

**MIRAMONT RESOURCES CORP.**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**OCTOBER 31, 2018**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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

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

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

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

**MIRAMONT RESOURCES CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(Unaudited)

	<b>October 31, 2018</b>	<b>July 31, 2018</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 3,326,021	\$ 3,584,184
Receivables	46,360	31,020
Prepays and advances	54,047	87,885
	<u>3,426,428</u>	<u>3,703,089</u>
<b>Equipment (Note 5)</b>	13,587	8,390
<b>Exploration and evaluation assets (Note 6)</b>	5,404,854	5,314,045
	<u>\$ 8,844,869</u>	<u>\$ 9,025,524</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 7 and 9)	\$ 138,351	\$ 104,495
	<u>138,351</u>	<u>104,495</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 8)	10,827,931	10,827,931
Reserves (Note 8)	513,821	428,322
Deficit	(2,635,234)	(2,335,224)
	<u>8,706,518</u>	<u>8,921,029</u>
	<u>\$ 8,844,869</u>	<u>\$ 9,025,524</u>

Nature of operations and going concern (Note 1)

Subsequent event (Note 8)

Approved by:

/s/ "William Pincus"  
William Pincus, Director

/s/ "Dale Peniuk"  
Dale Peniuk, Director

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

**MIRAMONT RESOURCES CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Three months ended October 31, 2018</b>	<b>Three months ended October 31, 2017</b>
<b>Property expenses</b>		
Exploration and evaluation expenditures (Note 6)	\$ 65,347	\$ -
Write-off of exploration and evaluation assets (Note 6)	-	40,000
	<b>(65,347)</b>	<b>(40,000)</b>
<b>Administrative expenses</b>		
Administrative costs (Note 9)	9,000	8,500
Filing fees	5,869	1,698
Management fees (Note 9)	57,249	57,249
Marketing and investor relations	33,844	5,613
Office and miscellaneous	8,765	10,816
Professional fees (Note 9)	43,791	18,878
Share-based payments (Notes 8 and 9)	85,499	-
Shareholder communication	400	333
Transfer agent	2,462	8,600
Travel	-	11,447
	<b>(246,879)</b>	<b>(123,134)</b>
<b>Operating loss</b>	<b>(312,226)</b>	<b>(163,134)</b>
Foreign exchange gain (loss)	616	(2,442)
Interest income	11,600	-
	<b>12,216</b>	<b>(2,442)</b>
<b>Loss and comprehensive loss for the period</b>	<b>\$ (300,010)</b>	<b>\$ (165,576)</b>
<b>Loss per common share – basic and diluted</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>50,098,297</b>	<b>15,050,264</b>

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

**MIRAMONT RESOURCES CORP.**

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital		Share subscriptions received in advance	Reserves	Deficit	Total
	Number of shares	Amount				
<b>July 31, 2017</b>	15,050,264	\$ 736,680	\$ -	\$ -	\$ (214,847)	\$ 521,833
Share subscriptions received in advance	-	-	650,250	-	-	650,250
Loss for the period	-	-	-	-	(165,576)	(165,576)
<b>October 31, 2017</b>	15,050,264	\$ 736,680	\$ 650,250	\$ -	\$ (380,425)	\$ 1,006,507
<b>July 31, 2018</b>	50,098,297	\$ 10,827,931	\$ -	\$ 428,322	\$ (2,335,224)	\$ 8,921,029
Share-based payments (Note 8)	-	-	-	85,499	-	85,499
Loss for the period	-	-	-	-	(300,010)	(300,010)
<b>October 31, 2018</b>	50,098,297	\$ 10,827,931	\$ -	\$ 513,821	\$ (2,635,234)	\$ 8,706,518

