Aura Resources Inc.

(Formerly Aura Silver Resources Inc.)
(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Financial Statements

For the three and six month periods ended June 30, 2019 and 2018

(expressed in United States dollars)

NOTICE OF NO AUDITOR REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated interim financial statements of Aura Resources Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's Audit Committee and Board of Directors has reviewed and approved these condensed consolidated interim financial statements.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements.

Aura Resources Inc.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Interim Statements of Financial Position

(expressed in U.S. dollars)

	June 30, 2019 $	December 31, 2018 $
Assets		
Current assets:		
Cash	113,390	21,468
Amounts receivable	8,241	6,979
Prepaid expenses	4,409	28,366
Marketable securities (note 4)	37,033	-
	163,073	56,813
Mineral exploration properties (note 5)	88,640	95,762
Deferred exploration expenditures (note 5)	20,396	11,827
	109,036	107,589
	272,109	164,402
Liabilities and shareholders' equity (deficiency)		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	361,785	315,591
Shareholders' equity (deficiency)		
Capital stock (note 7)	13,118,254	12,994,533
Warrants (note 7)	289,765	228,230
Contributed surplus (note 7)	4,797,745	4,759,475
Accumulated deficit	(18,194,043)	(18,033,051)
Accumulated other comprehensive loss	(101,397)	(100,376)
	(89,676)	(151,189)
	272,109	164,402

Going concern (note 1)

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

Approved by the Board of Directors:

(signed) "W. William Boberg"
Director

(signed) "Robert Johansing"
Director

Aura Resources Inc.

(An Exploration Stage Company)

Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss

(expressed in U.S. dollars)

	Three months ended June 30, 2019 $	Three months ended June 30, 2018 $	Six months ended June 30, 2019 $	Six months ended June 30, 2018 $
Expenses				
Promotion and annual meeting costs	22,482	19,320	44,697	29,355
Regulatory authority and transfer agent fees	3,840	3,871	9,238	6,963
Professional fees	18,205	22,942	35,744	31,848
General and administrative	30,546	46,626	60,653	78,233
Stock based compensation (note 7)	36,150	24,904	36,150	45,642
Project generation and evaluation	5,743	-	5,743	-
Total expenses	(116,966)	(117,663)	(192,225)	(192,041)
Other income				
Gain on marketable securities (note 4)	6,162	-	6,162	-
Gain on sale of interest in Taviche property (note 5)	25,071	-	25,071	-
Total other income	31,233	-	31,233	-
Net loss for the period	(85,733)	(117,663)	(160,992)	(192,041)
Other comprehensive income (loss):				
Items that may be subsequently reclassified to operations				
Currency translation differences	1,458	(2,983)	(1,021)	(4,989)
Total comprehensive loss for the period	(84,275)	(120,646)	(162,013)	(197,030)
Net loss per common share:				
Basic and diluted	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of common shares outstanding:				
Basic and diluted	29,375,623	26,238,740	28,447,200	25,932,726

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

Aura Resources Inc.

(An Exploration Stage Company)

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

(expressed in U.S. dollars)

	Capital stock		Warrants		Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total shareholders' equity (deficiency)
	#	$	#	$	$	$	$	$
Balance, December 31, 2018	27,490,128	12,994,533	5,423,943	228,230	4,759,475	(18,033,051)	(100,376)	(151,189)
Shares issued for mineral properties (note 5)	820,000	30,241	-	-	-	-	-	30,241
Private placement of units (note 7)	4,400,000	102,152	4,400,000	61,535	-	-	-	163,687
Share issue costs	-	(6,552)	-	-	-	-	-	(6,552)
Compensation options issued to finders (note 7)	-	(2,120)	-	-	2,120	-	-	-
Stock based compensation (note 7)	-	-	-	-	36,150	-	-	36,150
Net loss for the period	-	-	-	-	-	(192,225)	-	(192,225)
Currency translation differences	-	-	-	-	-	-	(1,021)	(1,021)
Balance, June 30, 2019	32,710,128	13,118,254	9,823,943	289,765	4,797,745	(18,225,276)	(101,397)	(120,909)
Balance, December 31, 2017	25,623,312	12,863,354	5,087,143	174,243	4,682,506	(17,627,037)	(99,168)	(6,102)
Private placement of units (note 7)	1,866,800	146,630	9,334,000	69,925	-	-	-	216,555
Share issue costs	-	(11,906)	-	-	-	-	-	(11,906)
Compensation options issued to finders (note 7)	-	(3,545)	-	-	3,545	-	-	-
Extension of warrant expiry (note 7)	-	-	-	8,830	(8,830)	-	-	-
Stock based compensation (note 7)	-	-	-	-	45,642	-	-	45,642
Net loss for the period	-	-	-	-	-	(192,041)	-	(192,041)
Currency translation differences	-	-	-	-	-	-	(4,989)	(4,989)
Balance, June 30, 2018	27,490,112	12,994,533	14,421,143	252,998	4,722,863	(17,819,078)	(104,157)	47,159

