International Zeolite Corp.

(Formerly Canadian Zeolite Corp.)

Condensed Consolidated Interim Financial Statements
(Expressed in Canadian Dollars)

For the six months ending December 31, 2018 and 2017

MANAGEMENT`S RESPONSIBILITY FOR FINANCIAL REPORTING AND NOTICE TO READER

The accompanying condensed consolidated interim financial statements (unaudited) of International Zeolite Corp. (the “Company”) for the six months ended December 31, 2018 (the “Interim Financial Statements”) are the responsibility of the Company’s management and have been prepared by Management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these Interim Financial Statements in accordance with International Financial Reporting Standards for Interim Financial Statements.

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the Interim Financial Statements, they must be accompanied by a notice indicating that the Interim Financial Statements have not been reviewed by an auditor.

The Company’s independent auditor has not performed a review of these Interim Financial Statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of Interim Financial Statements by an entity’s auditor.

International Zeolite Corp.
(formerly Canadian Zeolite Corp.)

Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	December 31, 2018	June 30, 2018
Assets		
Current		
Cash and cash equivalents	**$ 186,497**	$ 650,506
Receivables	**70,466**	21,211
Inventory	**192,176**	152,407
Prepaid expenses	**133,837**	19,090
	582,976	843,214
Non-current		
Exploration and evaluation assets (note 7)	**278,978**	267,551
Reclamation and other deposits (note 8)	**23,809**	26,550
Goodwill (note 5)	**742,669**	742,669
	$ 1,628,432	$ 1,879,984
Liabilities		
Current		
Accounts payable and accrued liabilities (note 9)	**$ 263,698**	$ 168,151
	263,698	168,151
Non-Current		
Decommissioning provision (note 8)	**20,000**	20,000
Related party promissory note (note 9)	**735,000**	735,000
	755,000	755,000
Shareholders' Equity		
Share subscriptions received (note 10(ii))	**-**	-
Share capital (note 10(ii))	**14,406,449**	14,406,449
Contributed surplus	**2,281,293**	2,270,302
Deficit	**(16,078,008)**	(15,719,918)
	609,734	956,833
	$ 1,628,432	$ 1,879,984

Nature of operations and going concern (note 1)
Commitments (note 14)
Subsequent events (note 12)

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on February 22, 2019. They are signed on behalf of the Board of Directors by:

(Signed) "*Ray Paquette*" , Director (Signed) "*David Kepkay*" , Director

International Zeolite Corp.
(formerly Canadian Zeolite Corp.)

Condensed Consolidated Interim Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Three months ended December 31, 2018	Three months ended December 31, 2017	**Six months ended December 31, 2018**	Six months ended December 31, 2017
Income				
Sales	**$ 280,801**	$ 261,714	**$ 468,804**	$ 261,714
Less: Cost of Product Sold	**(98,160)**	(33,003)	**(169,939)**	(33,003)
Less: Shipping and Packaging	**(104,934)**	(115,474)	**(179,740)**	(115,474)
Royalties, commissions (note 7)	**1,066**	9,861	**6,131**	13,981
Gross Margin	**$ 78,773**	$ 123,098	**$ 125,256**	$ 124,718
Expenses				
Administrative (note 7)	**$ 94,878**	$ 64,487	**$ 260,183**	$ 104,793
Management fees (note 7)	**27,000**	27,000	**54,000**	54,000
Consulting fees	**13,388**	31,965	**25,888**	64,436
Professional fees	**20,891**	41,867	**74,469**	58,867
Sales and Marketing	**24,980**	16,120	**41,459**	16,120
Investor relations	**-**	15,000	**-**	20,000
Share-based compensation	**-**	130,141	**10,991**	382,054
Interest	**7,350**	7,750	**14,700**	15,500
Bad debt	**(1,707)**	3,168	**1,656**	6,273
	$ 186,780	$ 337,498	**$ 483,346**	$ 722,043
Net loss and comprehensive loss	**$ 108,007**	$ 214,400	**$ 358,090**	$ 597,325
Loss per share - basic and diluted	**$ 0.00**	$ 0.01	**$ 0.01**	$ 0.02
Weighted average number of common shares outstanding	**36,549,462**	32,819,939	**36,549,462**	31,491,135

International Zeolite Corp.
(formerly Canadian Zeolite Corp.)

Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

For the six months ended December 31,	**2018**	2017
Cash provided by (used for):		
Operating activities		
Net and comprehensive loss	**$ (358,090)**	$ (597,325)
Add items not affecting cash:		
Share-based compensation	**10,991**	382,054
	(347,099)	(215,271)
Changes in working capital items		
Receivables	**(49,255)**	(125,869)
Inventory	**(39,769)**	(170,532)
Prepaid expenditures	**(112,747)**	-
Accounts payable and accrued liabilities	**99,487**	60,539
Reclamation and other deposits	**741**	-
	(448,642)	(451,133)
Financing activities		
Proceeds of private placements	**-**	869,180
Share issue expenses	**-**	(58,741)
Proceeds of warrants exercised	**-**	132,730
Repayments from related parties	**-**	108,308
Advances from / (payments to) related parties	**(3,940)**	29,453
	(3,940)	1,080,930
Investing activities		
Exploration and evaluation expenditures incurred	**(11,427)**	(7,816)
	(11,427)	(7,816)
(Decrease) / increase in cash and cash equivalents	**(464,009)**	621,981
Cash, beginning of period	**650,506**	641,694
Cash, end of period	**$ 186,497**	$ 1,263,675

Supplemental cash flow information (note 6)

International Zeolite Corp.
(formerly Canadian Zeolite Corp.)

Condensed Consolidated Interim Statements of Changes in Equity
(Expressed in Canadian Dollars)

For the six months ended December 31, 2018 and 2017

	Shares number	Share capital $	Share subscriptions received $	Contributed surplus $	Deficit $	Total $
Balance, July 1, 2017	29,718,528	12,560,919	130,000	1,857,598	(14,382,774)	165,743
Share private placements	5,947,267	1,997,180	-	-	-	1,997,180
Warrants value assigned	-	(2,947)	-	2,947	-	-
Share issue costs	210,000	(121,740)	-	-	-	(121,740)
Warrants exercised	673,667	262,730	(130,000)	-	-	132,730
Share options granted	-	-	-	382,054	-	382,054
Loss for the period	-	-	-	-	(597,325)	(597,325)
Balance December 31, 2017	**36,549,462**	**14,696,142**	**-**	**2,242,599**	**(14,980,099)**	**1,958,642**
Balance July 1, 2018	36,649,462	14,406,449	-	2,270,302	(15,719,918)	956,833
Share options granted	-	-	-	10,991	-	10,991
Net and comprehensive loss	-	-	-	-	(358,090)	(358,090)
Balance December 31, 2018	**36,649,462**	**14,406,449**	**-**	**2,281,293**	**(16,078,008)**	**609,734**

1. Nature of operations and going concern

International Zeolite Corp. (formerly Canadian Zeolite Corp.) (the "Company" or "International Zeolite") is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol "IZ", the Frankfurt Exchange under the symbol "ZEON", and on the OTCQB in the United States under the symbol "IZCFF".

The Company is a vertically integrated, publicly traded industrial minerals company whose principal business activities are the exploration and development of mineral properties and the development, marketing and sales of industrial commercial products from the production of its properties and the supply of raw materials from third party suppliers.

The Company's head office is located at Suite 2345 – 1066 West Hastings Street, Vancouver, BC V6E 4M3. The registered and records office is located at Suite 2100 – 1055 West Georgia Street, Vancouver, BC V6E 3P3.

The condensed consolidated interim financial statements of the Company have been prepared based on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of the going concern assumption. The Company has generated limited revenue from operations and has incurred a net and comprehensive loss of $358,090 during the six months ending December 31, 2018 and as of that date, the Company's deficit was $16,078,008. These circumstances lend substantial doubt as to the ability of the Company to meet its ongoing obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. The Company's ability to continue as a going concern is dependent upon raising additional capital to meet its present and future commitments, the continued support of certain shareholders and trade creditors, and on achieving profitable commercial operations.

The recoverability of the amounts reported for exploration and evaluation assets is dependent upon the quantity of economically recoverable resources, the ability of the Company to obtain financing to complete exploration and development of the properties, the timing of legislative or regulatory developments relating to environmental protection and achieving future profitable operations or receiving favorable proceeds from the disposition thereon.

The consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to continue as a going concern and achieve profitable mining operations or obtain adequate financing and support from its shareholders and trade creditors.

If the going concern assumption was not appropriate for these consolidated financial statements, adjustments would be necessary to the carrying values of assets and liabilities, net and comprehensive loss, and statements of financial position classifications used.

2. Basis of presentation

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 interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Approval of consolidated financial statements
The consolidated financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 22, 2019.

Basis of consolidation
These consolidated financial statements include the accounts of International Zeolite Corp. and its wholly-owned subsidiary, Earth Innovations Inc. All significant inter-company transactions and balances have been eliminated upon consolidation.

During the year ended June 30, 2017, the Company entered into a Vend-In Agreement and Arrangement Agreement, which resulted in Canadian Mining Company of Arizona Inc. and Canadian Mining Corp. no longer being subsidiaries of the Company at June 30, 2017. On December 11, 2017, the Company acquired 100% of the issued share capital of Earth Innovations Inc. (“EII”) (see note 5).