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

**MIRAMONT RESOURCES CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW**

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Three months ended October 31, 2018</b>	<b>Three months ended October 31, 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (300,010)	\$ (165,576)
Adjust for items not involving cash:		
Amortization	448	-
Share-based payments	85,499	-
Write-off of exploration and evaluation assets	-	40,000
Change in non-cash working capital items:		
Receivables	(15,340)	3,406
Prepays and advances	33,838	(4,253)
Deferred financing fees	-	(14,340)
Accounts payable and accrued liabilities	33,856	(15,121)
Net cash used in operating activities	(161,709)	(155,884)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment	(5,645)	-
Payments for exploration and evaluation assets	(90,809)	-
Net cash used in investing activities	(96,454)	-
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Share subscriptions received in advance	-	650,250
Net cash provided by financing activity	-	650,250
Change in cash	(258,163)	494,366
<b>Cash, beginning of period</b>	<b>3,584,184</b>	<b>541,471</b>
<b>Cash, end of period</b>	<b>\$ 3,326,021</b>	<b>\$ 1,035,837</b>

**Supplemental cash flow information (Note 10)**

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

**MIRAMONT RESOURCES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Miramont Resources Corp. (the "Company") was incorporated on July 15, 2015 under the Business Corporations Act of British Columbia. The Company is a mineral exploration company with a focus on acquiring, exploring and advancing exploration and evaluation assets in Canada and Peru. The Company's head office and principal address is located at 2601 – 1111 Alberni Street, Vancouver, BC, V6E 4V2. The Company's registered and records office is located at 39073 Kingfisher Road, Squamish, BC, V8B 0S9. The Company is listed on the Canadian Securities Exchange ("CSE") under the symbol MONT.

These condensed interim consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company's continuation as a going concern is dependent upon the successful results from its business activities, its ability to obtain profitable operations and generate funds, and/or complete financings sufficient to meet current and future obligations. The Company raised capital in previous reporting periods through private placements of its common shares, with the result that the current working capital balance is an amount that management believes is sufficient to further operations for the upcoming twelve months.

**2. BASIS OF PRESENTATION****Statement of compliance**

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements, and, therefore, should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2018, prepared in accordance with IFRS as issued by the IASB.

**Approval of the consolidated financial statements**

These condensed interim consolidated financial statements were authorized by the Board of Directors of the Company on December 18, 2018.

**MIRAMONT RESOURCES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

**2. BASIS OF PRESENTATION (cont'd...)****Basis of presentation**

These condensed interim consolidated financial statements have been prepared on a historical cost basis, using the accrual basis of accounting, except for cash flow information and certain financial assets that are measured at fair value.

**Functional and presentation currency**

These condensed interim consolidated financial statements are presented in Canadian dollars, unless otherwise noted, which is the functional currency of the Company and its subsidiaries.

**Principles of consolidation**

These condensed interim consolidated financial statements incorporate the financial statements of the Company and its principal subsidiary, Puno Gold Corporation and its principal operating subsidiary, Minera Puno Gold S.A.C. Subsidiaries are entities which the Company controls, either directly or indirectly, where control is defined as the power to govern an entity's financial and operating policies and generally accompanies a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that may arise upon the exercise or conversion of non-voting securities are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and they are deconsolidated from the date on which control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

Name of subsidiary	Country of incorporation	Percentage of ownership	Principal activity
Puno Gold Corporation	Canada	100%	Holding company
Minera Puno Gold S.A.C.	Peru	100%	Exploration in Peru

**Significant estimates**

The preparation of these condensed interim consolidated financial statements requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

**MIRAMONT RESOURCES CORP.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

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**2. BASIS OF PRESENTATION (cont'd...)**

**Significant estimates (cont'd...)**

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

*Recovery of deferred tax assets* - Judgment is required in determining whether deferred tax assets are recognized in the statement of financial position. Deferred tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the date of the statement of financial position could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods. The Company has not recorded any deferred tax assets.

*Valuation of share-based payments* - The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

*Accounting for acquisitions* - The determination of fair value as of the acquisition date requires management to make certain estimates about future events, including, but not restricted to, fair value of assets including mineral reserves and resources acquired, exploration potential, future operating costs and capital expenditures, future metal prices, long-term foreign exchange rates and discount rates as well as the determination of fair value of consideration provided.

**Significant judgments**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these condensed interim consolidated financial statements are, but are not limited to, the following:

*Carrying value and the recoverability of exploration and evaluation assets* - Management has determined that expenditures incurred on exploration and evaluation assets which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities, and existing permits.

