



**CONDENSED CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

For the Six Months ended May 31, 2018

(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, 2018 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.

CHINA MINERALS MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)
AS AT

	Notes	May 31, 2018	November 30, 2017
ASSETS			
Current			
Cash		\$ 852,808	\$ 25,796
Receivables		7,045	3,906
Prepaid expenses		<u>43,283</u>	<u>10,033</u>
Total current assets		903,136	39,735
Property, plant and equipment	3	421,111	439,839
Reclamation bonds	5	349,444	349,444
Exploration and evaluation assets	4	<u>7,541,006</u>	<u>7,014,044</u>
Total assets		\$ 9,214,697	\$ 7,843,062
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	7	\$ 83,436	\$ 152,348
Loan payable to related party	7	<u>-</u>	<u>282,107</u>
Total current liabilities		83,436	434,455
Asset retirement obligation	5	<u>2,251,565</u>	<u>1,700,021</u>
Total liabilities		<u>2,335,001</u>	<u>2,134,476</u>
Shareholders' equity			
Share capital	6	52,991,720	51,550,715
Share-based payments reserve		9,764,046	9,764,046
Deficit		<u>(55,876,070)</u>	<u>(55,606,175)</u>
Total shareholders' equity		<u>6,879,696</u>	<u>5,708,586</u>
Total liabilities and shareholders' equity		\$ 9,214,697	\$ 7,843,062

Nature of operations and going concern (Note 2)

On behalf of the Board:

"Bernard Kahlert"

Director

"Mao Sun"

Director

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

CHINA MINERALS MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three Months Ended May 31, 2018	Three Months Ended May 31, 2017	Six Months Ended May 31, 2018	Six Months Ended May 31, 2017
EXPENSES				
Accretion of asset retirement obligation (Note 5)	\$ 15,830	\$ 8,533	\$ 24,582	\$ 17,066
Amortization (Note 3)	10,941	13,526	21,798	25,814
Consulting fee	13,145	15,024	19,900	15,024
Director and executive fees (Note 7)	-	1,500	-	2,500
Filing and transfer agent	4,511	2,378	18,411	11,602
Loan interest (Note 7)	-	5,387	730	10,600
Management fees (Note 7)	42,000	14,000	84,000	14,000
Professional fees	3,032	2,654	11,019	11,199
Rent and office expenses (Note 7)	4,444	8,528	12,691	14,452
Salaries and benefits (Note 7)	-	6,725	-	25,934
Shareholder relations	209	1,923	508	2,643
Camp maintenance	61,397	15,217	76,989	23,465
Total expenses	(155,508)	(95,395)	(270,628)	(174,299)
Interest income (expenses)	-	(144)	733	592
Gain on disposal of equipment (Note 3)	-	-	-	16,359
	-	(144)	733	16,951
Loss and comprehensive loss for the period	(155,508)	(95,539)	(269,895)	(157,348)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding	13,003,400	7,594,813	12,265,967	7,594,813

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

CHINA MINERALS MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Six Months Ended May 31, 2018	Six Months Ended May 31, 2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (269,895)	\$ (157,348)
Items not affecting cash:		
Accretion of asset retirement obligation	24,582	17,066
Amortization	21,800	25,814
Gain on disposal of equipment	-	(16,359)
Changes in non-cash working capital items:		
Other receivables and prepaids	(36,389)	5,529
Accounts payable and accrued liabilities	(68,912)	(95)
Interest accrued on loan payable	-	11,627
Net cash used in operating activities	<u>(328,814)</u>	<u>(113,766)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance	1,449,000	-
Share issuance costs	(7,995)	-
Repayment of loan and interest to related party	<u>(282,107)</u>	<u>-</u>
Net cash obtained from financing activities	<u>1,158,898</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of equipment	-	30,000
Acquisition of equipment	<u>(3,072)</u>	<u>-</u>
Net cash obtained from investing activities	<u>(3,072)</u>	<u>30,000</u>
Change in cash during the period	827,012	(83,766)
Cash, beginning of period	<u>25,796</u>	<u>271,304</u>
Cash, end of period	<u>\$ 852,808</u>	<u>\$ 187,538</u>

Supplemental disclosures with respect to cash flows (Note 11)

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

CHINA MINERALS MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Share Capital		Share-Based Payments Reserve	Foreign Currency Translation Reserve	Deficit	Total
	Number	Amount				
Balance, December 1, 2016	7,594,813	\$ 51,550,715	\$ 9,764,046	\$ 4,926	\$ (55,195,868)	\$ 6,123,819
Transfer of foreign currency translation reserve into deficit	-	-	-	(4,926)	4,926	-
Loss for the period	-	-	-	-	(157,348)	(157,348)
Balance, May 31, 2017	7,594,813	\$ 51,550,715	\$ 9,764,046	\$ -	\$ (55,348,290)	\$ 5,966,471
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