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

Aura Resources Inc.
(An Exploration Stage Company)
Unaudited Condensed Consolidated Statements of Cash Flows

(expressed in U.S. dollars)

	Three months ended June 30, 2019 $	Three months ended June 30, 2018 $	Six months ended June 30, 2019 $	Six months ended June 30, 2018 $
Cash provided by (used in)				
Operating activities				
Net loss for the period	(116,966)	(117,663)	(192,225)	(192,041)
Items not affecting cash:				
Stock based compensation (note 7)	36,150	24,904	36,150	45,642
Gain on marketable securities (note 4)	6,162	-	6,162	-
Gain on sale of interest in Taviche property (note 5)	(25,071)	-	(25,071)	-
Change in non-cash working capital items:				
Amounts receivable	(3,271)	(13,520)	(1,262)	(14,574)
Prepaid expenses	13,176	(55,995)	23,957	(52,845)
Accounts payable and accrued liabilities	(25,042)	54,454	33,103	88,390
	(114,862)	(107,820)	(119,186)	(125,428)
Investing activities				
Mineral exploration property costs (note 5)	(773)	(25,000)	(1,667)	(25,000)
Deferred exploration expenditures (note 5)	-	(4,522)	(1,700)	(4,522)
	(773)	(29,522)	(3,367)	(29,522)
Financing activities				
Proceeds from sale of interest in Taviche property (note 5)	39,452	-	39,452	-
Issuance of common shares and warrants (note 7)	141,350	216,555	163,687	216,555
Share issue costs	(6,552)	(11,906)	(6,552)	(11,906)
	174,250	204,649	196,587	204,649
Effect of exchange rate changes on cash	1,458	(2,983)	(1,021)	(4,989)
Net change in cash	60,073	64,324	73,013	44,710
Cash - Beginning of period	34,408	69,927	21,468	89,541
Cash - End of period	94,481	134,251	94,481	134,251

Supplemental cash flow information (note 12)

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

(expressed in U. S. dollars)

1. Nature of operations and going concern

General information

Aura Resources Inc. (formerly Aura Silver Resources Inc. and referred to herein collectively with its subsidiaries as the "Company") is an exploration stage junior mining company engaged in the identification, acquisition, evaluation and exploration of mineral properties in North America. The Company has not determined whether the properties contain mineral resources that are economically recoverable. The recoverability of amounts recorded for mineral exploration properties and deferred exploration expenditures is dependent upon the discovery of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the development of these resources and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

Aura Resources Inc. is publicly listed on the TSX Venture Exchange. The Company's registered office is located at Manotick (Ottawa), Ontario, K4M 1A3, Canada, where it is domiciled.