**MIRAMONT RESOURCES CORP.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

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**2. BASIS OF PRESENTATION (cont'd...)**

**Significant judgments (cont'd...)**

*Determination of functional currency* - The functional currency of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. The Company has determined the functional currency of each entity to be the Canadian dollar. Determination of the functional currency may involve certain judgments to determine the primary economic environment. The functional currency may change if there is a change in events and conditions which determines the primary economic environment.

*Business combinations* - Determination of whether a set of assets acquired and liabilities assumed constitute a business may require the Company to make certain judgments, taking into account all facts and circumstances. A business is presumed to be an integrated set of activities and assets capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or economic benefits. The transaction with Puno Gold Corporation was determined to constitute an acquisition of assets (Note 4).

**3. SIGNIFICANT ACCOUNTING POLICIES**

**New accounting policies adopted**

The following standards and amendments to existing standards have been adopted by the Company effective August 1, 2018:

*IFRS 9, Financial Instruments*

The Company retrospectively adopted *IFRS 9, Financial Instruments*. IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *IAS 39, Financial Instruments: Recognition and Measurement*. Prior periods were not restated and there was no material impact to the Company's condensed interim consolidated financial statements as a result of transitioning to IFRS 9.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and financial assets. The impact of IFRS 9 on the classification and measurement of financial assets and financial liabilities is set out below.

**MIRAMONT RESOURCES CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**New accounting policies adopted (cont'd...)**

*IFRS 9, Financial Instruments (cont'd...)*

Classification and measurement of financial assets and liabilities

Under IFRS 9, financial assets, on initial recognition, are recognized at fair value and subsequently classified and measured at: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). IFRS 9 eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The classification of financial assets depends on the purpose for which the financial assets were acquired. The Company's financial assets consist of cash and receivables and are classified as amortized cost. Financial assets are classified as current assets or non-current assets based on their maturity date. Cash has changed classification from FVTPL to amortized cost. The carrying value is equal to its fair value given the short-term nature of the asset, therefore, there is no change in the carrying value as a result of the change in classification.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, and, as such, the Company's accounting policy with respect to financial liabilities is substantially unchanged. The Company's financial liabilities which consist of accounts payable and accrued liabilities are classified as amortized cost.

Impairment of financial assets

Under IFRS 9, an expected credit loss ("ECL") impairment model applies to financial assets classified and measured at amortized cost, and contract assets and debt investments classified and measured at FVOCI, but not to investments in equity instruments. The ECL model requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period. In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit and loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

The adoption of the ECL impairment model had a negligible impact on the carrying amounts of the Company's financial assets given the nature of the items and that receivables are substantially all current and there is a minimal level of default.

**MIRAMONT RESOURCES CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

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**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**New accounting policies adopted (cont'd...)**

*IFRS 15, Revenue from Contracts with Customers*

The Company retrospectively adopted *IFRS 15, Revenue from Contracts with Customers*. IFRS 15 establishes principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. There was no impact on the condensed interim consolidated financial statements as a result of adopting this standard.

**New standards, interpretations and amendments to existing standards not yet effective**

The following standards, amendments to standards and interpretations have been issued and are effective for annual periods beginning on or after January 1, 2019:

*IFRS 16, Leases*

IFRS 16 will replace *IAS 17, Leases*. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts, and to record it on the statement of financial position, except with respect to lease contracts that meet limited exception criteria.

The Company has not yet assessed the potential impact of the application of this standard.

**4. ACQUISITION OF PUNO GOLD CORPORATION**

On November 14, 2017, the Company issued 15,048,000 common shares, at a value of \$0.30 per common share, for the acquisition of all of the issued and outstanding shares of Puno Gold Corporation ("Puno"), a privately held Ontario corporation and its wholly-owned Peruvian subsidiary, Minera Puno Gold, S.A.C. ("Minera Puno"). Minera Puno is engaged in the business of mineral exploration and evaluation in Peru and holds options to acquire a 100% interest in the Cerro Hermoso and Lukkacha projects (Note 6).

