

# **American Pacific Mining Corp.**

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the Three Months Ended March 31, 2019**

**(Expressed in Canadian Dollars)**

**(unaudited)**

#### **NOTICE OF NO AUDITOR REVIEW OF INTERIM 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 consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.**

**The accompanying unaudited condensed consolidated condensed consolidated interim financial statements of American Pacific Mining Corp. for the three months ended March 31, 2019 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.**

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

**American Pacific Mining Corp.**  
**Condensed Consolidated Interim Statements of Financial Position (unaudited)**  
**(Expressed in Canadian Dollars)**

<i>As at</i>		March 31, 2019		December 31, 2018
<b>ASSETS</b>				
<b>Current assets</b>				
Cash	\$	1,127,075	\$	135,556
Term deposits		-		500,000
Amounts receivable		70,152		52,498
Prepaid expenses (note 4)		990,041		16,451
		<b>2,187,268</b>		<b>704,505</b>
<b>Non-current assets</b>				
Reclamation deposit (note 5)		26,694		27,260
Equipment (note 6)		5,821		6,413
Exploration and evaluation assets (note 7)		987,402		583,736
		<b>1,019,917</b>		<b>617,409</b>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>3,207,185</b>	<b>\$</b>	<b>1,321,914</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities (note 9)	\$	154,746	\$	173,438
<b>TOTAL LIABILITIES</b>		<b>154,746</b>		<b>173,438</b>
<b>EQUITY</b>				
Share capital (note 8)		6,948,582		4,656,090
Stock options reserve (note 8)		618,769		618,769
Warrants reserve (note 8)		22,028		28
Accumulated deficit		(4,501,833)		(4,093,290)
Accumulated other comprehensive loss		(35,107)		(33,121)
<b>TOTAL EQUITY</b>		<b>3,052,439</b>		<b>1,148,476</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>\$</b>	<b>3,207,185</b>	<b>\$</b>	<b>1,321,914</b>

*Corporate information and continuance of operations (note 1)*

*Commitments (note 7)*

*Segmented information (note 10)*

*Subsequent events (notes 7 and 13)*

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

*These interim financial statements were approved for issue by the Board of Directors and signed on its behalf by:*

*/s/ Warwick Smith, Director*

*/s/ Alnesh Mohan, Director*

**American Pacific Mining Corp.**  
**Condensed Consolidated Interim Statements of Loss and Comprehensive Loss (unaudited)**  
**(Expressed in Canadian Dollars)**

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	For the three months ended	
	March 31, 2019	March 31, 2018
<b>EXPENSES</b>		
Accretion of interest	\$ -	\$ 19,347
Bank charges	751	937
Consulting fees (notes 4 and 9)	134,465	122,882
Depreciation (note 6)	592	120
Exploration and evaluation costs (note 7)	75,718	84,197
Foreign exchange loss	4,186	2,287
General and administrative costs	34,514	11,714
Professional fees (note 9)	45,044	167,755
Project evaluation costs	3,912	-
Share-based payments (note 8)	-	353,195
Shareholder information and investor relations	58,532	98,623
Transfer agent, regulatory and listing fees	25,170	59,474
Travel	25,803	21,610
	<b>408,687</b>	<b>942,141</b>
<b>OTHER INCOME</b>		
Finance income	(144)	-
<b>LOSS FOR THE PERIOD</b>	<b>\$ 408,543</b>	<b>\$ 942,141</b>
<b>OTHER COMPREHENSIVE EXPENSES</b>		
Foreign currency translation differences for foreign operations	\$ 1,986	\$ -
<b>TOTAL LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ 410,529</b>	<b>\$ 942,141</b>
<b>Basic and diluted loss per share for the period attributable to common shareholders (warrants and options not included as the impact would be anti-dilutive)</b>	<b>\$ 0.01</b>	<b>\$ 0.13</b>
<b>Weighted average number of common shares outstanding (basic and diluted)</b>	<b>39,703,489</b>	<b>7,222,778</b>