Basis of measurement
The accounting policies applied in these consolidated financial statements are presented in note 3 and are based on IFRS issued and outstanding as of December 11, 2018. These consolidated financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These consolidated financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

Significant accounting estimates and judgments
The preparation of financial statements in compliance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. Significant accounting policies

Financial instruments
All financial instruments are initially recognized at fair value on the consolidated statement of financial position. The Company has classified each financial instrument into one of the following categories: (1) financial assets or liabilities at fair value through profit or loss (“FVTPL”), (2) loans and receivables, (3) financial assets available-for-sale, (4) financial assets held-to-maturity, and (5) other financial liabilities. Subsequent measurement of financial instruments is based on their classification.

Financial assets and liabilities at FVTPL are subsequently measured at fair value with changes in those fair values recognized in net earnings. Financial assets “available-for-sale” are subsequently measured at fair value with changes in fair value recognized in other comprehensive income (loss), net of tax. Financial assets “held-to-maturity”, “loans and receivables”, and “other financial liabilities” are subsequently measured at amortized cost using the effective interest method.

3. Significant accounting policies (continued)

Financial instruments (continued)

Fair value hierarchy
The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

(i) Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

(ii) Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

(iii) Level 3 – Applies to assets or liabilities for which there are unobservable market data.

Cash and cash equivalents have been measured at fair value using Level 1 inputs.

The Company has classified its cash and cash equivalents as at FVTPL. Receivables and related party loans and advances are classified as loans and receivables. Accounts payable and accrued liabilities, related party loans and advances and related party promissory note are classified as other financial liabilities, all of which are measured at amortized cost.

The Company's financial instruments at December 31, 2018 are as follows:

	Loans and receivables	Available for sale	Fair value through profit or loss	Other financial liabilities
Financial assets				
Cash and cash equivalents	$ -	$ -	$ 186,497	$ -
Reclamation and other deposits	23,809	-	-	-
Financial liabilities				
Accounts payable and accrued liabilities	$ -	$ -	$ -	$ 263,698
Related party promissory note	-	-	-	735,000

Unless otherwise disclosed their carrying values approximate their fair values due to the short-term nature of these instruments.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

3. Significant accounting policies (continued)

Pre-exploration costs
Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation assets and expenditures
Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures ("E&E") are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to the consolidated statement of operations and comprehensive loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction". Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

Any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Impairment
An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit and loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. Significant accounting policies (continued)

Exploration and evaluation assets and expenditures (continued)

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Reclamation deposits

Cash which is subject to contractual restrictions on use is classified separately as reclamation deposits.

Provisions

Rehabilitation provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

Other provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

3. Significant accounting policies (continued)

Income taxes (continued)

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Loss per share

Loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant period.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Comprehensive loss

Comprehensive loss consists of net loss and other comprehensive income (loss) and represents the change in shareholders' equity which results from transactions and events from sources other than the Company's shareholders. For the periods presented, the Company did not have any transactions or events from sources other than the Company's shareholders.

Foreign currency transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in net loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value or a revalued amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net loss or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares and share warrants are classified as equity instruments. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share-based payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of operations and comprehensive loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity

3. Significant accounting policies (continued)

Share-based payments (continued)

instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the statement of comprehensive loss/income over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in comprehensive loss/income over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of operations and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Valuation of equity units issued in private placement
The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of common shares issued in private placement was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing bid price on the issuance date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to contributed surplus.

3. Significant accounting policies (continued)

Revenue recognition

Revenue is comprised of sales of zeolite product, commissions earned on sales of zeolite product, and royalties earned on bulk zeolite material shipped from the Company's site in Princeton.

Revenue from sales of zeolite product and commissions earned is recognized when the significant risks and rewards of ownership transfer to a buyer, and collectability of the amount receivable is reasonably assured.

Revenue from royalties is recognized upon shipment of bulk zeolite material from the Company's site in Princeton. Royalty revenues received are set off against the Company's exploration and evaluation assets.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill

Goodwill arising from a business combination is recognized at cost as established at the date of acquisition of the business (see Business Combinations) less accumulated impairment losses, if any.

For impairment testing purposes, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. The Corporation has determined only one group of cash-generating unit which is the reportable segment. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of operations and comprehensive loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Corporation has selected June 30 as the date for performing its annual impairment test for goodwill.

3. Significant accounting policies (continued)

Inventory
Zeolite inventory is recorded at the lower of cost or net realizable value. The cost of inventory is determined using the weighted average cost method. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

New accounting standards
The Company has adopted these accounting standards effective July 1, 2017. The adoption of the standards and amendments had no material impact on the consolidated financial statements:

Amendments to IAS 7 Statement of Cash Flows
These amendments (Disclosure Initiative) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

Amendments to IAS 12 Income Taxes
These amendments, Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12), clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Standards and interpretations issued but not yet effective

The following accounting standards and amendments are effective for future periods.

