$14,064,305	$ -	$(225,148)	$3,912,406	$(10,464,024)	$7,287,539
Loss for the period	-	-	-	-	-	(7.363,063)	(7.363,063)
Other comprehensive income	-	-	-	143,868	-	-	143,686
Net proceeds from private placement	-	-	-	-	-	-	-
Exercise of warrants	-	-	-	-	-	-	-
Share based compensation	-	-	-	-	70,877	-	70.877
Reclassification of expired options and broker warrants	-	152,330	-	-	(3,573,655)	3,421,325	-
Balance at November 30, 2018	52,902,986	$14,216,635	$ -	$ (81,462)	$409,628	$(14,405,762)	$ 139,039
Loss for the period	-	-	-	-	-	(352,814)	(352,814)
Other comprehensive income	-	-	-	(15,422)	-	-	(15,422)
Net proceeds from private placement	6,340,000	305,635					305,635
Broker warrants		(4,230)			4,230		
Share subscription receivable	-	-	20,000	-	-	-	20,000
Share based compensation	-	-	-	-	41,479	-	41,479
Balance at May 31, 2019	59,242,986	$14,518,040	$ 20,000	$ (96,884)	$455,337	$(14,758,576)	$137,917

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

COLIBRI RESOURCE CORPORATION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Unaudited – Prepared by Management)

		Six Months Ended May 31 2019		2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss and comprehensive loss for the periods	$	(352,813)	$	(770,238)
Add: Items not requiring the use of cash				
Amortization		294		386
Share based compensation		41,479		193,522
Loss on sale of subsidiary				140,792
Unrealized foreign exchange		(15,423)		-
		(336,463)		(435,538)
Change in non-cash working capital items:				
(Increase) decrease in receivables		(3,868)		(15,320)
(Increase) decrease in prepaid expenses		40,395		(35,543)
Increase (decrease) in accounts payable and accrued liabilities		(16,852)		(139,822)
Net cash used in operating activities		(306,788)		(626,223)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Acquisition of exploration and evaluation assets		-		(325,538)
Proceeds on sale of subsidiary		-		2,054
Acquisition of equipment		(3,918)		(1,315)
		(3,918)		(324,799)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net cash from private placement		305,635		1,161,246
Cash received from share subscriptions receivable		20,000		-
Net cash from financing activities		325,635		1,161,246
INCREASE (DECREASE) IN CASH DURING THE PERIOD		14,929		157,982
CASH, beginning of periods		15,524		52,242
CASH, end of periods	**$**	30,453	$	210,224

Supplemental disclosure with respect to cash flows (Note 8)

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Colibri Resource Corporation ("the Company") was incorporated on February 20, 2004 in the Province of British Columbia. The Company's registered office and principal place of business is 105 Englehart St., Suite 700, Dieppe, NB, Canada.

The Company is pursuing opportunities in the exploration of mineral and natural resource properties in Mexico and is considered to be in the exploration stage.

The Company is in the process of acquiring and exploring its mineral properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production or proceeds from the disposition of the properties.

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realize its assets and liabilities in the normal course of business. Several adverse conditions cast significant doubt on the validity of this assumption. As at May 31, 2019, the Company has working capital deficit of $ 523,705 (Nov 30, 2018 –deficit of $519,099) and has a cumulative deficit of $14,758,576 (Nov 30, 2018 – $14,405,762), no source of operating cash flow, and no assurances that sufficient funding will be available to conduct further exploration and development of its resource property projects.

The only source of future funds presently available to the Company is through the issuance of share capital, or by the sale of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing or sale of an interest in the future will depend in part upon the prevailing market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company. If additional financing is raised through the issuance of shares, control of the Company may change and shareholders may suffer dilution. Although these consolidated financial statements do not include any adjustments that may result from the inability to secure future financing, such a situation would have a material adverse effect on the Company's business, results of operations, and financial condition. The Company has raised funds from a private placement during the period and subsequent to the end of the period (note 12).

The amounts shown as exploration and evaluation assets represent acquisition costs net of recoveries to date, less amounts written off, and do not necessarily represent present or future values. Recoverability of the amounts shown for mineral property interests is dependent upon the discovery of economically recoverable mineral reserves, securing and maintaining title and beneficial interest in the properties, the ability of the Company to obtain financing necessary to complete the exploration and development of its mineral property interests, and on future profitable production or proceeds from the disposition of the mineral property interests.