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

CHINA MINERALS MINING CORPORATION
Notes to the condensed consolidated interim financial statements
(Unaudited – prepared by management)
(Expressed in Canadian dollars)
For the six months ended May 31, 2018

1. NATURE OF OPERATIONS AND GOING CONCERN

China Minerals Mining Corporation (“China Minerals” 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 further changed to China Minerals. 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 “CMV”. 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, 2018, the Company had cash of \$852,808 (November 30, 2017 - \$25,796), a working capital of \$819,700 (November 30, 2017 – deficiency of \$394,720) and a deficit of \$55,876,070 (November 30, 2017 - \$55,606,175).

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, 2017.

These financial statements were approved and authorized for issue by the Board of Directors on July 6, 2018.

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 consolidated 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.

CHINA MINERALS MINING CORPORATION
Notes to the condensed consolidated interim financial statements
(Unaudited – prepared by management)
(Expressed in Canadian dollars)
For the six months ended May 31, 2018

Management judgments and estimates

The preparation of these consolidated 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 consolidated 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.

New, amended and future accounting pronouncements

Standards and amendments issued but not yet effective for the period ended May 31, 2018, are as follows:

IFRS 9, *Financial Instruments* addresses classification, measurement and recognition of financial assets and financial liabilities. In July 2014, the IASB completed the final version of the Standard which replaces IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 provides a revised model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a reformed approach to hedge accounting. The effective date for this standard is for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company does not expect any impact on its financial statements from this amendment.

IFRS 15, *Revenue from Contracts with Customers*, contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The standard is effective for years beginning on or after January 1, 2018. The Company does not expect any impact on its financial statements from this amendment.

IFRS 16, *Leases*, addresses accounting for leases and lease obligations and replaces the leasing guidance in IAS 17, *Leases*. The guidance requires lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The guidance is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect any impact on its financial statements from this amendment.

CHINA MINERALS MINING CORPORATION
Notes to the condensed consolidated interim financial statements
(Unaudited – prepared by management)
(Expressed in Canadian dollars)
For the six months ended May 31, 2018

3. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Site Equipment	Vehicles	Computers	Office Furniture	Total
COST							
Balance, November 30, 2016	\$ 20,000	\$ 780,000	\$ 82,531	\$ 13,000	\$ 64,988	\$ 18,064	\$ 978,583
Additions	-	-	-	-	-	-	-
Disposals	-	-	(42,531)	-	-	-	(42,531)
Balance, November 30, 2017	20,000	780,000	40,000	13,000	64,988	18,064	936,052
Additions	-	-	-	-	3,072	-	3,072
Disposals	-	-	-	-	(64,988)	(18,064)	(83,052)
Balance, May 31, 2018	\$ 20,000	\$ 780,000	\$ 40,000	\$ 13,000	\$ 3,072	\$ -	\$ 856,072
Accumulated amortization							
Balance, November 30, 2016	\$ -	\$ 327,097	\$ 56,220	\$ 10,010	\$ 63,740	\$ 17,862	\$ 474,929
Additions	-	45,293	2,534	899	1,248	202	50,174
Disposals	-	-	(28,890)	-	-	-	(28,890)
Balance, November 30, 2017	-	372,390	29,864	10,909	64,988	18,064	496,213
Additions	-	20,382	1,014	317	85	-	21,798
Disposals	-	-	-	-	(64,988)	(18,064)	(83,052)
Balance, May 31, 2018	\$ -	\$ 392,772	\$ 30,878	\$ 11,226	\$ 85	\$ -	\$ 434,961
Carrying amounts							
At November 30, 2017	\$ 20,000	\$ 407,610	\$ 10,136	\$ 2,093	\$ -	\$ -	\$ 439,839
At May 31, 2018	\$ 20,000	\$ 387,228	\$ 9,122	\$ 1,774	\$ 2,987	\$ -	\$ 421,111

CHINA MINERALS MINING CORPORATION
Notes to the condensed consolidated interim financial statements
(Unaudited – prepared by management)
(Expressed in Canadian dollars)
For the six months ended May 31, 2018

4. EXPLORATION AND EVALUATION ASSETS

Cassiar Project, British Columbia

The Company, through its subsidiary Cassiar Gold Corp., 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.

Since the acquisition of the Cassiar projects in 2008, the Company had conducted exploration programs on both Table Mountain and Taurus properties until 2013. Since 2014, the Company has not carried out any exploration activities except for maintaining the exploration permits.