IFRS 9 Financial Instruments
This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. To be classified and measured at amortized cost, assets must satisfy the business model test for managing the financial assets and have certain contractual cash flow characteristics. All other financial instrument assets are to be classified and measured at fair value. This standard allows an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income, with dividends as a return on these investments being recognized in profit or loss. In addition, those equity instruments measured at fair value through other comprehensive income would no longer have to apply any impairment requirements nor would there be any ‘recycling’ of gains or losses through profit or loss on disposal. The accounting for financial liabilities continues to be classified and measured in accordance with IAS 39, with one exception, being that the portion of a change of fair value relating to the entity’s own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Company does not believe this new standard will have a material impact when adopted. This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers
The IASB issued IFRS 15, Revenue from Contracts with Customers, which provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is

3. Significant accounting policies (continued)

New accounting standards (continued)

primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. The Company does not believe this new standard will have a material impact when adopted. This standard is effective for reporting periods beginning on or after January 1, 2018.

Amendments to IFRS 2 Share-based Payment
These amendments added guidance that introduces accounting requirements for cash-settled share-based payments that follow the same approach as used for equity-settled share-based payments. They introduced an exception into IFRS 2 so that a share-based payment where the entity settles the share-based payment arrangement net is classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature. Finally, they clarify the accounting treatment in situations where a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions. The Company does not believe this new standard will have a material impact when adopted. These amendments are effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The Company is still assessing the impact of this new standard. This standard is effective for reporting periods beginning on or after January 1, 2019.

4. Significant accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Critical judgments

The preparation of our consolidated financial statements requires us to make judgments regarding the going concern of the Company as discussed in Note 1.

4. Significant accounting judgments, estimates and assumptions (continued)

Key sources of estimation uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

Share-based payments
We measure our share-based payment expense by reference to the fair value of the stock options at the date at which they are granted. Estimating fair value for granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, and rate of forfeitures and making assumption about them.

Financial Instruments
The fair values of financial instruments are estimated based upon market and third party inputs. These estimates are subject to change with fluctuations in commodity prices, interest rates, foreign currency exchange rates and estimates of non-performance risk.

Deferred Tax Assets and Liabilities
The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities.

Exploration and Evaluation Expenditures
The application of the Company’s accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to Mineral Property Interests
Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Impairment of Goodwill
The values associated with goodwill involve significant estimates and assumptions, including those with respect to the determination of future cash inflows and outflows, discount rates and asset lives. At least annually, the carrying amount of goodwill is reviewed for potential impairment. Among other things, this review considers the recoverable amounts using discounted estimated future cash flows. These significant estimates require considerable judgment which could affect the Company’s future results if the current estimates of future performance and fair value change.

4. Significant accounting judgments, estimates and assumptions (continued)

Key sources of estimation uncertainty (continued)

Fair value of business combinations
The Company makes a number of estimates when allocating fair values to the assets and liabilities acquired in a business combination. Fair values are estimated using valuation techniques that take into account several assumptions such as production, earnings and expenses, interest rate and discount rate.

5. Acquisitions of Subsidiaries

Acquisition

On December 12, 2017 ("Closing Date"), the Company acquired 100% of the issued share capital of Earth Innovations Inc. ("EII") for an aggregate amount of $832,724 to be settled as follows:

1. a cash payment of $50,000 on the Closing Date (paid);
2. payment of certain EII payables totaling $63,278 on the Closing Date (paid);
3. issuance of 3,000,000 shares to be held in escrow and released in 1,000,000 tranches: April 11, 2018 (released from escrow), December 11, 2018, (released from escrow) and June 11, 2019.
4. a cash payment of $50,000 six months from the Closing Date (paid).

A independent valuator has determined the present value of the net assets acquired to be $90,055.

Net assets acquired:		
Cash at bank	$	622
Accounts receivable		83,732
Inventory		117,209
Total assets	$	201,563
Accounts payable		111,508
Net assets	$	90,055
Goodwill		742,669
Total purchase price		832,724

The purchase price allocation shown above is a summary of the assets acquired, the liabilities assumed and the consideration transferred at fair value as at the acquisition date of September 30, 2017. The transaction was completed during the second quarter of fiscal year 2018.

Impact of the business combination on the Company's financial performance
See segmented information (note 11) for the impact of the business combination on the Company's financial performance. The impact on the Company's financial performance if the business combination was completed on July 1, 2017 is indeterminable.

Costs related to the acquisition
The total acquisition-related costs amounted to $128,508 and are included in transaction costs in the consolidated statements of operations and comprehensive loss.