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

**American Pacific Mining Corp.**  
**Condensed Consolidated Interim Statements of Changes in Equity (unaudited)**  
**(Expressed in Canadian Dollars)**

	Note(s)	Share capital		Equity portion of convertible notes	Subscriptions received in advance	Reserves		Accumulated deficit	Accumulated other comprehensive income (loss)	Total
		Number of shares	Amount			Options	Warrants			
<b>Balance at December 31, 2018</b>		<b>33,751,667</b>	<b>\$ 4,656,090</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 618,769</b>	<b>\$ 28</b>	<b>\$ (4,093,290)</b>	<b>\$ (33,121)</b>	<b>\$ 1,148,476</b>
Shares issued for cash	8	14,602,000	1,460,200	-	-	-	-	-	-	1,460,200
Share issue costs	8	-	(78,374)	-	-	-	-	-	-	(78,374)
Shares issued for exploration and evaluation assets	7 and 8	1,266,666	278,666	-	-	-	-	-	-	278,666
Shares issued for services	4 and 8	3,800,000	654,000	-	-	-	-	-	-	654,000
Fair value of finders' warrants	8	-	(22,000)	-	-	-	22,000	-	-	-
Net loss for the period		-	-	-	-	-	-	(408,543)	-	(408,543)
Other comprehensive loss for the period		-	-	-	-	-	-	-	(1,986)	(1,986)
<b>Balance at March 31, 2019</b>		<b>53,420,333</b>	<b>\$ 6,948,582</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 618,769</b>	<b>\$ 22,028</b>	<b>\$ (4,501,833)</b>	<b>\$ (35,107)</b>	<b>\$ 3,052,439</b>
<b>Balance at December 31, 2017</b>		<b>10,730,001</b>	<b>\$ 532,332</b>	<b>\$ 362,381</b>	<b>\$ 126,500</b>	<b>\$ -</b>	<b>\$ 2,560,178</b>	<b>\$ (440,627)</b>	<b>\$ -</b>	<b>\$ 3,140,764</b>
Share issue costs		-	(4,119)	-	-	-	-	-	-	(4,119)
Shares issued for exploration and evaluation assets		766,666	191,667	-	-	-	-	-	-	191,667
Warrants issued for cash		-	-	-	-	-	177,500	-	-	177,500
Warrant issue costs		-	-	-	-	-	(26,554)	-	-	(26,554)
Fair value of finders' warrants		-	(28)	-	-	-	28	-	-	-
Shares issued for warrant exercise		11,365,000	2,711,124	-	-	-	(2,711,124)	-	-	-
Shares issued for conversion of convertible debentures		9,690,000	975,448	(401,856)	-	-	-	-	-	573,592
Equity portion of convertible debentures		-	-	39,475	-	-	-	-	-	39,475
Subscriptions received in advance		-	-	-	(126,500)	-	-	-	-	(126,500)
Share-based payments		-	-	-	-	353,195	-	-	-	353,195
Net loss for the period		-	-	-	-	-	-	(942,141)	-	(942,141)
<b>Balance at March 31, 2018</b>		<b>32,551,667</b>	<b>\$ 4,406,424</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 353,195</b>	<b>\$ 28</b>	<b>\$ (1,382,768)</b>	<b>\$ -</b>	<b>\$ 3,376,879</b>

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

**American Pacific Mining Corp.**  
**Condensed Consolidated Interim Statements of Cash Flows (unaudited)**  
**(Expressed in Canadian Dollars)**