2. BASIS OF PRESENTATION

(a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended November 30, 2018, which have been prepared in accordance with IFRS as issued by the IASB. The Company uses the same accounting

2. BASIS OF PRESENTATION *(Continued)*

policies and methods of computation as in the annual consolidated financial statements for the year ended November 30, 2018.

The Board of Directors approved these consolidated financial statements for issue on July 26, 2019.

(b) Basis of Measurement

These condensed consolidated interim financial statements have been prepared on an accrual basis and are based on historical costs, with the exception of certain financial instruments classified as available-for-sale which are measured at fair value as described in Note 3. The condensed consolidated interim financial statements are presented in Canadian dollars unless otherwise stated.

(c) Subsidiaries and Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of Colibri Resources Corporation and its wholly owned subsidiaries Canadian Gold Resources Ltd., and Minera Bestep S.A. de C.V. Minera Bestep S.A. de C.V. is incorporated in Mexico for the purposes of developing mineral properties. All intercompany transactions and balances have been eliminated upon consolidation. All amounts are reported and measured in Canadian dollars.

Control exists where the parent entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries are included in the consolidated financial report from the date control commences to the date control ceases.

(d) Significant Accounting Judgments and Estimates

The preparation of these condensed consolidated interim 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 reporting period. Actual outcomes could differ from these estimates. The condensed consolidated interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed consolidated interim financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods. Significant assumptions about the future and other sources of estimation uncertainty that management has made at the condensed consolidated interim statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- The assumption of going concern basis of accounting;
- The carrying value and recoverable amount of exploration and evaluation assets;
- The inputs used in accounting for share-based compensation expense in the statements of operations and comprehensive loss;
- The valuation of shares issued in non-cash transactions;
- The valuation allowance applied against deferred income tax assets; and
- The determination of functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents

For purposes of reporting cash flows, the Company considers cash and cash equivalents to include amounts held in banks and cashable highly liquid investments with limited interest and credit risk. The remaining maturities at point of purchase are at three months or less, with no penalties on early retirement.

(b) Exploration and evaluation assets

Exploration and evaluation assets are recorded at cost less accumulated impairment losses, if any. All direct costs related to the acquisition, exploration and evaluation of mineral properties are capitalized until the technical feasibility and commercial viability of the asset is established, at which time the capitalized costs are reclassified to mineral properties under development. Technical feasibility and commercial viability is defined as (1) the determination of mineral reserves and (2) a decision to proceed with development has been recommended by management and approved by the Company's board of directors. To the extent that the expenditures are made to establish mineral reserves within the rights to explore, the Company will consider those costs as capital in nature. The depreciation of a capital asset in connection with exploring or evaluating a property of this nature will be included in the cost of the exploration and evaluation asset.

Management reviews the facts and circumstances to determine whether there is an indication that the carrying amount of the exploration and evaluation assets exceeds their carrying value on a regular basis. Indication includes but is not limited to, the expiration of the right to explore, substantive expenditure in the specific area is neither budgeted nor planned and if the entity has decided to discontinue exploration activity in the specific area. If the facts and circumstances suggest the carrying value exceeds the recovery value, the Company will write down the carrying value of the property.

Where the Company has determined that the underlying mineral interest has reserves and, if impairment indicators exist, the Company will also assess for impairment under IAS 36 impairment of assets, whereby the cash generating unit (CGU) is assessed for impairment by comparing the carrying value to its recoverable amount, which is the higher of the value in use and the fair value less cost to sell. The fair value is determined by the best information available to reflect the amount the Company could receive for the CGU in an arm's length transaction, which is often estimated using discounted cash flows for the CGU.

(c) Impairment of Long-lived Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

cash- generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(d) Foreign Currency Translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The consolidated financial statements are presented in Canadian dollars, which is Colibri's functional currency.

The assets and liabilities of the Company's foreign operations that have a functional currency different from that of Colibri are translated in Canadian dollars using the exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transaction are used. Exchange differences arising, if any, are recognized in other comprehensive income as cumulative translation adjustments.

