



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

For the Six Months ended May 31, 2019

(Unaudited)

Notice of No Auditor Review

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), the Company discloses that the unaudited condensed consolidated interim financial statements, and accompanying notes thereto, for the six months ended May 31, 2019 have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The Company's independent auditor has not performed a review of these unaudited condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada.

WILDSKY RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
AS AT

	Notes	May 31, 2019	November 30, 2018
ASSETS			
Current			
Cash		\$ 253,035	\$ 176,915
Receivables		29,775	29,590
Prepaid expenses		<u>10,132</u>	<u>7,810</u>
Total current assets		292,942	214,315
Property, plant and equipment	3	456,402	479,780
Reclamation bonds	5	354,944	349,444
Exploration and evaluation assets	4	<u>8,212,996</u>	<u>7,809,859</u>
Total assets		\$ 9,317,284	\$ 8,853,398
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		\$ 39,673	\$ 36,412
Due to related parties	8	35,314	39,095
Convertible debentures	6	<u>267,580</u>	<u>-</u>
Total current liabilities		342,567	75,507
Asset retirement obligation	5	<u>2,689,688</u>	<u>2,283,225</u>
Total liabilities		<u>3,032,255</u>	<u>2,358,732</u>
Shareholders' equity			
Share capital	7	52,991,720	52,991,720
Share-based payments reserve		9,953,777	9,953,777
Equity component of convertible debentures	6	36,240	-
Deficit		<u>(56,696,708)</u>	<u>(56,450,831)</u>
Total shareholders' equity		<u>6,285,029</u>	<u>6,494,666</u>
Total liabilities and shareholders' equity		\$ 9,317,284	\$ 8,853,398

Nature of operations and going concern (Note 1)

On behalf of the Board:

“Bernard Kahlert”

Director

“Mao Sun”

Director

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

WILDSKY RESOURCES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	Three Months Ended May 31, 2019	Three Months Ended May 31, 2018	Six Months Ended May 31, 2019	Six Months Ended May 31, 2018
EXPENSES				
Accretion of asset retirement obligation (Note 5)	\$ 16,905	\$ 15,830	\$ 29,366	\$ 24,582
Accretion of interest (Note 6)	1,820	-	1,820	-
Amortization (Note 3)	11,689	10,941	23,378	21,798
Consulting fee	5,535	13,145	5,535	19,900
Filing and transfer agent	7,483	4,511	13,653	18,411
Management fees (Note 8)	42,000	42,000	84,000	84,000
Professional fees	14,159	3,032	17,730	11,019
Project investigation	-	-	12,718	-
Rent and office expenses (Note 8)	7,044	4,444	16,831	12,688
Shareholder relations	4,956	209	7,744	508
Camp maintenance	2,240	61,397	33,102	76,989
Loss and comprehensive loss for the period	(113,831)	(155,508)	(245,877)	(269,895)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding	14,839,813	13,003,400	14,839,813	12,265,967

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

WILDSKY RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Six Months Ended May 31, 2019	Six Months Ended May 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (245,877)	\$ (269,895)
Items not affecting cash:		
Accretion of asset retirement obligation	29,366	24,582
Accretion of interest	1,820	-
Amortization	23,378	21,800
Changes in non-cash working capital items:		
Other receivables and prepaids	(2,507)	(36,389)
Accounts payable and accrued liabilities	3,261	(68,912)
Due to related parties	(3,781)	-
Net cash used in operating activities	<u>(194,340)</u>	<u>(328,814)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance	-	1,449,000
Share issuance costs	-	(7,995)
Proceeds from convertible debentures	302,000	-
Repayment of loan and interest to related party	-	(282,107)
Net cash obtained from financing activities	<u>302,000</u>	<u>1,158,898</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of reclamation bonds	(5,500)	-
Acquisition of equipment	-	(3,072)
Exploration and evaluation assets	(26,040)	-
Net cash obtained from investing activities	<u>(31,540)</u>	<u>(3,072)</u>
Change in cash during the period	76,120	827,012
Cash, beginning of period	<u>176,915</u>	<u>25,796</u>
Cash, end of period	<u>\$ 253,035</u>	<u>\$ 852,808</u>