	For the three months ended	
	March 31, 2019	March 31, 2018
<b>Cash flows provided from (used by):</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (408,543)	\$ (942,141)
Adjustments for items not affecting cash:		
Depreciation (note 6)	592	120
Share-based payments (note 8)	-	353,195
Accretion of interest	-	19,347
Effect of currency exchange rate changes on reclamation deposit	566	(1,182)
Net changes in non-cash working capital items:		
Amounts receivable	(17,654)	(15,787)
Prepaid expenses	(319,590)	(166,230)
Accounts payable and accrued liabilities	(18,642)	55,868
<b>Net cash flows used in operating activities</b>	<b>(763,271)</b>	<b>(696,810)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds on issuance of common shares, net of cash share issue costs (note 8)	1,381,826	(4,119)
Proceeds on issuance of convertible notes, net of cash issuance costs	-	87,197
Proceeds on issuance of warrants, net of cash issuance costs	-	30,946
Subscription receivable	-	19,000
<b>Net cash flows from financing activities</b>	<b>1,381,826</b>	<b>133,024</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	-	(2,397)
Reclamation deposits	-	(24,603)
Exploration and evaluation assets (note 7)	(125,000)	(129,315)
Term deposit	500,000	-
<b>Net cash flows from (used in) investing activities</b>	<b>375,000</b>	<b>(156,315)</b>
<b>Effects of exchange rate changes on cash</b>	<b>(2,036)</b>	<b>-</b>
<b>Net decrease in cash</b>	<b>991,519</b>	<b>(720,101)</b>
<b>Cash, beginning of period</b>	<b>135,556</b>	<b>3,414,736</b>
<b>Cash, end of period</b>	<b>\$ 1,127,075</b>	<b>\$ 2,694,635</b>
<b>Cash paid during the period for interest</b>	<b>\$ -</b>	<b>-</b>
<b>Cash paid during the period for income taxes</b>	<b>\$ -</b>	<b>-</b>
<b>Supplementary cash flow information</b>		
Payment of finder's fees through issue of finder's warrants (note 8)	\$ 22,000	\$ -
Shares issued for conversion of convertible debentures	\$ -	\$ 975,448
Shares issued for conversion of special warrants	\$ -	\$ 2,711,124
Shares issued for exploration and evaluation assets (notes 7 and 8)	\$ 278,666	\$ 191,667
Shares issued for services	\$ 654,000	\$ -

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

**American Pacific Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements (unaudited)**  
**For the Three Months Ended March 31, 2019**  
**(Expressed in Canadian Dollars)**

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**1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS**

American Pacific Mining Corp. (the "Company") was incorporated under the Business Corporations Act (British Columbia) on July 1, 2017, and is in the business of mineral exploration and development.

The Company's head office, principal address, registered address and records office is Suite 910 - 510 Burrard Street, Vancouver, B.C., V6C 3A8, Canada.

At the date of the unaudited condensed consolidated interim financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The ability of the Company to realize the costs it has incurred to date on these properties is dependent upon the Company identifying a commercial mineral body, to finance its development costs and to resolve any environmental, regulatory or other constraints which may hinder the successful development of the property. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These unaudited condensed consolidated interim financial statements have been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. As at March 31, 2019, the Company had working capital of \$2,032,522 and an accumulated deficit of \$4,501,833. The Company's continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to fund operating costs over the next twelve months with cash and cash equivalents and through further equity financings. Management believes that the Company has sufficient working capital to meet its liabilities for the next twelve months.

These unaudited condensed consolidated interim financial statements of the Company for the three months ended March 31, 2018 were approved by the Board of Directors on May 30, 2019.

**2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

**Statement of compliance**

These unaudited condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements comply with International Accounting Standard 34, Interim Financial Reporting ("IAS 34").

**Basis of preparation**

These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These unaudited condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended December 31, 2018.

**American Pacific Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements (unaudited)**  
**For the Three Months Ended March 31, 2019**  
**(Expressed in Canadian Dollars)**

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## **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PREPARATION**

### **Basis of preparation (continued)**

This interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2018. However, this interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS.

### **Basis of consolidation**

These unaudited condensed consolidated interim financial statements comprise the accounts of the Company and the following wholly-owned subsidiary of the Company:

- American Pacific Mining (US) Inc. ("APM US")

APM US has a reporting date of December 31.