For accounting purposes, the acquisition was treated as an asset acquisition. As such, effective as at the date of closing, the fair value assigned to the identified assets acquired and liabilities assumed are presented below:

**MIRAMONT RESOURCES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

**4. ACQUISITION OF PUNO GOLD CORPORATION (cont'd...)****Consideration:**

Common shares	<b>\$ 4,514,400</b>
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**Net assets acquired:**

Cash	\$ 37,431
Receivables	15,477
Accounts payable and accrued liabilities	(65,674)
Loans payable	(760,335)
	<u>(773,101)</u>
Allocation to exploration and evaluation assets (Note 6)	5,287,501
	<u><b>\$ 4,514,400</b></u>

During the year ended July 31, 2018, the loans payable were repaid in full.

**5. EQUIPMENT**

	Field equipment	Total
<b>Cost</b>		
July 31, 2017	\$ -	\$ -
Additions	8,532	8,532
July 31, 2018	8,532	8,532
Additions	5,645	5,645
October 31, 2018	\$ 14,177	\$ 14,177
<b>Accumulated depreciation</b>		
July 31, 2017	\$ -	\$ -
Depreciation	142	142
July 31, 2018	142	142
Depreciation	448	448
October 31, 2018	\$ 590	590

**MIRAMONT RESOURCES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

**5. EQUIPMENT (cont'd...)**

<b>Net Book Value</b>						
July 31, 2018			\$	8,390	\$	8,390
October 31, 2018			\$	13,587	\$	13,587

**6. EXPLORATION AND EVALUATION ASSETS**

<b>Property</b>	<b>Cerro Hermoso</b>		<b>Lukkacha</b>	<b>Midas Gold</b>		<b>Total</b>		
July 31, 2017	\$	-	\$	-	\$	40,000	\$	40,000
Cash		26,544		-		-		26,544
Share issuances (Note 4)		3,764,823		1,522,678		-		5,287,501
Write-off of exploration and evaluation assets		-		-		(40,000)		(40,000)
July 31, 2018		3,791,367		1,522,678		-		5,314,045
Cash		90,809		-		-		90,809
October 31, 2018	\$	3,882,176	\$	1,522,678	\$	-	\$	5,404,854

**Cerro Hermoso**

On September 23, 2016, subsequently amended September 18, 2018, Minera Puno entered into an option agreement to acquire the two mining concessions in the district of Santa Lucia, province of Lampa, Puno Region in Peru known as the Cerro Hermoso Concessions for a purchase price of US\$3,526,000 (the "Cerro Hermoso Agreement"). The purchase price is to be paid as follows:

- (i) US\$50,000 on September 27, 2016 (paid);
- (ii) US\$50,000 on or before March 27, 2017 (paid);
- (iii) US\$100,000 on or before September 27, 2017 (paid);
- (iv) US\$70,000 on or before September 27, 2018 (paid);
- (v) US\$156,000 on or before September 27, 2019;
- (vi) US\$100,000 on or before September 27, 2020; and
- (vii) US\$3,000,000 on or before September 27, 2021.

**MIRAMONT RESOURCES CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

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**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Cerro Hermoso (cont'd...)**

The Cerro Hermoso Concessions are subject to a 1% Net Smelter Return royalty ("NSR") which will take effect when Minera Puno has received cumulative minimum payments of US\$1,000,000 from the sale of minerals from the Cerro Hermoso Concessions. The NSR is subject to a buy-back right pursuant to which Minera Puno may purchase the full NSR for a total payment of US\$5,000,000. Any NSR payments made before the buy-back may be deducted against the US\$5,000,000.

On July 26, 2018, Minera Puno entered into an option agreement to acquire the Milenios mining concession, contiguous to the Cerro Hermoso Concessions. The Milenios Option Agreement has a four year term. The purchase price is to be paid as follows:

- (i) US\$20,000 on July 26, 2018 (paid);
- (ii) US\$25,000 on or before July 26, 2019;
- (iii) US\$30,000 on or before July 26, 2020;
- (iv) US\$35,000 on or before July 26, 2021; and
- (v) the greater of: US\$200,000 and US\$1 for each ounce of gold contained in a National Instrument 43-101 compliant resource on or before July 26, 2022.