Going concern

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern which assumes that the Company will be able to continue its operations and will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast significant doubt on the validity of this assumption and hence the appropriateness ultimately of the use of accounting principles relating to a going concern. From inception to date, the Company has incurred losses from operations and experienced negative cash flows from operating activities. As at June 30, 2019, the Company had cash totalling $113,390 and had a working capital deficiency of $198,712. Existing funds on hand at June 30, 2019 will not be sufficient to support the Company’s needs for cash to conduct exploration on its projects, to maintain its property interests in good standing and to continue operations during the coming year. On May 29, 2019, the Company announced the closing of a private placement financing raising gross proceeds of CDN$220,000 (see note 7). On April 17, 2019, the Company announced the closing of an agreement with Minaurum Gold Inc. ("Minaurum") for the Taviche, Mexico project. The Company received 100,000 common shares of Minaurum and a cash payment of $39,452 on closing (see note 5). The Company will require additional funding to be able to advance and retain mineral exploration property interests and to meet ongoing requirements for general operations. The ability of the Company to continue as a going concern is dependent on raising additional financing, retaining or attracting joint venture partners, developing its properties and/or generating profits from operations or disposition of properties in the future.

Management has been successful in obtaining sufficient funding for operating, capital and exploration requirements from the inception of the Company to date. There is, however, no assurance that additional future funding will be available to the Company, or that it will be available on terms which are acceptable to management.

These consolidated financial statements do not reflect any adjustments to the carrying values of assets and liabilities and the reported amounts of expenses and statement of financial position classifications that would be necessary if the going concern assumption was not appropriate and such adjustments could be material.

2. Basis of preparation and presentation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”). These condensed consolidated interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the years ended December 31, 2018 and 2017, which have been prepared in accordance with IFRS.

These condensed consolidated interim financial statements were approved for issue by the Company's Board of Directors on August 29, 2019.

Basis of presentation and consolidation

On November 15, 2018, the shareholders of the Company approved a change in the name of the Company to Aura Resources Inc. which became effective November 28, 2018. The Company was incorporated under the Business Corporations Act (Ontario) by Articles of Amalgamation dated July 12, 1988. On June 9, 2006 the shareholders approved a name change to Aura Silver Resources Inc. and continued the Company under the Canada Business Corporation Act. On December 16, 2005, Aura Silver Resources Inc. acquired all of the issued and outstanding shares of Au Martinique Inc. ("Au Martinique") which had been operating since October 27, 2003, in exchange for 14,534,120 common shares and 6,576,825 warrants valued, in the aggregate, at $973,500. The share exchange was accounted for as a reverse take-over with Au Martinique deemed to be the acquiror for accounting purposes.

On May 4, 2010, Aura Resources Mexico S.A. de C.V. was incorporated as a wholly-owned Mexican subsidiary.

These consolidated financial statements include the assets, liabilities and expenses of Aura Resources Inc. and its wholly-owned subsidiaries Au Martinique (which is inactive) and Aura Resources Mexico S.A. de C.V. All inter-company balances and transactions have been eliminated upon consolidation.

Consolidation of share capital

On November 15, 2018, the shareholders of the Company approved a consolidation of the Company's outstanding common shares on the basis of one new common share for every five common shares issued and outstanding. The Company filed articles of amendment on November 28, 2018 in order to give effect to the share consolidation. Trading of the Company's common shares on a consolidated basis became effective on November 30, 2018 with 27,490,128 post-consolidation shares issued and outstanding at that time. All share capital, warrant, compensation option and stock option data presented in these consolidated financial statements has been retroactively restated to give effect to the consolidation of share capital.

(expressed in U. S. dollars)

Critical accounting estimates, judgments and estimation uncertainties
The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures in the notes thereto. These estimates and assumptions are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from those estimates. The most significant items requiring the use of management estimates and valuation assumptions are related to the recoverable value of mineral exploration properties and deferred exploration expenditures; the valuation of all equity instruments including flow-through share premiums, warrants, compensation options and stock options; and, the ability of the Company to continue as a going concern.

Impairment of mineral properties and exploration expenditures
Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of mineral exploration properties and deferred exploration assets requires management's judgment regarding the following factors, among others: the period for which the entity has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed; substantive expenditure on further exploration and evaluation of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amounts of the exploration assets are unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Company's assets and earnings may occur during subsequent periods.

Valuation of equity instruments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The model used by the Company is the Black-Scholes valuation model. The Company has made estimates as to the volatility of its own common shares, the probable life of share options, warrants and compensation options granted and the time of exercise of those instruments.

The Company allocates values to share capital and to warrants according to their fair value using the proportional method when the two are issued together as a unit. The Company uses the Black-Scholes valuation model to determine the fair value of warrants issued.