6. Supplemental cash flow information

The following outlines the supplemental cash flow details during the six months ending December 31, 2018 and 2017:

		2018		2017
Cash paid during the period				
Interest	**$**	**14,700**	$	15,500
Cash received during the period				
Interest		**53**		53
Non-cash transactions:				
Accounts payable and accrued liabilities converted to promissory note		**-**		-
Related party loan receivable on disposition of exploration and evaluation assets		**-**		-
Related party loans and advances converted to (applied against) promissory note		**-**		-
Residual value allocated to warrants		**-**		-
Fair value transfer on exercise of options		**-**		-
Fair value transfer on exercise of warrants		**-**		-
Issuance of broker warrants		**-**		-

7. Exploration and evaluation assets

The Company has interests in two mineral properties, being the Sun Group and Bromley Creek Properties, located in British Columbia as at December 31, 2018.

A summary of the capitalized acquisition and exploration expenditures on the Company’s exploration and evaluation assets for the period ending December 31, 2018 and 2017 are as follows:

7. Exploration and evaluation assets (continued)

	Bromley Creek (Cdn$)	Sun Group (Cdn$)	Total (Cdn$)
Acquisition costs			
Balance at July 1, 2017 and June 30, 2018	59,374	-	**59,374**
Exploration costs			
Balance at July 1, 2017	58,027	125,479	**183,506**
Additions during the year:			
Site expenses	3,494	-	**3,494**
Assays	229	400	**629**
Claim fees	2,938	-	**2,938**
Geological	15,017	7,770	**22,787**
Royalties received	(5,177)	-	**(5,177)**
Total additions during the year	16,501	8,170	**24,671**
Balance at June 30, 2018	74,528	133,649	**208,177**
Total as at June 30, 2018	**133,902**	**133,649**	**267,551**

	Bromley Creek (Cdn$)	Sun Group (Cdn$)	Total (Cdn$)
Acquisition costs			
Balance at July 1, 2018 and December 31, 2018	59,374	-	**59,374**
Exploration costs			
Balance at July 1, 2018	74,528	133,649	**208,177**
Additions during the year:			
Site expenses	3,294	-	**3,294**
Assays	299	-	**299**
Claim fees	616	-	**616**
Geological	15,723	4,571	**20,294**
Royalties received	(13,076)	-	**(13,076)**
Total additions during the year	6,856	4,571	**11,427**
Balance at December 31, 2018	81,384	138,220	**219,604**
Total as at December 31, 2018	**140,758**	**138,220**	**278,978**

7. Exploration and evaluation assets (continued)

Bromley Creek, British Columbia, Canada

The Company has a Zeolite project in the Bromley Creek area located near Princeton, British Columbia. The mineral property claims have been leased from the British Columbia government and have expiration dates through to March 2019, all of which are renewable for varying amounts. A thirty year mining lease for two of the zeolite claims was granted in 2000 and a quarry permit was issued in 2001 and the latest five year quarry permit in 2015.

On September 26, 2018 the Company filed a NI 43-101 compliant Technical Report dated August 17, 2019 on its Bromley Creek Property. The report is available under the Company's profile on SEDAR.

The Company's property interest is its Bromley Creek Zeolite Project consists of a total of one mineral lease and five mineral claims.

On November 30, 2015, the Company entered into a Mining Operations with Purchase Option Agreement with Absorbent Products Limited ("APL"). The purchase option terms grant APL the right to acquire a 50% interest in the Company's Bromley Creek Zeolite Project for a total purchase price of $725,000. The purchase price may be paid by APL through cash or earn-in by payment of royalties to the Company of $9.00 per metric ton mined and removed from the site. The parties have also entered into an Agency Agreement pursuant to which APL will pay to the Company a commission on all applicable sales of mineral mined or zeolite processed from the Bromley Creek Zeolite Project.

Sun Group, British Columbia, Canada

In March 2004, the Company acquired a contiguous claim group located in the Similkameen Mining District of British Columbia. The total claim area is 948.935 hectares.

During the year ending June 30, 2013, the Company completed a 2-phase drill program. Data obtained from the drill program will be used to calculate a preliminary mineral resource for the Sun Group at a future date. On July 6, 2018 the Company filed a NI 43-101 compliant Technical Report dated June 30, 2018 on the Sun Group Property. The report is available under the Company's profile on SEDAR.

On November 30, 2015, the Company entered into a Mining Operations with Purchase Option Agreement with Absorbent Products Limited ("APL"). The purchase option terms grant APL the right to acquire a 50% interest in the Company's Sun Group Zeolite Project for a total purchase price of $725,000. The purchase price may be paid by APL through cash or earn-in by payment of royalties to the Company of $9.00 per metric ton mined and removed from the site. The parties have also entered into an Agency Agreement pursuant to which APL will pay to the Company a commission on all applicable sales of mineral mined or zeolite processed from the Sun Group Zeolite Project. To date, no royalties have been received from the Sun Group Zeolite Project.