The functional currency of the Company's 100% owned subsidiary, Minera Bestep S.A. de C.V. is the Mexican Peso.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. The foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year–end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of income

(e) Income Taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in the statement of loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity. Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute current income tax assets and liabilities are measured at future anticipated tax rates, which have been enacted or substantively enacted at the reporting date.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred taxation is provided on all qualifying temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Income Taxes *(Continued)*

right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

(f) Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the net loss applicable by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is computed by dividing the net loss by the sum of the weighted average number of common shares issued and outstanding during the reporting period and all additional common shares for the assumed exercise of options and warrants outstanding for the reporting period, if dilutive. The treasury stock method is used to arrive at the diluted loss per share, which is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares. Diluted loss per share does not include the effect of stock options and warrants as they are anti-dilutive.

(g) Share Capital

The Company records its share capital proceeds from share issuances net of related issue costs and any tax effects. The fair value of common shares issued as consideration for mineral right interests is based on the trading price of those shares on the TSX-V on the date of agreement to issue shares or other fair value equivalent amount as determined by the Board of Directors. Agent's warrants, stock options and other equity instruments issued as purchase consideration in nonmonetary transactions other than as consideration for mineral properties are recorded at fair value determined by management using the Black-Scholes option pricing model. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value using the residual method.

(h) Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period based on the Company's estimate of shares that will eventually vest. The number of forfeitures likely to occur is estimated on grant date. Any consideration paid by directors, officers and employees on exercise of equity-settled share-based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial Instruments *(Continued)*

Financial instruments are measured on initial recognition at fair value, plus, in the case of financial instruments other than those classified as fair value through profit or loss ("FVTPL"), directly attributable transaction costs. Financial instruments are recognized when the Company becomes party to the contracts that give rise to them and are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income, as appropriate.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading and financial assets not designated upon initial recognition as amortized cost or fair value through other comprehensive income ("FVOCI"). A financial asset is classified in this category principally for the purpose of selling in the short term, or if so designated by management. Transaction costs are expensed as incurred. On initial recognition, a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI may be irrevocably designated as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. Financial assets measured at FVTPL are measured at fair value with changes in fair value recognized in the statements of operations and comprehensive loss. Investments in shares and warrants in CBLT Inc. are classified as FVTPL.

Financial assets at FVOCI

On initial recognition of an equity investment that is not held for trading, an irrevocable election is available to measure the investment at fair value upon initial recognition plus directly attributable transaction costs and at each period end, changes in fair value are recognized in other comprehensive income ("OCI") with no reclassification to the statements of operations. The election is available on an investment-by-investment basis. Investments in equity securities, where the Company cannot exert significant influence, are designated as financial assets at FVOCI.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and is not designated as FVTPL. Financial assets classified as amortized cost are measured subsequent to initial recognition at amortized cost using the effective interest method. Cash, miscellaneous receivables and certain other assets are classified as and measured at amortized cost.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in net earnings when the liabilities are derecognized as well as through the amortization process. Borrowing liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. Accounts payable and accrued liabilities are classified as and measured at amortized cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial Instruments *(Continued)*

De-recognition of financial assets and liabilities

A financial asset is derecognised when either the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset or not. If the Company does not control the asset then derecognition is appropriate. A financial liability is derecognised when the associated obligation is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in net loss.

Impairment of financial assets:

A loss allowance for expected credit losses is recognized in OCI for financial assets measured at amortized cost. At each balance sheet date, on a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model does not apply to investment in equity instruments.

The expected credit losses are required to be measured through a loss allowance at an amount equal to the 12- month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date) or full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). A loss allowance for full lifetime expected credit losses is required for a financial instrument if the credit risk of that financial instrument has increased significantly since initial recognition.

Financial instruments recorded at fair value:

The fair value of quoted investments is determined by reference to market prices at the close of business on the statement of financial position date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis; and, pricing models.

The Company is required to disclose the inputs used in fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial Instruments *(Continued)*

The Company has determined that no adjustments are currently required for transaction costs related to the acquisition of financial assets and financial liabilities that are classified as other than held-for-trading.