Going concern considerations
These consolidated financial statements have been prepared on a basis which assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, 12 months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions. Further information regarding going concern is outlined in note 1.

New and revised accounting standards

IFRS 9 – Financial Instruments
In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments (IFRS 9) which replaces International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. IFRS 9 also introduces additional changes relating to financial liabilities and aligns hedge accounting more closely with risk management.

IFRS 9 was effective for annual periods beginning on or after January 1, 2018. The Company adopted the new standard effective January 1, 2018 on a full retrospective basis. The adoption of IFRS 9 had no impact on the Company's results of operations, financial position, and disclosures.

3. Summary of significant accounting policies

These condensed consolidated interim financial statements have been prepared using accounting policies that are consistent with those used in the preparation of the Company's audited annual consolidated financial statements for the years ended December 31, 2018 and 2017.

(expressed in U. S. dollars)

4. Marketable securities

During April 2019, the Company received 100,000 common shares of Minaurum Gold Inc. under the terms of the agreement for the Taviche, Mexico property (see note 5). These shares are classified as fair value through profit and loss and are recorded at fair value of $37,033 (CDN$48,500) using the quoted market price on the TSX Venture Exchange as at June 30, 2019.

5. Mineral exploration properties and deferred exploration expenditures

	Gold Chain (Arizona, USA)	Jefferson Canyon (Nevada, USA)	Greyhound (Canada)	Taviche (Mexico)	Total
Mineral exploration properties:					
Balance, December 31, 2017	$ -	$ -	$ -	$ -	$ -
Cash option payment	30,000	-	-	-	30,000
Claim staking and renewal costs	26,732	-	-	-	26,732
Concession fees	-	-	-	39,030	39,030
Balance, December 31, 2018	56,732	-	-	39,030	95,762
Cash payment	-	275	-	-	275
Shares issued for property	5,516	24,725	-	-	30,241
Claim renewal and maintenance	894	498	-	-	1,392
Proceeds from Minaurum acquisition	-	-	-	(39,030)	(39,030)
Balance, June 30, 2019	$ 63,142	$ 25,498	$ -	$ -	$ 88,640
Deferred exploration expenditures:					
Balance, December 31, 2017	$ -	$ -	$ -	$ -	$ -
Geology	7,305	-	-	-	7,305
General field costs	-	-	-	4,522	4,522
Balance, December 31, 2018	7,305	-	-	4,522	11,827
Sampling	-	13,091	-	-	13,091
General field costs	-	-	-	1,700	1,700
Proceeds from Minaurum acquisition	-	-	-	(6,222)	(6,222)
Balance, June 30, 2019	$ 7,305	$ 13,091	$ -	$ -	$ 20,396

Gold Chain - Arizona, USA

On July 30, 2018, the Company announced that it had entered into a letter agreement for an option to acquire a 100% interest in the Gold Chain project located in Mohave County, Arizona. The initial project comprised 86 Bureau of Land Management lode mining claims in western Arizona, where work conducted by prior operators has indicated the property is prospective for gold. Consideration payable to earn a 100% interest in the project is payable in annual instalments over a four-year period from inception and consists of a total of $1.5 million in cash and 750,000 common shares of the Company as detailed below.

Date of payment	Cash $	Common Shares
Execution of the letter agreement (paid)	30,000	-
Upon final TSX-V approval (shares issued March 21, 2019)	-	150,000
On or before July 30, 2019	30,000	150,000
On or before July 30, 2020	50,000	150,000
On or before July 30, 2021	100,000	150,000
On or before July 30, 2022	1,290,000	150,000
Totals	1,500,000	750,000

Following initial evaluation of the historical technical data base for the Gold Chain project and a field visit during the fall of 2018, an additional 14 claims were staked to cover newly interpreted structural projections, bringing the total project claims to 100. These additional claims fall into an area of interest defined in the letter agreement. On February 4, 2019, the Company completed a definitive legal agreement with the vendors of the Gold Chain project incorporating all of the terms of the letter agreement and other standard industry terms.