8. Reclamation and other deposits

	Note	**December 31, 2018**	December 31, 2017
Reclamation bonds and security deposit			
Reclamation bonds held in term deposits - Canada	(i)	**$ 20,000**	$ 20,000
Security deposits paid – Canada	(ii)	**3,809**	1,550
		23,809	21,550
Other deposit			
Refundable deposit	(iii)	**71,515**	81,500
Accrued interest	(iii)	**90,783**	77,720
		162,298	159,220
Provision for doubtful accounts	(iii)	**(162,298)**	(159,220)
		-	-
Total		**$ 23,809**	$ 21,550

(i) Prior to commencement of exploration of a mineral property in British Columbia, a company is required to post a reclamation bond against any potential land restoration costs that may be incurred in the future on certain properties, which is refunded to the Company upon completion of reclamation to the satisfaction of the Inspector of Mines. The Company has posted reclamation bonds of $20,000 (2017 - $20,000) with the Province of British Columbia, Canada. The reclamation bonds are held in term deposits which bear interest at a weighted average rate of 0.65% per annum (2017 - 0.59%). The Company has recorded a provision for decommissioning liabilities of $20.000 (2017 - $20,000), which is equal to the reclamation bonds in place. The provision has not been discounted due to uncertainty with respect to the timing of settlement.

As part of the Mining Operations with Purchase Option Agreement with APL (note 7), APL has agreed to assume all environmental liabilities accruing on or after the date of execution of the Agreement relating to the Bromley Creek property and only during such time where APL is the operator of the Bromley Creek Mine. Should APL default on this obligation, the Company will ultimately be responsible for all environmental liabilities relating to the property.

(ii) Included in other deposits is $3,809 (2017 - $1,550) paid by the Company as security deposits on its leased premises in Vancouver, British Columbia.

(iii) During a prior year, the Company entered into a formal letter of intent with a private British Columbia company to acquire a 640 acre coal lease (the “Property”) in Wyoming’s Powder River Basin area whereby the Company would have the exclusive right and option to earn a 100% interest in the Property in consideration of a total purchase price of $1,200,000, consisting of an initial refundable deposit of $120,000 upon execution of the letter of intent, the issuance of common shares equal to $600,000 upon receipt of a 43-101 compliant Technical Report indicating the presence of an economic deposit acceptable to the Company, and the balance of cash totaling $480,000 on terms to be determined by the parties.

8. Reclamation and other deposits (continued)

In 2011, failing the delivery of the 43-101 report, the Company determined the Property did not warrant investment. Accordingly, the Company entered into a forbearance agreement dated December 8, 2010 to recover the deposit. To date the Company has recovered $48,485 (2017 - $38,500). There is significant uncertainty as to collection of the remaining amount. The Company has made a provision for doubtful accounts of $162,298 (2017 - $159,220), which includes $90,783 in accrued interest (2017 - $77,720).

9. Related party transactions and balances

During the period ending December 31, 2018, the Company entered into various transactions with related parties. The related parties consist of officers, directors and shareholders or companies controlled directly or indirectly by them. Details of the transactions and balances owing or receivable are as follows:

(i) The Company recorded management fees of $84,000 (2017 - $59,000) to a director and officer.

(ii) The Company repaid loans and advances during the period of $3,940 (2017 - $19,971) to the officer and director.

(iii) The Company accrued interest of $7,350 on a promissory note of $735,000 payable to a director and officer of the Company. The note bears interest at 4% per annum and is repayable on June 30, 2019. The note holder has waived his right to repayment prior to June 30, 2019 and the note has therefore been classified as a non-current liability.

(iv) The Company paid fees to an officer of the Company for accounting services included in administrative expenses of $12,000 (2017 - $12,000).

(v) The Company paid fees to an officer of the Company for corporate secretarial services included in administrative expenses of $24,000 (2017 - $12,000).

(vi) During the period ended December 31, 2018, administrative expenses included $6,000 in accounting services and $15,000 in rent expense charged by a company controlled by an officer and director (2017 - $nil).

(vii) At December 31, 2018, amounts totaling $101,851 (2017 - $64,571) owing to related parties and companies controlled by related parties is included in accounts payable and accrued liabilities.

The above transactions were in the normal course of operations and were recorded at the exchange value which was the amount of consideration established and agreed to by the related parties.

Compensation paid to key management personnel and non-executive directors is as follows:

	2018	2017
Senior management compensation	**$ 120,000**	$ 78,000
Interest on promissory notes	**$ 14,700**	$ 15,000

10. Share capital

(i) Authorized

Unlimited number of common shares.

(ii) Issued and outstanding:

During the period ending December 31, 2018:
There were no changes to the issued and outstanding shares of the Company. At December 31, 2018, the Company had 36,549,462 common shares issued and outstanding.

During the year ending June 30, 2018:
On November 9, 2017, the Company completed a private placement of 2,947,267 Units at $0.30 per unit for gross proceeds of $884,180. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at $0.75 per share until November 9, 2018 and have been assigned a nominal amount of $2,947 under the residual value method. Each warrant is subject to an acceleration right that in the event the Company's common shares trade at or above $1.00 for ten consecutive days, the Company may accelerate the expiry date of the Warrants by giving notice to the holders by way of news release and in such case the Warrants will expire on the first day that is 30 business days after the date on which such notice is given. Share issue costs incurred amounted to $59,003.