Supplemental disclosures with respect to cash flows (Note 12)

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

WILDSKY RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Share Capital		Share-Based Payments Reserve	Equity component of convertible debentures	Deficit	Total
	Number	Amount				
Balance, December 1, 2017	7,594,813	\$ 51,550,715	\$ 9,764,046	\$ -	\$ (55,606,175)	\$ 5,708,586
Private placement	7,245,000	1,449,000	-	-	-	1,449,000
Share issuance costs	-	(7,995)	-	-	-	(7,995)
Loss for the period	-	-	-	-	(269,895)	(269,895)
Balance, May 31, 2018	14,839,813	52,991,720	9,764,046	-	(55,876,070)	6,879,696
Stock-based compensation	-	-	189,731	-	-	189,731
Loss for the period	-	-	-	-	(574,761)	(574,761)
Balance, November 30, 2018	14,839,813	52,991,720	9,953,777	-	(56,450,831)	6,494,666
Equity component of convertible debentures	-	-	-	36,240	-	36,240
Loss for the period	-	-	-	-	(245,877)	(245,877)
Balance, May 31, 2019	14,839,813	\$ 52,991,720	\$ 9,953,777	\$ 36,240	\$ (56,696,708)	\$ 6,285,029

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

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

1. NATURE OF OPERATIONS AND GOING CONCERN

Wildsky Resources Inc. (“Wildsky” or the “Company”) was incorporated in January 2006 under the laws of British Columbia, Canada as Hawthorne Resources Inc. and renamed as Hawthorn Gold Corp. in October 2006. In April 2011, the Company’s name was changed to China Minerals. In August 2018, the Company’s name was further changed to Wildsky Resources Inc. The Company’s registered office is Suite 890 – 580 Hornby Street, Vancouver, British Columbia, Canada. China Minerals is listed on the TSX Venture Exchange under the trading symbol “WSK”. The Company and its subsidiary are in the business of acquisition, exploration and development of mineral properties.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for the foreseeable future and meet its obligations and commitments in the normal course of business. As the Company is in the exploration stage, no revenue has been generated to date. At May 31, 2019, the Company had cash of \$253,035 (November 30, 2018 - \$176,915), a working capital deficiency of \$49,625 (November 30, 2018 – working capital of \$138,808) and a deficit of \$56,696,708 (November 30, 2018 - \$56,450,831).

In the past, operating capital and exploration requirements have been funded primarily from equity financing and the Company will need to arrange equity or other financing in the near future in order to continue in operation. While the Company has been successful in raising capital in the past, there can be no assurance that such financing will be available to the Company in the amount required or that it can be obtained on terms satisfactory to the Company. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of the assets and liabilities, the reported expenses and the statements of financial position classifications that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES**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”) and comply with IAS 34 Interim Financial Reporting. These financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended November 30, 2018.

These financial statements were approved and authorized for issue by the Board of Directors on June 28, 2019.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Basis of consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiary, Cassiar Gold Corp. (“Cassiar”). The Company consolidates the subsidiary on the basis that it controls the subsidiary. Control is defined as the exposure, or rights, to variable returns from involvement with an investee and the ability to affect those returns through power over the investee. All intercompany transactions and balances have been eliminated on consolidation.

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd...)***Management judgments and estimates**

The preparation of these condensed consolidated interim financial statements in accordance with IFRS requires management use of estimates, assumptions and judgment that impact the Company's reported financial results. These estimates are based on past experiences and expectations of future events. Uncertainty on these judgments could result in material reassessments of the carrying amounts in the Company's financial position.

The key judgments and estimates that affect the condensed consolidated interim financial statements are:

Impairment of exploration and evaluation assets (E&E assets)

The Company carries out an impairment assessment on its E&E assets when circumstances indicate their carrying values may exceed their recoverable amounts. The process of determining the impairment involves significant judgment and estimation on the recoverability of the E&E assets as it relies on both an interpretation of geological and technical data as well as market conditions including commodity prices, investor sentiment and global financing. As new information comes up, the recoverable amounts of the assets and the impairment loss may differ from these judgments and estimates.