The vendors of the property hold a 2% net smelter return royalty (NSR) on gold and silver. The Company has the right to buy down the NSR in increments of 1% by paying the vendors the sum of $1 million for each 1% of the NSR at any time prior to completion of the first year of commercial production.

(expressed in U. S. dollars)

Jefferson Canyon - Nevada, USA

On May 31, 2019, the Company entered into a definitive option agreement with Thorsen-Fordyce Merchant Capital Inc. ("Thorsen") and TF Minerals (USA) Inc. (together, the "TF parties") relating to the Jefferson Canyon gold-silver project located in Nye County, Nevada. The agreement covers 57 unpatented claims located approximately nine kilometres northeast of Kinross's Round Mountain gold mine.

Under the terms of the definitive option agreement the Company can earn a 100% interest in 28 claims forming part of the Jefferson Canyon property held directly by the TF parties by making: (i) an initial common share payment to the TF parties valued at $25,000 upon receipt of TSX Venture Exchange approval (issued during June 2019); (ii) five additional annual payments valued at $25,000 on May 31, 2020, through 2024, which may be paid in common shares and/or cash at the option of the company; and, (iii) a cash payment by May 31, 2025, of $250,000.

Additionally, under the terms of the definitive option agreement, the Company has assumed responsibility for an underlying option agreement, initiated in September, 2015, between Thorsen and an individual claim holder whereby Thorsen has the right to earn a 100% interest in 29 claims comprising the balance of the Jefferson Canyon project. The underlying agreement requires annual advance royalty payments by September 14 during 2017 through 2029 with payments totalling $425,000 ($5,000 has been paid by Thorsen with a balance of $420,000 due). The annual payment schedule comprises $25,000 due September, 2019, $20,000 in 2020, after which the annual payment increases by $5,000 per year until 2025 and is followed by four annual payments of $50,000 for 2026 to 2029. The option to acquire a 100% interest in the 29 claims is exercisable at any time during its term by paying $500,000 in advance royalty payments (any annual advance payments made would be deducted from the total payment upon exercise of the option).

The Company is responsible for annual claim maintenance fees and has committed to minimum exploration work expenditures of $100,000 by the second anniversary of the agreement on May 31, 2021. Additionally, the 28 claims held by the TF parties are subject to a 3% net smelter return royalty and the 29 underlying claims are also subject to a 3% NSR. Each of these NSR obligations are subject to separate buyback provisions whereby up to 2% of each NSR can be purchased by the company for $1 million for each 1%.

Greyhound - Nunavut, Canada

During June 2006, the Company initiated its Greyhound project in the central Churchill region of Nunavut, Canada, staking 10 claims for a total of 10,451 hectares. From 2008 to 2011, the Company increased its land holdings in the Whitehills area to a total of 57 claims comprising over 55,000 hectares. Since that time, a total of 44 low priority claims have lapsed. Currently, the Greyhound project comprises a total of 13 claims covering approximately 13,586 hectares. These 13 claims are subject to a joint operating agreement with Agnico Eagle Mines Limited ("Agnico Eagle") (see below). The original 10 project claims have been converted to mining leases under Nunavut Mining Regulations.

During June 2014, the Company entered into a definitive option agreement with Agnico Eagle which allowed Agnico Eagle to earn an interest in the 13 claims comprising the Greyhound project. Under the terms of the option agreement, over the first three years of the agreement, Agnico Eagle had the exclusive right to earn an undivided 51% ownership interest by meeting annual commitments that totalled CDN$210,000 in cash payments to the Company and incurring CDN$1,750,000 in exploration work expenditures on the project.

Agnico Eagle completed all requirements to earn a 51% interest effective June 1, 2017. From June 1, 2017 forward, the 13 claims became subject of a joint operating agreement between the Company and Agnico Eagle. Work programs are to be established by a management committee comprised of one representative from each of the Company and Agnico Eagle. If either party to the joint operating agreement fails to fund its pro-rata share of approved exploration programs its interest in the project will be diluted on a pro-rata basis.

If any party’s interest in the project falls below 10% then that party will forfeit their 10% interest and in return will receive a 2% NSR. The other party may at any time purchase one-half of the NSR, namely a 1% NSR, for an amount of CDN$2,000,000. Agnico Eagle is the operator of the project.