(j) Accounting standards adopted

On April 1, 2018, the Company adopted IFRS 9 *Financial Instruments* ("IFRS 9"). IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), introduces new requirements for the recognition and measurement of financial assets and liabilities, a single, forward looking "expected loss" impairment model and a reformed approach to hedge accounting. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules previously under IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The International Accounting Standards Board ("IASB") requires an entity to apply IFRS 9 for annual periods beginning on or after January 1, 2018.

Application of IFRS 9 to the Company's other financial instruments also has no impact on the Company's financial position or results of operations and there is no financial impact that requires disclosure.

On April 1, 2018, the Company adopted IFRS 15 – Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 supersedes the current revenue recognition guidance including IAS 18 – Revenue, IAS 11 – Construction Contracts and the related interpretations. In adopting the guidance, the Company has opted to use the modified retrospective basis in accordance with the transitional provisions of IFRS 15 whereby the cumulative effect of initially applying the standard has been recognized as an adjustment to the opening deficit at April 1, 2018 and comparative figures are not restated and continue to be reported under the accounting standards in effect for those periods.

The Company has no revenue and management has determined that the application of IFRS 15 did not result in any adjustment to the financial statements.

(k) Accounting standards issued but not yet adopted:

For the purposes of preparing and presenting the Company’s condensed consolidated interim financial statements, the Company has adopted all applicable standards and interpretations issued other than those discussed below. These standards have not yet been adopted because they are not effective for the Company until subsequent to May 31, 2019.

IFRS 16 Leases (“IFRS 16”) eliminates the classification of leases as either operating or finance leases for a lessee. Instead all leases are capitalized by recognizing the present value of lease payments and recognizing an asset and a financial liability representing an obligation to make future lease payments. The principles in IFRS 16 provide a more consistent approach to acquiring the use of an asset whether by leasing or purchasing the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Accounting standards issued but not yet adopted *(continued)*:

The new leasing standard is applicable to all entities and will supersede current lease accounting standards under IFRS. Prospective application is required is required beginning on or after January 1, 2019 with early adoption permitted only if an entity early adopts IFRS 15 as well. The Company does not anticipate a significant impact on its financial results from adopting this standard.

4. CAPITAL ASSETS

		Land		Equipment		Computer Equipment		Total
Cost:								
Balance May 31, 2018	$	-	$	1,315	$	3,485	$	4,800
Additions		6,538		2,967		605		10,820
Exchange		346		-		-		303
Balance May 31, 2019	$	6,884	$	4,282	$	4,090	$	14,608
Accumulated amortization:								
Balance May 31, 2018	$	-	$	22	$	2,856	$	2,878
Amortization		-		255		361		645
Balance May 31, 2019	$	-	$	277	$	3,217	$	3,318
Carrying amounts:								
May 31, 2018	$	-	$	1,293	$	629	$	1,922
May 31, 2019	$	6,884	$	4,005	$	873	$	11,762

5. EXPLORAT ION AND EVALUATION ASSETS

Title to Mineral Properties

Title to mineral 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 conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties are in good standing.

Colibri Property ("Pitaya Property")

On June 16, 2004, the Company agreed to an option agreement with Minera Cadenza S de RL de CV ("Cadenza"), a private Mexican company wholly owned by Cadence Resource Corporation, a Canadian private company controlled by a director and a former director of the Company, to purchase a 90% interest in the Colibri property, located in the State of Sonora, Mexico. Upon signing the option agreement, the Company paid $50,000 and issued 200,000 common shares with a value of $30,000. The Company agreed to pay $300,000, issue a total of 1,200,000 common shares and incur a total of $1,800,000 (incurred) in exploration expenditures by June 16, 2010, to earn its 90% interest. The Company has paid the $350,000 and issued all of the 1,400,000 common shares with a total value of $244,500. The Company exercised its option and acquired 100% interest in the Colibri Property, and Cadence Resource Corporation retains a 3% Net Smelter Returns ("NSR") royalty.

5. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Colibri Property ("Pitaya Property") *(Continued)*

As part of the Colibri property, on June 16, 2004, the Company agreed to an assignment of contract agreement to have the right to purchase a 100% interest in two mineral claims known as the San Francisco and the Juarez claims for a total of US$1,000,000 to be paid over a six year period ending January 1, 2011. All option payments made under this agreement will be applied to the purchase price of US$1,000,000 if the Company elects to purchase these two mineral claims. To date, the Company has paid US$131,000, but has decided not to pay the remaining option payments, as the costs did not warrant the cost of finalizing the option agreements. All previously capitalized costs relating to these two mineral claims were written off in the Company's 2009 consolidated financial statements.

On May 27, 2011, the Company closed an "earn-in" and shareholders agreement with Agnico-Eagle Mines Ltd., whereby Agnico may acquire up to a 75% interest in the Colibri gold project and form a joint venture with the Company by making qualified exploration expenditures and payments to Colibri. To earn its 75% interest, Agnico is required to spend a minimum of US$3.0 million in exploration expenditures by May 27, 2014, of which US$1.5 million (US$2,797,013 incurred to November 30, 2014) is to be spent in the first 18 months, as well as complete a positive feasibility study within five years. In addition, Agnico will be required to make option payments totaling US$1,452,000 (US$218,000 paid to November 30, 2016) over a seven year period.

After completion of the feasibility study, and Agnico earning its 75% interest, Agnico and Colibri will form a joint venture to develop the Colibri Project. As required under this agreement, a Mexican company, Minera Azor Dorado S.A. de C.V. (the "Operating Company") was incorporated as a wholly-owned subsidiary of a newly incorporated British Columbia company, 0901223 B.C. Ltd. (the joint venture company) to hold the right, title and interest in the Colibri Project and transfer of the concessions comprising the Colibri Project to the Operating Company.

The Company owned 100% of the joint venture company up to November 17, 2012, at which time Agnico exercised its first option under the Earn-in Agreement to acquire a 51% interest, consequently leaving the Company with a 49% interest in the joint venture company. Effective May 14, 2013 Agnico decided not to exercise the second option under the Earn-in and Shareholders Agreement. Following termination of the second option, Agnico and Colibri will now jointly operate the Colibri Project, with Agnico as General Manager, at their current ownership levels subject to adjustments relating to budget funding obligations. As Agnico has also terminated the sole-funding period, any further contributions to the Project must now be contributed by Agnico and Colibri in proportion to their ownership interests. The Company has elected not to participate in funding of the last year's budget, and as a result has had its ownership interest recalculated to 34%, as stipulated in Section 12.6 of the Agreement.

During the 2018 fiscal year, the Company entered into an agreement with Agnico with respect to the sale of the Colibri Project whereby Agnico will manage the sale process. In the event of a sale, if the consideration is any combination of cash and securities the Company will receive its proportionate share of such cash and securities. If the consideration received is other than a combination of cash and securities, the Company will receive cash proceeds from Agnico in the amount of $US500,000.

As a result, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $1,730,793.

Evelyn Property

In March 2010 the Company's subsidiary, Minera Halcones, acquired a 100% interest in the Evelyn III claim via a Mexican government "sorteo" or claim lottery. This 506.3 hectare claim is located in the State of Sonora, Mexico.

5. EXPLORATION AND EVALUATION ASSETS *(Continued)*

Evelyn Property *(Continued)*

During the 2018 fiscal year, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $35,928.

During the period the Company expended exploration and evaluation costs of $ 13,761 on the Evelyn property.

Pilar Property

In August 2017 the Company through its wholly owned subsidiary, Minera Bestep, acquired a 100% interest in the Pilar property. The Pilar property is located in the State of Sonora, Mexico.

During the 2018 fiscal year, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $4,802,594.
During the period the Company expended exploration and evaluation costs of $147 on the Pilar property.

Sun Property

In August 2017, the Company through its wholly owned subsidiary, Minera Bestep S.A. de C.V., acquired a 100% interest in the Sun concession.

During the 2018 fiscal year, management determined there were indicators of impairment on the property, and accordingly, recorded an impairment charge of $8,565.