**Lukkacha**

On May 15, 2017, Minera Puno entered into an option agreement to acquire a 100% interest in certain mining concessions in the District of Chucatanani, Province of Tarata, Tacna Department in Peru, (the "Lukkacha Concessions"), known as the Lukkacha Option Agreement. The Lukkacha Option Agreement has a five year term. The purchase price is to be paid as follows:

- (i) Initial payment of US\$200,000 on the effective date of the Lukkacha Option Agreement (paid);
- (ii) Annual payments of US\$100,000 starting on the first anniversary of obtaining the Supreme Decree. Supreme Decree refers to the issuance by the President of the Republic and countersigned by the President of the Council of Ministers, the Ministry of Energy and Mines and the Minister of Defense, which will authorize Minera Puno to acquire the Lukkacha Concessions and the rights thereon established in the Lukkacha Option Agreement hereof since the Lukkacha Concessions are located within 50 km from the border with the Republic of Chile; and
- (iii) A final payment of US\$2,500,000 on the execution of public deed of transferring mining rights.

Minera Puno must incur exploration expenditures on the Lukkacha Concessions as follows:

- US\$1,000,000 within 24 months following the date of obtaining the Supreme Decree; and
- An additional US\$1,000,000 within 36 months following the date of obtaining the Supreme Decree.

**MIRAMONT RESOURCES CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

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**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Lukkacha (cont'd...)**

In the event that any exploration expenditures for the Lukkacha Concessions made by Minera Puno is determined to be less than agreed under the Lukkacha Option Agreement, Minera Puno may remedy the default and keep the Lukkacha Option Agreement in force by paying the vendor an amount equal to 50% of the deficient amount of exploration expenditures.

In fiscal 2018, a total of \$264,490 of payments were made to the vendor as reimbursement for work incurred by the vendor on Lukkacha. Once the Supreme Decree is obtained, these payments will reduce the exploration expenditures commitment required on Lukkacha.

The Lukkacha Concessions are subject to a 2% NSR in favour of the vendor which will take effect when Minera Puno has received cumulative minimum payments of US\$1,000,000 from the sale of minerals from the Lukkacha Concessions. Minera Puno may reduce the NSR to 1.5% by making a payment to the vendor of US\$2,000,000. In addition, Minera Puno may further reduce the NSR to 1.0% by making an additional payment to the vendor of US\$3,000,000.

**Midas Gold**

On October 19, 2016, the Company entered into an option agreement (the "Agreement") to acquire a 100% interest in and to certain mineral claims located in the Riggs and Bruyere Townships of Ontario which are collectively known and described as the Midas Gold Property.

During the year ended July 31, 2018, management decided to discontinue exploration on the Midas Gold Property and, accordingly, wrote off the carrying value of \$40,000.

**MIRAMONT RESOURCES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

**6. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

Exploration and evaluation expenditures for the three months ended October 31, 2018 are as follows:

<b>Property</b>	<b>Cerro Hermoso</b>	<b>Lukkacha</b>	<b>Total</b>
Community programs	\$ 3,884	\$ 883	\$ 4,767
Geological consulting	2,640	-	2,640
Environmental and permitting	157	-	157
Field supplies	3,786	200	3,986
Wages and benefits	29,775	-	29,775
Travel	6,581	1,938	8,519
VAT	9,743	-	9,743
Vehicle rentals and maintenance	5,760	-	5,760
<b>Total</b>	<b>\$ 62,326</b>	<b>\$ 3,021</b>	<b>\$ 65,347</b>

Exploration and evaluation expenditures for the three months ended October 31, 2017 were \$nil.

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>October 31, 2018</b>	<b>July 31, 2018</b>
Accounts payable	\$ 26,019	\$ 55,412
Accrued liabilities	112,332	49,083
	<b>\$ 138,351</b>	<b>\$ 104,495</b>

**8. SHARE CAPITAL****Authorized share capital**

The Company's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value. As at October 31, 2018, the Company had not issued any preferred shares.