### **Subsidiaries**

A subsidiary is an entity over which the Company has power to govern the operating and financial policies in order to obtain benefits from its activities. The unaudited condensed consolidated interim financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

## **3. NEW ACCOUNTING STANDARDS**

### **Adoption of new and amended accounting standards**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting periods beginning before or on January 1, 2019.

The adoption of the following IFRS pronouncement will result in enhanced financial statement disclosures in the Company's annual consolidated financial statements.

### **IFRS 16 – Leases**

New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. Under IFRS 16, as a lessee, the Company is required to recognize all leases in the statement of financial position as a "right-of-use" asset and a lease liability unless the lease term is 12 months or less or the underlying asset has a very low value.



**American Pacific Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements (unaudited)**  
**For the Three Months Ended March 31, 2019**  
**(Expressed in Canadian Dollars)**

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**3. NEW ACCOUNTING STANDARDS (CONTINUED)**

**Adoption of new and amended accounting standards (continued)**

**IFRS 16 – Leases (continued)**

The asset is subsequently accounted for in accordance with the cost or revaluation model in IAS 16 Property, Plant and Equipment or as Investment Property under IAS 40 Investment Property. The liability is unwound over the term of the lease giving rise to an interest expense. The adoption of this standard did not have an impact on the unaudited condensed consolidated interim financial statements.

**IFRIC 23 – Uncertainty over Income Tax Treatments**

This standard was issued by the IASB in June 2017 and specifies the interpretation to be applied to the determination of taxable profit, tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The adoption of this standard did not have an impact on the unaudited condensed consolidated interim financial statements

**4. PREPAID EXPENSES**

Prepaid expenses consist of amounts paid in advance for services which will be amortized over the term of the contract.

During the three months ended March 31, 2019, the Company entered into an arm's-length agreement with Wallace Hill Partners Ltd. and affiliates, a media specialist in the natural resources sector. The agreement is for a three-year term. The Company paid \$329,142 (US\$250,000) and issued a total of 2,800,000 of its common shares with a fair value of \$504,000 in consideration for the consulting services. These amounts were initially classified as prepaid expenses and will be amortized over 3 years. During the three months ended March 31, 2019, \$23,143 was charged to the statement of loss and comprehensive loss.

During the three months ended March 31, 2019, the Company entered into an arm's-length agreement with Capital Pearl Investments Inc. The agreement is for a one-year term. The Company paid \$40,000 and issued a total of 1,000,000 of its common shares with a fair value of \$150,000 in consideration for the consulting services. These amounts were initially classified as prepaid expenses and will be amortized over 12 months. During the three months ended March 31, 2019, \$31,667 was charged to the statement of loss and comprehensive loss.

**5. RECLAMATION DEPOSITS**

The Company has reclamation deposits of \$26,694 (US\$20,000). These bonds were put up as collateral for the Tuscarora project in the event of future operations (December 31, 2018 – \$27,260 (US\$20,000)).

**American Pacific Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements (unaudited)**  
**For the Three Months Ended March 31, 2019**  
(Expressed in Canadian Dollars)

**6. EQUIPMENT**

	<u>Computer equipment</u>
<b>Cost</b>	
As at December 31, 2018	\$ 7,897
<b>Balance as at March 31, 2019</b>	<b>\$ 7,897</b>
<b>Depreciation</b>	
As at December 31, 2018	\$ (1,484)
Charged for the period	(592)
<b>Balance as at March 31, 2019</b>	<b>\$ (2,076)</b>
<b>Net book value</b>	
As at December 31, 2018	\$ 6,413
<b>As at March 31, 2019</b>	<b>\$ 5,821</b>

**7. EXPLORATION AND EVALUATION ASSETS**

	South Lida claims	Tuscarora property	Total
<b>Balance as at December 31, 2018</b>	<b>\$ 331,997</b>	<b>\$ 251,739</b>	<b>\$ 583,736</b>
Acquisition costs			
- cash	-	125,000	125,000
- shares	220,000	58,666	278,666
<b>Balance as at March 31, 2019</b>	<b>\$ 551,997</b>	<b>\$ 435,405</b>	<b>\$ 987,402</b>

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets, and, to the best of its knowledge, title to all of its properties, are properly registered and in good standing.