For the three months ended May 31, 2019	Colibri Property	Pilar Property	Sun Property	Evelyn Property	Total
Acquisition costs:					
Balance, December 1, 2018	$ 422,064	$ -	$ -	$ -	$ 422,062
Adjustment	-	-	-	-	-
Balance, end of the period	422,064	-	-	-	422,062
Deferred Exploration costs:					
Balance, December 1, 2018	$227,936	$ -	$ -	$ -	$227,936
Additions					
Field expenses and personnel	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Property and claim taxes	-	-	-	-	-
Travel and transport	-	-	-	-	-
	-	-	-	-	-
	227,936	-	-	-	227,936
Balance, end of the period	$ 650,000	$ -	$ -	$ -	$650,000

5. EXPORATION AND EVALUATION ASSETS *(Continued)*

For the year ended November 30, 2018	Colibri Property	Pilar Property	Sun Property	Evelyn Property	Total
Acquisition costs:					
Balance, December 1, 2017	$ 422,064	$4,403,518	$ 7,700	$ -	$4,833,282
Acquisition	-	-	-	22,000	22,000
Foreign exchange		143,770			143,770
Impairment	-	(4,547,288)	(7,700)	(22,000)	(4,576,988)
Balance, November 30, 2018	$ 422,064	$ -	$ -	$ -	$ 422,064
Deferred Exploration costs:					
Balance, December 1, 2017	$1,958,729	$ 11,364	$ 167	$ 133,606	$2,103,866
Additions					
Field expenses and personnel	-	262,844	-	-	262,844
Geological consulting		108,364	-	-	108,364
Miscellaneous	-	112,633	-	3,443	116,076
Property and claim taxes	-	3,064	698	13,554	17,316
Total additions	-	486,905	865	16,997	504,600
Disposals	-			(134,713)	(134,713)
Impairment		(498,269)	(865)	(15,890)	(2,245,817)
Total deferred exploration costs	227,936	-	-	-	227,936
Balance, November 30, 2018	$650,000	$ -	$ -	$ -	$650,000

Future Properties

As previously disclosed, during the 2018 fiscal year the Company entered into an agreement to acquire Yaque Minerales S.A. de C.V., a Mexico incorporated company which owns two mineral concessions, the El Mesquite property and the Jackie property located in the State of Sonora, Mexico. Consideration for the transaction is the issue of an unsecured convertible debenture by the Company with a face value of $1,000,000, a term of five years, bearing interest at 2.5% per annum, and convertible at any time to common shares of the Company at $0.20 per common share.

The Company's shareholders approved the transaction on May 16, 2019. The transaction is subject to regulatory approval and is expected to close during Q3 of fiscal 2019.

6. RELATED PARTY TRANSACTIONS AND BALANCES

Accounts payable and accrued liabilities to related parties at May 31, 2019 of $482,826 (2018 – $199,494) is comprised of management fees and loans plus accrued interest due to companies controlled by officers of the Company. Amounts payable to related parties bear interest at 6% per annum, are due on demand, and are unsecured.

The Company entered into the following transactions with related parties for the three months ended May 31, 2019:

6. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

a) Paid or accrued $27,000 (2018 – $18,000) in management fees to companies controlled by directors and officers of the Company.

b) Paid or accrued $3,500 (2018 – $3,500) in accounting fees to an officer of the Company.

c) Paid or accrued $3,250 (2017 – $NIL) in fees to directors of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS

(a) Authorized

Unlimited number of common shares without par value

(b) Issued

Common shares:

	Number of Shares	Amount
Balance at November 30, 2017	40,622,006	$12,925,034
Shares issued for cash, net of issuance costs	10,770,980	1,000,973
Balance February 28, 2018	51,392,986	13,926,007
Shares issued for cash, net of issuance costs	1,510,000	138,298
Reclassification of expired broker warrants	-	152,330
Balance November 30, 2018	52,902,986	14,216,635
Share issued for cash, net of issuance costs	6,340,000	301,405
Balance May 31, 2019	59,242,986	$14,518,040

On September 24, 2015, the Company implemented a share consolidation of all its outstanding common shares on the basis of one post-consolidation share for every fifteen pre-consolidated shares.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS *(Continued)*