Impairment of property, plant and equipment

The Company carries out impairment assessment on its property, plant and equipment when circumstances indicate their carrying values may exceed their recoverable amounts. The process of determining the impairment involves significant judgment and estimation on the recoverability of the carrying value of the property, plant and equipment, which is impacted by factors such as the condition of and demand for such assets. Therefore, actual recoverable amounts of the assets and the impairment loss may differ from these judgments and estimates.

Asset retirement obligation ("ARO")

Provision on the retirement of the E&E assets and site restoration is based on many assumptions and judgments: future estimated costs, expected amounts of cash flows to discharge the obligation, timing of such cash flows and the prevalent market discount rate. Any changes to the assumptions will result in an adjustment to the provision which affects the Company's liabilities and operating results.

Adoption of new accounting policies*Financial Instruments*

The Company adopted IFRS 9, Financial Instruments ("IFRS 9"), on December 1, 2018.

IFRS 9, Financial instruments, replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of an entity's own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. The adoption of this new standard had no significant impact on the Company's interim consolidated financial statements and the new accounting policy was defined as follows:

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd...)***Adoption of new accounting policies** *(cont'd...)*

The Company recognizes a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Financial assets

The Company will classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss, based on its business model for managing the financial asset and the financial asset's contractual cash flow characteristics. The three categories are defined as follows:

- a) Amortized cost - a financial asset is measured at amortized cost if both of the following conditions are met:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- b) Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- c) Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss.

When, and only when, the Company changes its business model for managing financial assets it must reclassify all affected financial assets.

The Company financial assets are comprise of cash, GST receivable and promissory note receivable, which are all measured at amortized cost.

Financial liabilities

The Company's liabilities include accounts payable and accrued liabilities and due to related parties which are all measured at amortized cost. After initial recognition, an entity cannot reclassify any financial liability.

Impairment

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For GST receivables and promissory note receivable, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Adoption of new accounting policies (cont'd...)***Convertible debentures*

Convertible debentures are separated into their liability and equity components on the statements of financial position. The liability component is initially recognized at fair value, determined as the net present value of future payments of interest and principal, discounted at the market rate for similar non-convertible liabilities at the time of issue. The liability component is recognized at amortized cost, using the effective interest method, until extinguished upon conversion, maturity or a normal course issuer bid. The fair value of the equity component of the convertible debentures is estimated using the residual method in which the difference between the face value of the instrument and the fair value of the debt component is allocated as the fair value of the equity component.

Future changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the May 31, 2019 reporting period. These standards have been assessed to not have a significant impact on the Company's financial statements:

(a) IFRS 16, Leases

The new standard on leases, supersedes IAS 17, Leases, and related interpretations. The standard is effective for years beginning on or after January 1, 2019.

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computers	Total
COST				
Balance, November 30, 2017	\$ 20,000	\$ 780,000	\$ 64,988	\$ 864,988
Additions	-	95,215	3,072	98,287
Write-off	-	-	(64,988)	(64,988)
Balance, November 30, 2018 and May 31, 2019	\$ 20,000	\$ 875,215	\$ 3,072	\$ 898,287
Accumulated amortization				
Balance, November 30, 2017	\$ -	\$ 372,390	\$ 64,988	\$ 437,378
Additions	-	22,865	597	23,462
Write-off	-	-	(64,988)	(64,988)
Balance, November 30, 2018	-	417,912	597	418,507
Additions	-	11,433	512	11,689
Balance, May 31, 2019	\$ -	\$ 493,775	\$ 1,109	\$ 430,196
Carrying amounts				
At November 30, 2018	\$ 20,000	\$ 457,305	\$ 2,475	\$ 479,780
At May 31, 2019	\$ 20,000	\$ 454,440	\$ 1,962	\$ 456,402

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

4. EXPLORATION AND EVALUATION ASSETS**Cassiar Project, British Columbia**

The Company, through its subsidiary Cassiar Gold Corp. (“Cassiar”), owns 100% of the Cassiar project’s mineral assets. The Cassiar project is located in northern British Columbia, Canada.

The Cassiar project’s two major areas of exploration and development activities are the Table Mountain and Taurus properties. Table Mountain is a past-producing underground gold mine. The property has a fully permitted gold mill and tailings management facility which are available for future ore processing.