Prior to the option agreement with Agnico Eagle, as at March 31, 2014, the Company had recorded a full impairment charge with respect to the mineral exploration property costs and deferred exploration expenditures associated with the Greyhound project.

As at June 30, 2019, the Company's ownership interest in the Greyhound project was 43.54%.

Taviche - Oaxaca, Mexico

As at June 30, 2019, the Company held a 20% interest in the Taviche project located in Oaxaca State, Mexico. The Taviche project is comprised of the Higo Blanco concession covering 986 hectares and is subject to a 1.5% NSR held by Maverix Metals Inc.

On January 29, 2019, the Company announced it had entered into a definitive agreement with Minaurum Gold Inc. ("Minaurum") and its Mexican subsidiary whereby Minaurum would acquire an initial 80% interest in the Taviche project for the following consideration: (i) the issuance of 100,000 common shares of Minaurum (received April 2019); (ii) the reimbursement of all Taviche project concession fees paid by the Company during 2018 and payment of the remaining concession fees to bring the property into good standing until January 31, 2019, to a maximum of $80,000 (cash of $39,452 received April 2019); and, (iii) the issuance of an additional 100,000 common shares of Minaurum upon receiving all relevant approvals and consents required to be obtained for the commencement of exploration and drilling activities at the Taviche project. Minaurum will act as operator of the Taviche project having exclusive authority and control over the direction and management of the business and operations of the project.

Additionally, the Company has granted Minaurum an exclusive option to acquire the remaining 20% of the Taviche project for a purchase price of CDN$1,000,000. Until exercise of this option, the Company's 20% interest shall be free carried with no obligation to co-finance project costs and will not be subject to dilution.

On April 17, 2019, the Company announced the closing of this agreement with Minaurum. The Company received 100,000 common shares of Minaurum and a cash payment of $39,452 on closing.

(expressed in U. S. dollars)

6. Accounts payable and accrued liabilities

	June 30, 2019 $	December 31, 2018 $
Trade accounts payable	258,253	197,520
Accrued liabilities	103,532	118,071
	361,785	315,591

7. Capital stock

During November 2018, the Company's share capital was consolidated on the basis of one new common share for every five common shares issued and outstanding (see note 2). All share capital, warrant, compensation option and stock option data presented in these consolidated financial statements has been retroactively restated to give effect to the consolidation of share capital.

Authorized

The Company is authorized to issue an unlimited number of common shares, having no par value, and an unlimited number of preference shares, having no par value, in one or more series with the rights, privileges and conditions as determined by the Board of Directors at the time of issuance.

Issued

On May 29, 2019, the Company closed a private placement financing issuing 4,400,000 units at CDN$0.05 per unit for gross proceeds of $163,687 (CDN$220,000). Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN$0.07 per share for a period of 36 months following the date of issuance. In connection with this private placement, the Company paid finders' fees of $3,554 (CDN$4,800) and issued 96,000 compensation options. Each compensation option entitles the finder to acquire a unit (having the same features as described above) at an exercise price of CDN$0.05 per unit and is exercisable for 36 months from the date of issuance.

During June 2018, the Company closed a private placement financing issuing 1,866,800 units at CDN$0.15 per unit for gross proceeds of $216,555 (CDN$280,020). Each unit consisted of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at a price of CDN$0.25 per share for a period of 36 months following the date of issuance. In connection with this private placement, the Company paid finders' fees of $7,409 (CDN$9,600) and issued 64,000 compensation options. Each compensation option entitles the finder to acquire a unit (having the same features as described above) at an exercise price of CDN$0.25 per unit and is exercisable for 36 months from the date of issuance.

Warrants

During May 2019, the Company issued 4,400,000 warrants in connection with a private placement. These warrants are exercisable at CDN$0.05 per share and expire on May 29, 2022. These warrants were recorded at a value of $61,535. During June 2018, the Company issued 1,866,800 warrants in connection with a private placement. These warrants are exercisable at CDN$0.25 per share and expire on June 1, 2021. These warrants were recorded at a value of $69,925. These values were determined using the Black-Scholes option pricing model with the following assumptions: expected volatility 92% to 101%; expected warrant life of 3 years; risk-free interest rate of 1.66% to 1.72%; and, an expected dividend yield of nil.