(c) Warrants

The following common share purchase warrants entitle the holders thereof the right to purchase one common share for each common share purchase warrant. Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price	
Balance, November 30, 2017	7,267,166	$	0.24
Exercised during fiscal 2018	(160,000)	$	0.08
Expired during fiscal 2018	(175,000)	$	0.15
Expired during fiscal 2018	(2,667,166)	$	0.25
Issued during fiscal 2018	12,120,980	$	0.15
Balance November 30, 2018	16,385,980	$	0.15
Issued during the period	6,340,000	$	0.10
Balance May 31, 2019	22,725,980	$	0.15

The following warrants are outstanding at May 31, 2019

Number of warrants	Exercise price per warrant	Expiry date
4,265,000	$0.25	September 6, 2019
10,770,980	$0.15	February 26, 2023
1,350,000	$0.15	March 15, 2023
6,340,000	$0.10	March 13, 2022
22,725,980		

In addition, there are 542,500 broker warrants outstanding of which 197,500 are exercisable at $0.25 per share and expire on September 6, 2019, 272,000 which are exercisable at $0.15 per share and expire on February 26, 2023, and 73,000 are exercisable at $0.10 and expire on March 13, 2022.

(d) Stock Options

The Company has in place a rolling stock option plan whereby the Company may grant stock options to eligible persons to acquire a total of up to 10% of the then existing number of shares outstanding. Awarded stock options generally vest at the discretion of the directors and are exercisable over a period not exceeding ten years at exercise prices determined by the directors. The exercise price of each option is subject to a minimum price of $0.10 and cannot be less than the discounted market price of the Company's stock as calculated pursuant to the policies of the TSX Venture Exchange.

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS *(Continued)*

The number of stock options outstanding at May 31, 2019 is summarized as follows:

	Number Of Options	Weighted Average Exercise
Balance, November 30, 2017	700,000	$0.15
Options granted	3,775,000	$0.15
Balance, November 30, 2018	4,475,000	$0.15
Options granted	625,000	$0.10
Balance, May 31, 2019	5,100,000	$0.15

At May 31, 2019, the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date	Exercisable
550,000	$0.15	June 14, 2021	550,000
150,000	$0.15	January 23, 2019	150,000
1,800,000	$0.10	April 16, 2028	1,800,000
1,975,000	$0.10	April 16, 2023	920,313
625,000	$0.10	March 13, 2024	24,042
5,100,000			3,446,355

At May 31, 2019, the 5,100,000 options outstanding have a weighted average life remaining of 5.44 years.

The fair value of options at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the expected dividend yield, expected forfeitures and the risk- free interest rate for the term of the option.

The model inputs for options granted during the period ended May 31, 2019 include:

Grant date	Expiry date	Share price at grant date	Exercise price	Risk-free interest rate	Expected life	Volatility factor	Dividend yield
March 13, 2019	March 13, 2024	$0.09	$0.10	1.57%	5 years	225%	0%

The expected volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information. The risk-free rate of return is the yield on a zero-coupon Canadian Treasury bill of a term consistent with the assumed option life. The expected average option term is the average expected period to exercise, based on the historical activity patterns for each individually vesting tranche.

Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the

7. SHARE CAPITAL AND CONTRIBUTED SURPLUS *(Continued)*

existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Total expenses arising from the share-based payment transactions recognized during the period as part of share-based compensation expense was $41,479 (2018: $188,271).

As at May 31, 2019 there was $77,611 (2018: $148,568) of total unrecognized compensation cost related to unvested share-based compensation.

Total expenses arising from the share-based payment transactions that were capitalized during the period as part of exploration and evaluation asset acquisition costs were $nil (2018: $nil).

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	May 31, 2019	May 31, 2018
Cash paid for:		
Income taxes	$ -	$ -
Interest	$ -	$ -

9. SEGMENTED INFORMATION

The Company primarily operates in one reportable business segment, being the acquisition and exploration of mineral properties located in Mexico. The net loss and assets identifiable with these geographic areas are as follows:

May 31, 2019		Canada		Mexico		Total
Net loss for the period	$	(184,695)	$	(6,196)	$	(190,891)
Current assets		70,216		31,406		101,622
Mineral properties		-		650,000		650,000
Capital assets		1,911		9,851		11,762
Total assets	$	147,643	$	691,133	$	838,764
Total liabilities	$	580,344	$	45,123	$	625,467

May 31, 2018		Canada		Mexico		Total
Net loss for the period	$	(528,686)	$	(70,511)	$	(599,097)
Current assets		477,708		52,695		530,403
Mineral properties		-		7,018,062		7,018,062
Capital assets		1,922		-		1,922
Total assets	$	479,630	$	7,070,757	$	7,550,387
Total liabilities	$	250,009	$	12,839	$	262,848

10. FINANCIAL INSTRUMENTS

The Company, through its financial assets and liabilities is exposed to various risks. The following analysis provides a measurement of risks as at the balance sheet date, May 31, 2019.