**MIRAMONT RESOURCES CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

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**8. SHARE CAPITAL (cont'd...)**

**Issued share capital**

During the three months ended October 31, 2018, the Company issued no common shares (2017 – nil).

**Escrow shares**

On November 28, 2016, the Company entered into an escrow agreement pursuant to which 8,599,166 common shares have been placed in escrow and are subject to release in tranches over time in accordance with the policies of the Canadian Securities Administrators. The escrow agreement provides that 10% of the escrowed shares will be released from escrow upon the original CSE listing date and that an additional 15% will be released therefrom every six month interval thereafter, over a period of 36 months. As at October 31, 2018, there are 3,869,625 (July 31, 2018 - 5,159,500) shares held in escrow.

On November 9, 2017, the Company entered into an escrow agreement pursuant to which 149,600 common shares have been placed in escrow and are subject to release in tranches over time in accordance with the policies of the Canadian Securities Administrators. The escrow agreement provides that 10% of the escrowed shares will be released from escrow upon the post-Puno transaction listing date and that an additional 15% will be released therefrom every six month interval thereafter, over a period of 36 months. As at October 31, 2018, there are 112,200 (July 31, 2018 - 112,200) shares held in escrow.

**Stock options**

The Company has a shareholder-approved rolling stock option plan under which the Board of Directors (“Board”) may, from time to time in its discretion, grant options to acquire common shares of the Company to its directors, officers, employees, consultants and advisors. The number of shares reserved for issuance under the plan may not exceed 10% of the number of issued and outstanding common shares of the Company. The exercise price of each option is determined by the Board but shall not be less than the market price of the Company’s shares on the date prior to the date of grant less any discounts permitted by the CSE under its policies. The options may be granted for a maximum term of 10 years and are subject to such vesting provisions as may be determined by the Board.

During the three months ended October 31, 2018, the Company issued no stock options (2017 - nil). During the three months ended October 31, 2018, the Company expensed \$85,499 (2017 - \$nil) in connection with the vesting of options granted in prior periods, which was recorded in share-based payments.

**MIRAMONT RESOURCES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

**8. SHARE CAPITAL (cont'd...)****Stock options (cont'd...)**

Option transactions are summarized as follows:

	Number of options		Weighted average exercise price
Balance as at July 31, 2017	-	\$	-
Granted	2,620,000		0.37
Balance as at July 31, 2018 and October 31, 2018	2,620,000	\$	0.37

As at October 31, 2018, the Company had outstanding options enabling the holder to acquire common shares as follows:

Number of options	Number of exercisable options	Exercise price	Weighted average remaining life (years)	Expiry date
300,000	100,000	\$ 0.37	4.35	March 6, 2023
2,320,000	773,333	0.375	4.55	May 17, 2023
2,620,000	873,333			

**Warrants**

Warrant transactions are summarized as follows:

	Number of warrants		Weighted average exercise price
Balance as at July 31, 2017	4,233,332	\$	0.15
Issued	20,673,860		0.45
Balance as at July 31, 2018 and October 31, 2018	24,907,192	\$	0.39

**MIRAMONT RESOURCES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

**8. SHARE CAPITAL (cont'd...)****Warrants (cont'd...)**

As at October 31, 2018, the Company had outstanding warrants enabling the holders to acquire common shares as follows:

Number of warrants	Exercise price	Weighted average remaining life (years)	Expiry date
4,233,332	\$ 0.15	0.04	November 16, 2018 <sup>(1)</sup>
20,000,033	0.45	1.04	November 14, 2019
673,827	0.30	1.04	November 14, 2019
<hr/>			
24,907,192			

(1) expired, unexercised subsequent to period end

**9. RELATED PARTY TRANSACTIONS**

The Company considers key management personnel to consist of its directors and officers. The following expenses were incurred in transactions with key management personnel:

	Three months ended October 31, 2018	Three months ended October 31, 2017
Administrative costs	\$ -	\$ 8,500
Management fees	57,249	35,375
Professional fees	7,500	7,500
Share-based payments	63,353	-
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	\$ 128,102	\$ 51,375

As at October 31, 2018, included in accounts payable and accrued liabilities was \$78,957 (July 31, 2018 - \$25,857) owing to officers and directors.