On December 11, 2017, the Company issued 3,000,000 common shares related to the acquisition of a 100% interest in Earth Innovations Inc. ("Earth Innovations") from a privately held Canadian company. Pursuant to the terms of the purchase agreement, the shares are subject to an 18-month escrow arrangement and are being released in tranches of 1,00,000 shares on the 4-month, 12-month and 18-month anniversaries from the closing date (see note 5). As part of the acquisition, the Company issued an additional 210,000 common shares, valued at $73,500, as finder's fees which are included in transaction costs on the consolidated statements of operations and comprehensive loss.

Warrant holders exercised 673,667 warrants for gross proceeds of $262,730. An option holder exercised 100,000 options for gross proceeds of $13,500. The fair value of these options of $3,570 was transferred to share capital from contributed surplus upon exercise.

At June 30, 2018, the Company had 36,649,462 common shares issued and outstanding.

During the year ending June 30, 2017:

On September 6, 2016, the Company completed the issuance 1,000,000 share units of a private placement at $0.30 per unit. The gross proceeds were $300,000. Each unit consists of one common share and one common share purchase warrant. Each common share purchase warrant is exercisable at $0.40 per share. The warrants expire on September 6, 2017 and have been assigned a nominal amount of $1,000 under the residual value method. Share issue costs incurred amounted to $16,508, which includes 18,666 broker warrants valued at $8,213. The broker warrants are exercisable at $0.40 per share for a period of one year.

During the year ending June 30, 2017 option holders exercised 1,640,000 options for proceeds of $159,150. During the same period, warrant holders exercised 5,993,666 warrants for proceeds of $857,967.

10. Share capital (continued)

Issued and outstanding (continued)

During the year ending June 30, 2017, the Company received share subscription receipts of $130,000 from the exercise of 333,334 warrants. The shares from this exercise were issued during the year ended June 30, 2018. At June 30, 2017, the Company had 29,718,528 common shares issued and outstanding.

(iii) Stock option plan

The Company has adopted, and its shareholders have approved, a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance of options to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange, and the options may be exercisable for a period of up to five years. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority.

The following is a summary of changes in options during the period ended December 31, 2018 and 2017:

	Number of options	Weighted average price
Balance at July 1, 2017	**2,200,000**	**$ 0.428**
Options granted July 18, 2017	466,000	0.500
Options granted August 25, 2017	200,000	0.420
Options granted November 9, 2017	300,000	0.380
Options cancelled November 15, 2017	(100,000)	0.640
Options granted December 6, 2017	150,000	0.360
Options granted December 12, 2017	300,000	0.300
Options repriced - February 15, 2018	(1,983,000)	0.478
Options repriced - February 15, 2018	1,983,000	0.240
Options cancelled - February 15, 2018	(233,000)	0.240
Options granted March 1, 2018	300,000	0.240
Options exercised - June 20, 2018	(100,000)	0.135
Options expired - June 22, 2018	(250,000)	0.135
Balance at June 30, 2018	**3,233,000**	**$ 0.275**
Options cancelled – August 1, 2018	(300,000)	0.380
Options cancelled – August 1, 2018	(300,000)	0.240
Options granted August 8, 2018	150,000	0.130
Options expired – August 25, 2018	(50,000)	0.240
Options cancelled – September 25, 2018	(400,000)	0.240
Options expired – October 31, 2018	(200,000)	0.240
Options expired – November 30, 2018	(100,000)	0.240
Options expired – December 6, 2018	(150,000)	0.360
Options expired – December 12, 2018	(300,000)	0.300
Balance at December 31, 2018	**1,583,000**	**$ 0.252**

10. Share capital (continued)

(iii) Stock option plan (continued)

The fair value of options was calculated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate range of 2.01% (2017 - 1.19% to 1.50%); average annual volatility factor of the expected market price of the Company's common shares of 53% (2017 – 106% to 116%); expected dividend yield of 0.00% (2017 - 0.00%) and an expected life of the options of two years (2017 – one and two years). The weighted average life of the options outstanding is 0.572 years (2017 – 1.18 years).