1. Fair Value

The carrying values of cash, accounts receivable, accounts payable to related parties, and accounts payable and accrued liabilities approximate their fair values due to the short terms to maturity of the instruments.

2. 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 has cash balances primarily in large Canadian chartered banks, and no interest bearing debt. The Company's current policy is to invest cash in Canadian

bank savings accounts with interest that varies at prime and guaranteed investment certificates with terms of one year or less.

3. Credit Risk

The Company's credit risk is primarily attributable to cash and accounts receivable. Cash is held with reputable financial institutions, primarily in Canada, and is kept in highly liquid accounts that are closely monitored by management. Credit risk with respect to its accounts receivable is minimal due to the insignificant balances that are primarily due from government agencies.

The Company's maximum exposure to credit risk is as follows:

May 31, 2019	Canada	Mexico	Total
Cash and cash equivalents	$26,817	$3,636	$30,453
Receivables	10,883	25,163	36,046
	$37,700	$28,799	$66,499

May 31, 2018	Canada	Mexico	Total
Cash and cash equivalents	$ 161,409	$ 48,815	$ 210,224
Receivables	18,089	3,107	21,196
	$ 174,498	$ 51,922	$ 231,420

4. Derivatives – Mineral Properties

The Company retains and/or has obligations related to certain carried interest rights and net smelter royalties ("NSR"), the value of which is derived from future events and commodity prices. These rights are derivative instruments. However, the mineral property interests to which they relate are not sufficiently developed to reasonably determine value.

5. Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rate. The Company's cash flow exposure to foreign currency is due mainly to cash, option payments and costs incurred for the development of its mineral

10. FINANCIAL INSTRUMENTS *(Continued)*

properties in Mexico. As at May 31, 2019, the Company's condensed consolidated interim balance sheets included $NIL (2018 – $1,215) of cash denominated in U.S. currency and $3,636 (2018 – $47,600) denominated in Mexican currency; $NIL (2018 – $NIL) of accounts payable which were U.S. currency denominated and $45,123 (2018 – $12,839) of accounts payable which were Mexico currency denominated. The Company does not use, hold or issue financial instruments for trading or speculative purposes. At May 31, 2019 there were no foreign exchange contracts outstanding.

6. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined below. The Company has insufficient funds as at May 31, 2019 to settle its current accounts payable of $625,467, and sufficient funds to cover its long-term commitments on mineral claims as outlined in Note 5.

In the opinion of management, working capital deficit of ($523,705) at May 31, 2019 is insufficient to support the Company's normal operating requirements through its current reporting period. The Company is continuing to review expenditures in order to ensure adequate liquidity and flexibility to support its exploration and development strategies.

The Company believes that external financing, likely in the form of equity offerings or optioning one or more of its claims, will be required in order to maintain its current operations. (See note 12- Subsequent events)

11. CAPITAL MANAGEMENT

The Company defines capital that it manages as its shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. As at May 31, 2019, total managed capital was $218,328 (2018– $7,812,149)

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

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. These budgets are approved by the Company's Board of Directors.

In order to maximize ongoing development efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in interest-bearing accounts with Canadian chartered banks.

The Company's capital resources available to it have been depleted, so has reduced operating expenditures to a minimum.

There were no changes in the Company's approach to capital management during the period ended May 31, 2019. The Company is not subject to externally imposed capital requirements.

12. SUBSEQUENT EVENTS

Subsequent to the period end, the Company announced a private placement financing consisting of 2,280,000 units at $0.05 per unit with each unit consisting of one common share and one common share purchase warrant exercisable at $0.10 per share for a period of three years from the date of issue. The financing is subject to regulatory approval and is expected to closed during Q3 of fiscal 2019.