**MIRAMONT RESOURCES CORP.****NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

**10. SUPPLEMENTAL CASH FLOW INFORMATION**

During the three months periods ended October 31, 2018 and 2017, there were no significant non-cash financing or investing activities.

**11. SEGMENTED INFORMATION**

The Company operates in a single reportable operating segment being the acquisition and exploration of exploration and evaluation assets located in Canada and Peru. Geographic information is as follows:

	Canada	Peru	Total
As at October 31, 2018			
Exploration and evaluation assets	\$ -	\$ 5,404,854	\$ 5,404,854
Other assets	3,364,575	75,440	3,440,015
<b>Total assets</b>	<b>\$ 3,364,575</b>	<b>\$ 5,480,294</b>	<b>\$ 8,844,869</b>
For the three months ended October 31, 2018			
Loss and comprehensive loss	\$ 176,173	\$ 123,837	\$ 300,010
	Canada	Peru	Total
As at July 31, 2018			
Exploration and evaluation assets	\$ -	\$ 5,314,045	\$ 5,314,045
Other assets	3,588,546	122,933	3,711,479
<b>Total assets</b>	<b>\$ 3,588,546</b>	<b>\$ 5,436,978</b>	<b>\$ 9,025,524</b>
For the three months ended October 31, 2017			
Loss and comprehensive loss	\$ 165,576	\$ -	\$ 165,576

**12. FINANCIAL INSTRUMENT RISK**

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. As at October 31, 2018, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

**MIRAMONT RESOURCES CORP.**

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

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**12. FINANCIAL INSTRUMENT RISK (cont'd...)**

**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 credit risk is primarily attributable to its liquid financial assets, being cash and receivables. The Company's primary bank accounts are held with a major Canadian bank and funds are transferred to the subsidiary's foreign bank accounts as required to cover current expenditures; this minimizes the risk to the Company. Receivables are primarily due from a bank and a government agency.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company has sufficient cash as at October 31, 2018 to settle its current liabilities as they come due and management believes funds are sufficient to further operations for the upcoming twelve months (Note 1).

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes:

*Foreign currency exchange risk* – this risk relates to any changes in foreign currencies in which the Company transacts. The effect of a 10% change in the foreign exchange rate on cash held in US dollar accounts would be approximately \$31,000.

*Interest rate risk* – this risk relates to the change in the borrowing rates of the Company. The Company is not exposed to interest rate risk as it does not have any significant financial instruments with interest rates, with the exception of cash. Interest earned on cash is based on prevailing bank account interest rates, which may fluctuate. A 1% increase or decrease in the interest rates would result in a nominal difference in interest income for the three months ended October 31, 2018.

*Price risk* – this risk relates to fluctuations in commodity and equity prices. The Company closely monitors commodity prices of precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

The Company does not currently use financial instruments designed to hedge these market risks.

**MIRAMONT RESOURCES CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Expressed in Canadian Dollars)

(Unaudited)

OCTOBER 31, 2018

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**12. FINANCIAL INSTRUMENT RISK (cont'd...)**

**Fair value hierarchy**

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

*Level 1* - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.

*Level 2* - Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the market place.

*Level 3* - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Company has classified its cash, receivables and accounts payable and accrued liabilities as amortized cost. The fair value of cash is determined using level 1. The fair value of receivables and accounts payable and accrued liabilities approximates their carrying values because of the short-term nature of these instruments.

**13. CAPITAL MANAGEMENT**

The Company defines capital as cash and the components of shareholders' equity. The Company's objectives when managing capital are to identify, pursue, and complete the exploration and development of its exploration and evaluation assets, to maintain financial strength, to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness, and to maximize returns for shareholders over the long term. The Company manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt, are analyzed by management and approved by the Board of Directors. The Company does not have any externally imposed capital requirements. There has been no significant change in the Company's objectives, policies, and processes for managing its capital during the three months ended October 31, 2018.