**South Lida claims (Nevada, US)**

On July 1, 2017, the Company entered into a Claims Purchase Agreement (the "Claims Purchase Agreement") with David Saderholm (the "Trustee"), Eric Saderholm, Patricia Saderholm, Warwick Smith and Tarin Smith (collectively, the "Vendors") (the "Claims Purchase Agreement") whereby the Vendors agreed to sell the South Lida Property in exchange for shares in the Company.

**American Pacific Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements (unaudited)**  
**For the Three Months Ended March 31, 2019**  
**(Expressed in Canadian Dollars)**

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**7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

**South Lida claims (Nevada, US) (continued)**

Under the Claim Purchase Agreement, the Company will issue to the Vendors a total of 3,000,000 common shares (the "Property Shares") as follows:

- a) 500,000 Property Shares on July 1, 2017 (issued);
- b) 500,000 Property Shares on the listing date (issued);
- c) 1,000,000 Property Shares on the earlier of (i) six months after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued); and
- d) 1,000,000 Property Shares on the earlier of (i) the one-year anniversary after the listing date and (ii) the date the Property is sold or otherwise transferred as part of a transaction for value approved by the Board of the Purchaser (issued).

The acquisition of the South Lida property is a related party transaction as two of the Vendors are officers and directors of the Company.

**Tuscarora property (Nevada, US)**

On November 6, 2017, the Company entered into an option agreement (the "Option Agreement") with Novo Resources Corp. Pursuant to the Option Agreement, Novo Resources Corp. will grant the Company the exclusive right and option to acquire a 100% right, title, and interest in and to the Tuscarora Property (the "Option").

In consideration of the Option, the Company will:

- a) make cash payments to Novo Resources Corp. of \$375,000, in three equal installments of \$125,000 as follows:
  - (i) the first instalment due on the earlier of the listing date and January 31, 2018 (Paid);
  - (ii) the second instalment due on the earlier of the first anniversary of the listing date and January 31, 2019 (Paid); and
  - (iii) the third instalment due on the earlier of the second anniversary of the listing date and January 31, 2020;
- b) issue 800,000 common shares of the Company to Novo Resources Corp. in three equal instalments, with one-third issued on each of the listing date (issued) and the first (issued) and second anniversaries of the listing date; and
- c) incur USD\$100,000 in expenditures on the property annually, starting on the twelve-month period commencing on the first anniversary of the listing date and per each successive twelve-month period thereafter.

The property is subject to net smelter returns royalties of 0.5%.



**American Pacific Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements (unaudited)**  
**For the Three Months Ended March 31, 2019**  
**(Expressed in Canadian Dollars)**

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**7. EXPLORATION AND EVALUATION ASSETS (CONTINUED)**

**Tuscarora property (Nevada, US) (continued)**

**Joint Venture with OceanaGold U.S. Holdings Inc. ("OceanaGold")**

On April 15, 2019, the Company entered into an earn-in agreement with OceanaGold, a US subsidiary of OceanaGold Corp.

According to earn-in agreement, OceanaGold can earn up to 51% of the Tuscarora Gold Project by investing US\$4,000,000 over the next four years ("Phase 1") as follows:

	in USD
<b>On or before:</b>	
April 15, 2020	\$ 625,000
April 15, 2021	750,000
April 15, 2022	1,125,000
April 15, 2023	1,500,000
	<b>\$ 4,000,000</b>

After Phase 1, OceanaGold has an option to earn an additional 24% interest by investing US\$6,000,000 in the next four years.

To execute the earn-in agreement, OceanaGold will make an initial cash payment of US\$50,000 to the Company. OceanaGold will make a second payment of US\$200,000 in cash or shares at Oceana's option when OceanaGold earns a 51-per-cent interest in the Tuscarora Gold Project.