The Company’s expenditures on its exploration and evaluation assets were as follows:

	Six months ended May 31, 2019	Year ended November 30, 2018
Balance, beginning of the period	\$ 7,809,859	\$ 7,014,044
Exploration costs		
Asset retirement obligation	377,097	526,962
Assay	25,520	51,866
Soil sampling	-	120,069
Staking	520	1,070
Tailing pond drilling	-	95,848
Balance, end of the period	\$ 8,212,996	\$ 7,809,859

Option agreement with Margaux Resources Ltd. (“Margaux”)

On March 25, 2019, the Company entered into an option agreement (the “Agreement”) with Margaux, a TSX-V listed junior exploration company. Pursuant to the terms of the Agreement, the Company will grant (the “Transaction”) Margaux an option (the “Option”) to acquire all of the common shares (the “Cassiar Shares”) in the capital of the Company’s wholly-owned subsidiary Cassiar.

In order to exercise the Option, Margaux will issue 58,200,000 common shares (the "Payment Shares") in the capital of Margaux, undertake exploration on Cassiar’s property and satisfy certain other conditions as follows:

- (a) 5,820,000 Payment Shares being issued to the Company on receipt of final TSX-V approval of the Agreement, as fully paid and non-assessable securities;
- (b) 11,640,000 Payment Shares being issued to the Company on the date that is the earlier of (i) six (6) months from the date of the Agreement, and (ii) the receipt of final TSX-V approval of the Agreement;
- (c) 17,460,000 Payment Shares issued to the Company on the date that is the earlier of (i) twelve (12) months from the date of the Agreement, and (ii) the receipt of final TSX-V approval of the Agreement; and

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)**Cassiar Project, British Columbia (cont'd...)**

- (d) 23,280,000 Payment Shares issued to the Company on the date that is the earlier of (i) eighteen (18) months from the date of the Agreement, and (ii) the receipt of final TSX-V approval of the Agreement.
- (e) Margaux will expend at least \$400,000 on the planning, development and execution of the Cassiar 2019 work program, based on a mutually approved budget;
- (f) Six (6) Months after execution of the Definitive Agreement, the Company will have the right to appoint one (1) member to the board of directors of Margaux;
- (g) Twelve (12) Months after execution of the Definitive Agreements, the Company will have the right to appoint an additional person (for a total of two (2) board members) to the board of directors of Margaux; and
- (h) Twelve (12) Months after execution of the Definitive Agreements, the Company will have the right to appoint one person to the senior management team of Margaux, on terms and conditions to be agreed upon by Margaux and Wildsky, acting reasonably.
- (i) The Company being granted a 30% net profit interest (the “NPI”) on all minerals processed from Cassiar’s TM #1 tailings pond (the “Tailings Pond”) located on the Cassiar property, after capital payout of up to \$500,000. The Definitive Agreement shall include a schedule detailing the calculation of NPI.

If, at any time prior to the exercise of the Option or the termination of the Agreement, Margaux or its agent(s) remove material from the Tailings Pond for purposes other than bona fide exploration and testing purposes, and such material is processed for its minerals and/or metals, then the time periods set out above in paragraph’s (b), (c) and (d) of shall be accelerated to seven (7) days from the date of first removal of such material.

All Payment Shares issued to the Company in accordance with the Agreement shall be subject to a statutory hold period (the “Statutory Hold Period”) of 4 months and a contractual hold period of a further eight (8) months (for a total of 12 months from the date of issuance). If Acceleration occurs, then all Payment Shares issued to the Company, including any Payment Shares issued prior to Acceleration, shall only be subject to the Statutory Hold Period. For greater certainty, if any Payment Shares have been issued to the Company more than 4 months prior to the occurrence of Acceleration, then those Payment Shares shall immediately become “free-trading”.

For greater certainty, Margaux will not acquire any interest whatsoever in the Cassiar Shares until such time as it has satisfied all the requirements of exercise of the Option as set out in the Agreement. If Margaux fails to fully comply with all such conditions of exercise within the stipulated time periods, the Option shall immediately terminate and Margaux shall forfeit all interest in any and all Payment Shares issued to the Company.