During June 2018, the Company extended the expiry date with respect to 700,000 warrants from July 9, 2018 to July 9, 2020. During July 2018, a total of 1,530,000 warrants expired.

As at June 30, 2019, details with respect to outstanding warrants are as follows:

Number	Exercise price	Expiry
4,400,000	CDN $0.07	May 29, 2022
700,000	CDN $0.25	July 9, 2020
1,195,547	CDN $0.25	January 16, 2020
1,661,596	CDN $0.25	January 31, 2020
1,866,800	CDN $0.25	June 1, 2021
9,823,943		

(expressed in U. S. dollars)

Compensation options and compensation option warrants

The Company has provided compensation options to agents who refer investors to the Company. Compensation options are exercisable into equity instruments having the same attributes as those purchased by the referred investor. As at June 30, 2019 outstanding compensation options are summarized as follows:

Number	Exercise price	Expiry
96,000	CDN $0.05	May 29, 2022
53,486	CDN $0.25	January 16, 2020
9,776	CDN $0.25	January 31, 2020
64,000	CDN $0.25	June 1, 2021
223,262		

As at June 30, 2019, outstanding compensation options are exercisable for units comprised of one common share and one whole common share purchase warrant. Warrants potentially issuable upon the exercise of compensation options are as follows: 96,000 warrants exercisable at CDN$0.07 expiring May 29, 2022; 53,486 warrants exercisable at CDN$0.25 expiring January 16, 2020; 9,776 warrants exercisable at CDN$0.25 expiring January 31, 2020; and, 64,000 warrants exercisable at CDN$0.25 expiring June 1, 2021.

Outstanding compensation options were recorded at a total value of $10,470 using the Black-Scholes option pricing model. The assumptions used for the valuation of compensation options are as follows: dividend yield of nil; expected volatility 92% to 118%; risk-free interest rate of 0.42% to 1.72%; and an expected life of the options of three years.

Stock options

On July 8, 2005, the Company's shareholders approved the creation of the Company's stock option plan (the "Plan"). Eligible participants in the Plan include directors, officers, employees and consultants to the Company. The exercise price of the options granted under the Plan is fixed by the Board of Directors but may not be less than the Discounted Market Price, as that term is defined by the TSX Venture Exchange, of the shares at the time the option is granted. Options granted under the Plan have a five year life subject to earlier expiry upon the termination of the optionee's employment or the optionee ceasing to be a director or officer of the Company. Options generally vest with Plan participants as follows: 10% at the date of grant and 15% quarterly over the 18 month period following the date of grant. On June 27, 2019, disinterested shareholders of the Company approved an amendment to the Plan to increase the maximum number of common shares reserved for issuance under the Plan from 1,940,000 to 3,700,000.

Activity with respect to stock options is summarized as follows:

	Number	Weighted-average exercise price CDN $	Expiry
Balance, December 31, 2017	1,760,000	0.31	June 2019 to April 2022
Forfeited	(1,020,000)	0.31	June 2019 to April 2022
Balance, December 31, 2018	740,000	0.31	June 2019 to April 2022
Expired	(280,000)	0.25	June 2019
Granted	1,200,000	0.05	June 2024
Balance, June 30, 2019	1,660,000	0.13	April 2022 to June 2024

As at June 30, 2019 outstanding stock options are as follows:

Options outstanding			Options exercisable		
Exercise price CDN $	Number of options	Weighted-average remaining contractual life (years)	Number of options	Weighted-average remaining contractual life (years)	Expiry
0.05	1,200,000	4.9	1,200,000	4.9	June 4, 2024
0.35	460,000	2.8	460,000	2.8	April 23, 2022
	1,660,000	4.3	1,660,000	4.3	

During June 2019, the Company granted 1,200,000 stock options to officers, directors and consultants to the Company. During June 2019, 280,000 stock options expired. During the year ended December 31, 2018, a total of 1,020,000 stock options were forfeited. As at December 31, 2018, a total of 740,000 stock options were exercisable.