OceanaGold will also make all payments to holders of underlying property interests and pay claim fees. OceanaGold will be the operator and, upon earning-in an interest, a joint venture management committee will be formed.

The Company's evaluation and exploration costs during the three months ended March 31, 2019 related to Tuscarora property are broken down as follows:

Consulting	\$ 56,168
Equipment rental	432
Sample analysis	10,269
Transportation	5,013
Travel	3,836
	<b>\$ 75,718</b>

**American Pacific Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements (unaudited)**  
**For the Three Months Ended March 31, 2019**  
**(Expressed in Canadian Dollars)**

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**8. SHARE CAPITAL**

**a) Authorized share capital**

Unlimited number of common shares without par value.

**b) Escrow shares**

During the year ended December 31, 2018, the Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six months from date of listing. During the three months ended March 31, 2019, 262,500 common shares were released from escrow (March 31, 2018 – nil). At March 31, 2019, there were 1,050,001 common shares held in escrow (December 31, 2018 – 1,312,501).

**c) Issued share capital**

At March 31, 2019, the Company had 53,420,333 common shares issued and outstanding (December 31, 2018 – 33,751,667) and with a value of \$6,948,582 (December 31, 2018 – \$4,656,090).

**During the three months ended March 31, 2019**

- On March 1, 2019, the Company completed a non-brokered private placement of 14,602,000 units at a price of \$0.10 for gross proceeds of \$1,460,200. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles its holder to purchase one additional common share at an exercise price of \$0.20 at any time prior to February 28, 2020. In connection with the private placement, the Company paid \$78,374 and issued 353,640 finders warrants priced at \$0.20 as share issue costs.

The Company estimated the fair value of finders' warrants using the Black-Scholes options pricing model, assuming a risk-free interest rate of 1.78%, an expected life of 12 months, an expected volatility of 78% and an expected dividend yield of 0%, which totaled \$22,000, and recorded these values as share issuance costs.

- On March 8, 2019, the Company issued 1,000,000 common shares with a fair value of \$220,000 for the South Lida Property.
- On March 8, 2019, the Company issued 266,666 common shares with a fair value of \$58,666 for the Tuscarora Property.
- The Company issued 2,800,000 of its common shares with a fair value of \$504,000 to Wallace Hill Partners Ltd. and affiliates in consideration for a three-year consulting service.
- The Company issued 1,000,000 of its common shares with a fair value of \$150,000 to Capital Pearl Investments in consideration for a one-year consulting services.

**American Pacific Mining Corp.**  
**Notes to the Condensed Consolidated Interim Financial Statements (unaudited)**  
**For the Three Months Ended March 31, 2019**  
(Expressed in Canadian Dollars)

**8. SHARE CAPITAL (CONTINUED)**

**d) Warrants**

The changes in warrants during the three months ended March 31, 2019 are as follows:

	Number outstanding	Weighted average exercise price
Balance, December 31, 2018	6,021,300	\$ 0.35
Granted	7,654,640	0.20
Expired	(6,021,300)	0.35
Balance, March 31, 2019	<u>7,654,640</u>	<u>\$ 0.20</u>

**During the three months ended March 31, 2019**

- 6,021,300 warrants expired unexercised.

The following summarizes information about warrants outstanding at March 31, 2019:

Expiry date	Warrants outstanding	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
February 28, 2020	7,654,640	\$ 0.20	\$ 22,000	0.92
	<u>7,654,640</u>		<u>\$ 22,000</u>	<u>0.92</u>

**e) Stock options**

The Company has a Stock Option Plan (the "Plan") applicable to directors, officers and consultants, under which the total outstanding stock options are limited to 10% of the outstanding common shares of the Company at any one time. Under the plan, an option's maximum term is ten years from the grant date. Under the stock option plan, management has the option of determining vesting periods.