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

5. ASSET RETIREMENT OBLIGATION (“ARO”)

The Company has future obligations relating to retiring its exploration and evaluation assets at the Cassiar Property including dismantling, remediation and treatment of the site. The exact nature and costs of the obligation are subject to change because of the ongoing changes of environmental requirements enacted by government agencies.

A continuity of the asset retirement obligation is as follows:

	Six months ended May 31, 2019	Year ended November 30, 2018
Asset retirement obligation – beginning balance	\$ 2,283,225	\$ 1,700,021
Change in estimates	377,097	526,962
Accretion expense	29,366	56,242
Asset retirement obligation – ending balance	\$ 2,689,688	\$ 2,283,225

The total undiscounted cash flow estimated to settle the obligations as at May 31, 2019 was \$2,755,612 (November 30, 2018 - \$2,317,232) which was adjusted for inflation at the rate of 2.1% and then discounted at a risk free rate of 2.16%. Certain minimum amounts of ARO will occur each year with the significant amounts expected to be incurred in 2029.

At May 31, 2019, the Company has \$354,944 (November 30, 2018 - \$349,444) of reclamation bonds with the Ministry of Energy and Mines of British Columbia as commitments to meet its regulatory obligations. The reclamation bonds are interest bearing at prime rate less 0.60% and 0.70% respectively. The reclamation bonds are hypothecated and automatically renewed upon maturity.

6. CONVERTIBLE DEBENTURES

In May 2019, the Company closed a non-brokered, private placement of debentures (the “Debentures”) of the Company at a price of \$1,000 per Debenture for gross proceeds of \$302,000. Each Debenture has the following terms and conditions attached:

- 1) Term: twelve (12) months from the date of issuance of the Debentures, subject to an option on the part of the holders thereof to extend the maturity to twenty-four (24) months from the date of issuance of the Debentures.
- 2) Interest Rate: the Debentures shall bear a simple interest of 10% per annum, accrued monthly, and payable at maturity.
- 3) Security: The Debentures shall be unsecured.
- 4) Conversion: The Debentureholder may, at any time and from time to time up to maturity, elect to convert the outstanding Debentures and any interest accrued and unpaid thereon into common shares in the capital of the Company at a price of \$0.10 per share.

For accounting purposes, the Debentures are separated into their liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue was calculated as the discounted cash flows of the Debentures assuming an 25% discount rate, which was the estimated rate for a similar debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the Debentures and the fair value of the liability component.

Interest and accretion expense for the six months ended May 31, 2019 was \$1,820.

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

7. SHARE CAPITAL

Authorized - unlimited number of common shares without par value

Share issuance

There were no share issuances during the six months ended May 31, 2019.

During the year ended November 30, 2018, the Company closed a non-brokered private placement, issuing 7,245,000 units at \$0.20 per unit for total proceeds of \$1,449,000. Each unit consists of one common share and one share purchase warrant, each warrant entitling the holder to purchase one common share at \$0.30 per share for a period of two years.

Stock options

The Company has a stock option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees and consultants. The term of the option grants is up to ten years and vests immediately except for stock options granted to investor relations consultants whereby these options vest over 12 months. The maximum number of common shares reserved for issue shall not exceed 10% of the total number of common shares issued and outstanding as at the grant date.

During the year ended November 30, 2018, the Company granted to directors, officers and consultants 950,000 stock options, exercisable at \$0.20 per share for a term of 5 years. These options vested on the date of grant. The fair value of the stock options granted was \$189,731 (\$0.20 per option).

The fair value of the stock options granted was determined using the following assumptions:

Weighted average assumptions	Year ended November 30, 2018
Risk free interest rate	2.18%
Volatility	283.99%
Expected life of options	5 years
Dividend rate	0%

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, November 30, 2017	-	\$ -
Granted	950,000	0.20
Balance, November 30, 2018	950,000	0.20
Expired/cancelled	(100,000)	0.20
Balance, May 31, 2019	850,000	\$ 0.20
Exercisable, at May 31, 2019	850,000	\$ 0.20

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

7. SHARE CAPITAL (cont'd...)

As at May 31, 2019, the following incentive stock options are outstanding:

Number of Options	Exercise Price	Expiry Date
850,000	\$ 0.20	August 24, 2023

Warrants

The continuity of the Company's warrants as of May 31, 2019 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2017	-	\$ -
Issued	7,245,000	\$ 0.30
Balance, November 30, 2018 and May 31, 2019	7,245,000	\$ 0.30

As at May 31, 2019, the following warrants are outstanding:

Number of Warrants	Exercise Price	Expiry Date
7,245,000	\$ 0.30	December 12, 2019

8. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties during the three months ended February 28, 2019:

a) Starting May 1, 2017, the Company pays a management fee of \$8,000 per month to the CEO and President of the Company. During the six months ended May 31, 2019, the Company paid or accrued \$48,000 (2018 -\$48,000) to the company controlled by the CEO and President. As of May 31, 2019, \$12,400 (November 30, 2018 - \$22,000) was payable to the company controlled by the CEO and President, and \$1,989 (November 30, 2018 - \$895) was travel expenses payable to the CEO.

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

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

b) Starting May 1, 2017, the Company pays a management fee of \$6,000 per month to the CFO of the Company. During the six months ended May 31, 2019, the Company paid or accrued \$36,000 (2018 -\$36,000) to the company controlled by the CFO. As of May 31, 2019, \$18,300 (November 30, 2018 - \$12,000) was payable to the company controlled by the CFO.

c) Starting May 1, 2017, the Company pays rent of \$500 per month to a company of which the CEO and President is a director. During the six months ended May 31, 2019, the Company paid or accrued \$3,000 (2018 -\$3,000) to the company. As of May 31, 2019, \$2,625 (November 30, 2018 - \$4,200) was payable to the company.

Accounts payable to related parties do not bear interest, are unsecured and repayable on demand.

9. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets located in Canada.

10. FAIR VALUE MEASUREMENT AND RISK MANAGEMENT

The Company's accounts payable and accrued liabilities, due to related parties, and convertible debentures are measured at amortized cost. Its financial assets, GST receivables, are also measured at amortized cost. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments. The Company's carrying values of these items approximate their fair value due to the relatively short periods to maturity of the instruments

Financial risk management

The Company's objective in risk management is to maintain its ability to continue as a going concern. It is exposed to the following risks:

Liquidity risk

Liquidity risk is the risk that the Company might not be able to meet its obligations and commitments as they come due. As at May 31, 2019, the Company had cash of \$253,035 (November 30, 2018 - \$176,915) and a working capital deficiency of \$49,625 (November 30, 2018 – working capital of \$138,808).

Credit risk

Credit risk arises from cash held with financial institutions as well as credit exposure on outstanding receivables.

The Company's cash is held at high-credit rating financial institutions. The Company's maximum exposure to credit risk is the carrying amounts of cash and receivables on its consolidated statement of financial position.

WILDSKY RESOURCES INC.**Notes to the condensed consolidated interim financial statements****(Unaudited – prepared by management)****(Expressed in Canadian dollars)****For the six months ended May 31, 2019**

10. FAIR VALUE MEASUREMENT AND RISK MANAGEMENT *(cont'd...)***Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

i. Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company's convertible debentures bear interest at 10% per annum. Its exposure to interest rate risk is insignificant.

ii. Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no significant assets or liabilities and has no revenue or expenses denominated in a foreign currency, so it is not exposed to foreign currency risk.

iii. Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

11. CAPITAL MANAGEMENT

The Company's capital management objective is to ensure its ability to continue as a going concern to meet its operational obligations and to maintain capital access to fund its Cassiar mineral exploration activities.

The capital that the Company manages is the total of liabilities and equity on the consolidated statements of financial position. The Company may modify the capital structure to meet its funding needs by issuing new equity shares and/or debt instruments, disposing assets or bringing in joint venture partners. To facilitate the management of its capital, the Company prepares annual budgets approved by the Board of Directors. The budget is reviewed and updated periodically to account for changes in the expenditures and economic conditions. The Company is not subject to any externally imposed capital requirements.

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the six-month period ended May 31, 2019, the Company recorded an addition of 377,097 to the exploration and evaluation assets which is resulted from a change of estimation in the asset retirement obligation.

During the six-month period ended May 31, 2018, the Company recorded an addition of \$526,962 to the exploration and evaluation assets which is resulted from a change of estimation in the asset retirement obligation.