(expressed in U. S. dollars)

During the six month period ended June 30, 2019, the Company recorded a total of $36,150 (2018 - $45,642) related to stock based compensation with respect to stock options. As at June 30, 2019, no remaining balance remains to be expensed relating to past stock option grants. Stock based compensation amounts are included in shareholders' equity as contributed surplus. The values determined using the Black-Scholes option pricing model, with respect to stock options granted during 2017 to 2019, utilized the following assumptions:

Expected volatility	118% to 188%
Expected option life (in years)	5.0
Risk-free interest rate	0.5% to 1.67%
Expected dividend yield	0%
Weighted-average exercise price	CDN$0.13
Weighted-average market price at grant date	CDN$0.127
Weighted-average fair value	CDN$0.108

The Company determines expected volatility in relation to both historical Company volatility and by analysis of comparable companies in the mineral exploration sector.

8. Related party transactions and compensation of key management and directors

Key management includes all persons named or performing the duties of Chief Executive Officer, President, Chief Financial Officer, Vice-President and the directors of the Company. Compensation awarded to key management and directors included:

	Three months ended June 30, 2019 $	Three months ended June 30, 2018 $	Six months ended June 30, 2019 $	Six months ended June 30, 2018 $
Management service contract fees	31,294	41,562	57,157	70,525
Stock based compensation	28,619	7,826	28,619	30,731
	59,913	49,388	85,776	101,256

As at June 30, 2019, a total of $199,209 (December 31, 2018 - $160,005) is included in accounts payable and accrued liabilities with respect to amounts due to current and former Company officers who are or were related parties (see note 13).

9. Financial instruments and risk management

The Company's financial instruments consist of cash, accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest rate or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

The Company’s activities expose it to a variety of financial risks: credit risk, liquidity risk, currency risk and interest rate risk. These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Company’s annual financial statements as at December 31, 2018. There have been no changes in the Company’s risk management policies or procedures since the year end.

10. Segmented information

The Company's operations comprise one reportable segment being the exploration and development of mineral resource properties. The Company's corporate and administrative offices are in Canada. The Company's exploration activities are focused on projects in Canada, the United States and Mexico; therefore, any mineral exploration property and deferred exploration expenditure assets would be located in those countries.

11. Capital structure

The Company's capital structure is comprised of shareholders' equity. The Company is not subject to externally imposed capital requirements. The Company's objectives when managing its capital structure are to preserve the Company's access to capital markets and its ability to meet its financial obligations and to finance its exploration activities and general corporate costs.

The Company monitors its capital structure using future forecasts of cash flows, particularly those related to its exploration programs.

The Company manages its capital structure and makes adjustments to it to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Company may adjust its exploration programs, operating expenditure plans, or issue new common shares and warrants. The Company's capital management objectives have remained unchanged over the periods presented in these consolidated financial statements.

(expressed in U. S. dollars)

12. Supplemental cash flow information

Non-cash transactions not reflected in the consolidated statements of cash flows are as follows:

	Three months ended June 30, 2019 $	Three months ended June 30, 2018 $	Six months ended June 30, 2019 $	Six months ended June 30, 2018 $
Deferred exploration expenditures included in accounts payable and accrued liabilities	13,091	-	13,091	-
Common shares issued for mineral property interests	24,725	-	30,241	-

13. Subsequent event

Statement of Claim regarding former CEO compensation
On July 25, 2019, the Company received a Statement of Claim filed with the Ontario Superior Court of Justice which names Robert Boaz, former Chief Executive Officer and President of the Company as plaintiff. The Statement of Claim relates to payment of past compensation under the terms of a consulting agreement for executive management services during the period September 2017 to June 2018 in the amount of CDN$120,000 plus accrued interest. The Company has previously accrued the amounts which total $95,515 (CDN$125,092) including accrued interest as at June 30, 2019.

The Company is in settlement discussions with the plaintiff that would result in payments of the amount due in the future based on success in obtaining new financing. There can be no assurances that the settlement discussions will be successful.