No options were granted, exercised or cancelled during the three months ended March 31, 2019.

The following summarizes information about stock options outstanding and exercisable at March 31, 2019:

Expiry date	Options outstanding	Options exercisable	Exercise price	Estimated grant date fair value	Weighted average remaining contractual life (in years)
March 8, 2023	2,050,000	2,050,000	\$ 0.25	\$ 564,102	3.94
March 19, 2023	100,000	100,000	\$ 0.30	\$ 18,717	3.97
June 29, 2023	300,000	300,000	\$ 0.25	\$ 35,950	4.25
	<u>2,450,000</u>	<u>2,450,000</u>		<u>\$ 618,769</u>	<u>3.98</u>

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**8. SHARE CAPITAL (CONTINUED)**

**e) Stock options (continued)**

During the three months ended March 31, 2019, the Company recognized share-based payments expense arising from stock options of \$nil (March 31, 2018 – \$353,195).

**9. RELATED PARTY TRANSACTIONS AND BALANCES**

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Total compensation of key company personnel during the three months ended March 31, 2019 and 2018 are as follows:

	For the three months ended	
	March 31, 2019	March 31, 2018
Short-term benefits	\$ 141,301	\$ 195,730
Share-based payments	-	195,792
	<u>\$ 141,301</u>	<u>\$ 391,522</u>

**During the three months ended March 31, 2019**

- The Company incurred consulting fees of \$39,232 to Harbourside Consulting Ltd. which is controlled by the Chief Executive Officer and a Director of the Company (March 31, 2018 – \$38,104).
- The Company incurred consulting fees of \$22,500 to Inlet Consulting Ltd. which is controlled by the Chief Financial Officer and Director of the Company (March 31, 2018 – \$nil).
- The Company paid \$23,400 for professional fees to Quantum Advisory Partners LLP whose incorporated partner is a Director of the Company (March 31, 2018 – \$52,100).

The balances due to the Company's directors and officer included in accounts payables and accrued liabilities were \$53,297 as at March 31, 2019 (December 31, 2018 – \$87,923), which were paid subsequent to March 31, 2019. These amounts are unsecured, non-interest bearing and payable on demand.



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**10. SEGMENTED INFORMATION**

The Company operates in one reportable segment being the exploration and evaluation of mineral properties. The Company's non-current assets are located are as follows:

	Canada		United States		Total
<b><i>As at March 31, 2019</i></b>					
Reclamation deposits	\$ -		\$ 26,694		\$ 26,694
Equipment	5,821		-		5,821
Exploration and evaluation assets	-		987,402		987,402
	<b>\$ 5,821</b>		<b>\$ 1,014,096</b>		<b>\$ 1,019,917</b>
<b><i>As at December 31, 2018</i></b>					
Reclamation deposits	\$ -		\$ 27,260		\$ 27,260
Equipment	6,413		-		6,413
Exploration and evaluation assets	-		583,736		583,736
	<b>\$ 6,413</b>		<b>\$ 610,996</b>		<b>\$ 617,409</b>

**11. CAPITAL MANAGEMENT**

The Company defines its components of equity as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue business opportunities and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may consider issuing new shares, and/or issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

The Company's investment policy is to keep its cash on deposit in an interest-bearing Canadian chartered bank account. There have been no changes to the Company's approach to capital management at any time during the three months ended March 31, 2019. The Company is not subject to externally imposed capital requirements.

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**12. FINANCIAL INSTRUMENTS**

**a) Fair value**

Financial instruments are classified into one of the following categories: FVTPL, amortized cost and FVTOCI.

Set out below are the Company's financial assets and liabilities by category:

	March 31, 2019	December 31, 2018
<b>Financial assets:</b>		
<i><b>Fair value through profit and loss</b></i>		
Cash	\$ 1,127,075	\$ 135,556
<i><b>Amortized cost</b></i>		
Term deposits	-	500,000
Amounts receivable	-	2,685
Reclamation deposit	26,694	27,260
	<b>\$ 1,153,769</b>	<b>\$ 665,501</b>
<b>Financial liabilities:</b>		
<i><b>Amortized cost</b></i>		
Accounts payable and accrued liabilities	\$ 154,746	\$ 173,438

IFRS 13 establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3: Inputs that are not based on observable market data.