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

	May 31, 2018	November 30, 2017
Balance, beginning of the period	\$ 7,014,044	\$ 7,010,969
Exploration costs		
Asset retirement obligation	526,962	3,075
Balance, end of the period	<u>\$ 7,541,006</u>	<u>\$ 7,014,044</u>

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:

	May 31, 2018	November 30, 2017
Asset retirement obligation – beginning balance	\$ 1,700,021	\$ 1,665,153
Chang in estimates	526,962	3,075
Accretion expense	24,582	31,793
Asset retirement obligation – ending balance	<u>\$ 2,251,565</u>	<u>\$ 1,700,021</u>

The total discounted cash flow estimated to settle the obligations as at May 31, 2018 was \$2,276,147 (November 30, 2017 - \$1,648,081) 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 2028.

At May 31, 2018, the Company has \$349,444 (November 30, 2017 - \$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.

CHINA MINERALS MINING CORPORATION
Notes to the condensed consolidated interim financial statements
(Unaudited – prepared by management)
(Expressed in Canadian dollars)
For the six months ended May 31, 2018

6. SHARE CAPITAL

Authorized - unlimited number of common shares without par value

Share consolidation

On September 13, 2017, the Company consolidated its shares on a basis of one (1) post consolidated share for twenty-five (25) pre consolidated shares. After share consolidation, the Company has 7,594,813 common shares issued and outstanding. In these consolidated financial statements, reference to common shares and per share amounts has been retroactively restated.

Share issuance

During the six months ended May 31, 2018, the Company closed a non-brokered private placement, issuing 7,245,000 share 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.

There was no share issuance during the year ended November 30, 2017.

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.

The Company has no stock option granted during the year ended November 30, 2017 or the six-month ended May 31, 2018. There are no options outstanding as of May 31, 2018 or November 30, 2017.

Warrants

The continuity of the Company's warrants as of May 31, 2018 is as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, November 30, 2016 and 2017	-	\$ -
Issued	7,245,000	\$ 0.30
Balance, May 31, 2018	7,245,000	\$ 0.30

As at May 31, 2018, the following warrants are outstanding:

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

CHINA MINERALS MINING CORPORATION
Notes to the condensed consolidated interim financial statements
(Unaudited – prepared by management)
(Expressed in Canadian dollars)
For the six months ended May 31, 2018

7. RELATED PARTY TRANSACTIONS

Loan payable

In September 2016, the Company received a director's loan in the amount of US\$200,000 bearing interest at 8% per annum and payable on September 21, 2017 (the "Maturity Date"). The Maturity Date was extended for an additional term of one year to September 21, 2018. At November 30, 2017, interest of \$24,491 was accrued on the loan. In December 2017, the Company fully repaid the loan and interest totalling \$283,334.

Key management compensation

The Company entered into the following transactions with related parties during the six months ended May 31, 2018:

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, 2018, the Company paid or accrued \$48,000 (2017 -\$8,000) to the company controlled by the CEO and President. As of May 31, 2018, \$8,400 (November 30, 2017 - \$58,800) payable to the company controlled by the CEO and President was included in accounts payable and accrued liabilities.

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, 2018, the Company paid or accrued \$36,000 (2017 -\$6,000) to the company controlled by the CFO. As of May 31, 2018, \$6,300 (November 30, 2017 - \$44,200) payable to the company controlled by the CFO was included in accounts payable and accrued liabilities.

c) During the six months ended May 31, 2018, the Company paid \$Nil (2017 - \$25,934) of salaries and benefits to the Company's former CFO.

d) 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, 2018, the Company paid or accrued \$3,000 (2017 -\$500) to the company. As of May 31, 2018, \$1,050 (November 30, 2017 - \$2,625) payable to the company was included in accounts payable and accrued liabilities.

e) During the six months ended May 31, 2018, the Company paid directors' fees of \$Nil (2017 -\$2,500) to directors of the Company.

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

8. SEGMENTED INFORMATION

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

CHINA MINERALS MINING CORPORATION
Notes to the condensed consolidated interim financial statements
(Unaudited – prepared by management)
(Expressed in Canadian dollars)
For the six months ended May 31, 2018

9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, reclamation bond, accounts payable and accrued liabilities, and loan payable to related party.

Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the Company's receivables, accounts payable and accrued liabilities, and loan payable to related party approximate their carrying values due to the relatively short periods to maturity of these financial 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, 2018, the Company had cash of \$852,808 (November 30, 2017 - \$25,796) and a working capital of \$819,700 (November 30, 2017 - deficiency of \$394,720).

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.

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 currently has no interest-bearing financial instruments other than cash and the related party loan bears a fixed interest rate, so 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.

CHINA MINERALS MINING CORPORATION
Notes to the condensed consolidated interim financial statements
(Unaudited – prepared by management)
(Expressed in Canadian dollars)
For the six months ended May 31, 2018

10. 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.

11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

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.

There were no significant non-cash transactions during the six-month periods ended May 31, 2017