A summary of stock options outstanding and exercisable at December 31, 2018 is set out below:

Number outstanding	Number exercisable	Exercise price	Expiry date
1,000,000	1,000,000	$ 0.240	May 29, 2019
233,000	233,000	$ 0.240	July 18, 2019
200,000	200,000	$ 0.240	August 25, 2019
150,000	150,000	$ 0.130	August 8, 2020
1,583,000	**1,583,000**		

(iv) Share purchase warrants

The following is a summary of changes in warrants during the period ended December 31, 2018 and 2017:

	Number of warrants	Weighted average exercise price
Balance at July 1, 2017	**925,000**	**0.39**
Warrants exercised	(673,667)	0.39
Warrants expired	(251,333)	0.39
Issued on private placements	2,946,267	0.50
Balance at June 30, 2018 and December 31, 2018	**2,946,267**	**0.50**

A summary of the above purchase warrants outstanding at December 31, 2018 is set out below:

Number	Exercise Price	Expiry date
2,946,267	0.50 [1]	November 9, 2019

[1] Repriced from $0.75 to $0.50 per share, subject to an accelerated exercise provision that if the closing price of the Company's common shares is at or above $0.625 per share for a period of 10 consecutive trading days, the Warrants shall expire 30 days thereafter.

11. Segmented information

The Company operates in two reporting segments, which are the exploration and development segment, and the retail and commercial sales segment. The Company's principal operations are carried out in Canada. At December 31, 2018, exploration activities are carried out only in Canada.

The following is an analysis of the Company's financial performance for the period:

Six months ended December 31, 2018	Exploration & Development	Retail & Commercial	Total
Commission on bulk sales	$ 6,131	$ -	**$ 6,131**
Retail and commercial sales	-	468,804	**468,804**
Cost of sales	-	(349,679)	**(349,679)**
Gross margin	6,131	119,125	**125,256**
Operating expenses	350,871	132,475	**483,346**
Net and comprehensive loss	$ 344,740	$ 13,350	**$ 358,090**

The Company only had one reporting segment (exploration and development) for the period ended December 31, 2018.

Segment assets by operating segment are as follows:

As at December 31, 2018	Exploration & Development	Retail & Commercial	Total
Current assets	$ 293,313	$ 289,663	**$ 582,976**
Exploration and evaluation assets	278,978	-	**278,978**
Goodwill	742,669	-	**742,669**
Reclamation and other deposits	23,809	-	**23,809**
Total assets	1,338,769	289,663	**1,628,432**

The Company only had one reporting segment (exploration and development) at December 31, 2018.

12. Subsequent events

Subsequent to December 31, 2018, the Company granted 1,650,000 options with an exercise price of $0.105 and a two-year expiry term, to directors, officers and consultants.

13. Comparative figures

The consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

14. Commitments

At December 31, 2018, the Company has a commitment in respect of an office lease amounting to $13,560 (2017 - $18,600). Monthly payments are $1,130.

15. Capital management

The Company manages its capital structure and makes adjustments based on the funds available in order to support continued operation and future business opportunities. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to be equity.

The Company’s operations are currently not generating positive cash flow; as such, the Company is dependent on external financing to fund its activities. In order to carry out potential expansion and to continue operations, and pay for administrative costs, the Company will spend its existing working capital, and raise additional amounts as needed. Companies in this stage typically rely upon equity and debt financing or joint venture partnerships to fund their operations. The current financial markets are very difficult and there is no certainty with respect to the Company’s ability to raise capital. However, the Company feels that it has sufficient working capital to continue with planned activities.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the six months ended December 31, 2018. The Company is not subject to externally imposed capital requirements.

16. Financial instruments and risk management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company’s primary exposure to credit risk is on its foreign bank deposits of $1,597 (2017 - $1,597).

16. Financial instruments and risk management (continued)

Credit Risk (continued)

As all bank accounts in Canada are held with a major bank in Canada, there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies.

The Company’s secondary exposure to credit risk is on its receivables. This risk is minimal as receivables consist primarily of refundable government sales taxes.

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements at any point in time. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company normally maintains sufficient cash to meet the Company's business requirements. At December 31, 2018, the cash balance of $186,497 is not sufficient to meet its obligations related to its accounts payable and accrued liabilities of $263,698. The Company will need to raise additional capital in the future to fund its administrative and exploration and evaluation expenditures as well as service its long-term debt obligations.

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. These fluctuations may be significant and the Company, as all other companies in its industry, has exposure to these risks.

a. *Interest rate risk*
The Company is not subject to material interest rate risk as its interest-bearing instruments are subject to fixed rates.

b. *Currency risk*
The Company is exposed to foreign currency risk as certain monetary financial instruments are denominated in United States and Mexican currencies. At December 31, 2018, total assets include cash of US$3,798 (2017 - US$15,827) and cash of Mexican pesos 12,100 (2017 - Mexican pesos 12,100). The Company has not entered into any foreign currency contracts to mitigate this risk. The Company's sensitivity analysis suggests that a change in the absolute rate of exchange in the US dollar by 10% (2017 - 10%) would increase or decrease the net loss by $380 (2017 - $1,583) and a change in the absolute rate of exchange in the Mexican pesos by 10% (2017 - 10%) would increase or decrease the net loss by $160 (2017 - $160) in these consolidated financial statements.