The Company has determined the estimated fair values of its financial instruments based upon appropriate valuation methodologies.

The levels of the fair value inputs used in determining estimated fair value of the Company's financial assets and liabilities at FVTPL, and FVTOCI financial instruments as at March 31, 2019 and December 31, 2018 are shown below.

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**12. FINANCIAL INSTRUMENTS (CONTINUED)**

**a) Fair value (continued)**

	March 31, 2019	Estimated fair values		
		Level 1	Level 2	Level 3
Cash	\$ 1,127,075	\$ 1,127,075	\$ -	\$ -

  

	December 31, 2018	Estimated fair values		
		Level 1	Level 2	Level 3
Cash	\$ 135,556	\$ 135,556	\$ -	\$ -

At March 31, 2019 and December 31, 2018, there were no financial assets or liabilities measured and recognized in the statement of financial position at fair value that would be categorized as Level 2 and 3 in the fair value hierarchy above.

**b) Financial risk management**

**Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk includes cash, term deposits and amounts receivable.

The Company's cash is held at a large Canadian financial institution in interest bearing accounts. The Company has no investments in asset-backed commercial paper.

The Company's maximum exposure to credit risk is the carrying value of its financial assets.

Management believes that the credit risk concentration with respect to these financial instruments is remote. Cash and term deposits based in Canada are accessible. The Company's amounts receivable balance does not represent significant credit exposure as it is principally due from the Government of Canada.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate cash balances to meet liabilities as they become due.

At December 31, 2018, the Company had cash of \$1,127,075 and accounts payable and accrued liabilities of \$154,746. All accounts payable and accrued liabilities are current.

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**12. FINANCIAL INSTRUMENTS (CONTINUED)**

**b) Financial risk management (continued)**

**Market risk**

The significant market risks to which the Company is exposed are interest rate risk, foreign currency risk, and price risk.

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's cash is held at a Canadian chartered bank. Management believes that the credit risk concentration with respect to cash is remote as the cash are easily accessible.

The Company's interest rate risk principally arises from the interest rate impact of interest earned on cash and term deposit. A 1% change in interest rates on the balance of cash at March 31, 2019 would result in an approximately \$112,000 change to the Company's net loss for the three months ended March 31, 2019.

**Foreign Currency risk**

The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in Canadian dollars ("CAD"). The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company's cash, subscriptions receivable, and accounts payable and accrued liabilities are held in CAD and United States dollars ("USD"); therefore, USD accounts are subject to fluctuation against the CAD.

The Company's financial instruments were denominated as follows as at March 31, 2019:

	in Canadian dollars	in US dollars
Cash	1,089,102	28,451
Reclamation deposit	-	20,000
Accounts payable and accrued liabilities	(117,388)	(27,990)
<b>Total foreign currencies</b>	<b>971,714</b>	<b>20,461</b>
Foreign currency rate	1.000	1.3347
<b>Equivalent to Canadian dollars</b>	<b>\$ 971,714</b>	<b>\$ 27,309</b>

Based on the above net exposures as at March 31, 2019, and assuming that all other variables remain constant, a 10% change of the CAD against the USD would change profit or loss by approximately \$2,800.

**Commodity price risk**

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities may be subject to risks associated with fluctuations in the market price of commodities. The Company is not exposed to significant other price risk.

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**13. SUBSEQUENT EVENTS**

Subsequent to March 31, 2019:

- The Company granted 1,000,000 options with an exercise price of \$0.28 to certain directors and consultants. The options are exercisable for a period of five years.
- On April 23, 2019, the Company acquired through staking the historic Gooseberry Mine in Storey Nevada.