



CLEGHORN MINERALS LTD.

Interim condensed financial statements (unaudited)

For the three-month and nine-month periods ended on December 31, 2018 and 2017

CLEGHORN MINERALS LTD.

INTERIM CONDENSED FINANCIAL STATEMENTS

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Notice to Reader

The accompanying unaudited interim condensed financial statements of Cleghorn Minerals LTD. (the "Company") for the three-month and nine-month periods ended on December 31, 2018 and 2017 have been prepared by the management and are its responsibility. These unaudited interim condensed financial statements, together with the accompanying notes, have been reviewed and approved by the members of the Company's Board of Directors. These unaudited interim condensed financial statements have not been reviewed by the Company's auditors.

CLEGHORN MINERALS LTD.

INTERIM CONDENSED STATEMENTS OF FINANCIAL POSITION

As at	(Unaudited - in Canadian dollars)		
	Notes	December 31, 2018	March 31, 2018
		\$	\$
ASSETS			
Current			
Cash		194,369	293,737
Sales taxes recoverable		3,114	7,585
Prepaid expenses		4,774	5,200
		202,257	306,522
Non-current			
Exploration and evaluation assets	5	939,456	829,115
Total assets		1,141,713	1,135,637
LIABILITIES			
Current			
Accounts payable and accrued liabilities		16,444	50,119
Total liabilities		16,444	50,119
EQUITY			
Share capital	6	1,854,429	1,680,797
Contributed surplus	7	144,515	204,147
Warrants	6	243,231	243,231
Deficit		(1,116,906)	(1,042,657)
Total equity		1,125,269	1,085,518
Total liabilities and equity		1,141,713	1,135,637

Going concern (Note 2)

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

These financial statements were approved and authorized for issue by the Board of directors on February 15, 2019.

"Glenn J. Mullan"

(signed Glenn J. Mullan)

Director

"Andrew T. Pepper"

(signed Andrew T. Pepper)

Director

CLEGHORN MINERALS LTD.

INTERIM CONDENSED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three-month and nine-month periods ended on

(Unaudited - in Canadian dollars)

	December 31, 2018 (3 months)	December 31, 2017 (3 months)	December 31, 2018 (9 months)	December 31, 2017 (9 months)
	\$	\$	\$	\$
Operating expenses				
Accounting fees	7,500	7,500	22,500	22,500
Audit fees	-	-	17,160	16,874
Legal fees	6,067	7,701	9,457	13,081
Consultant fees	-	500	50	599
Regulatory and transfer agent fees	6,166	6,568	16,564	14,944
Shareholder's information	1,536	211	2,187	820
Investor relation fees	-	2,603	-	10,532
Office expenses and other	2,163	53	5,547	1,271
Operating loss	<u>23,432</u>	<u>25,136</u>	<u>73,465</u>	<u>80,621</u>
Other expenses (income)				
Interest expense	513	153	784	414
Reversal of liability component related to the flow-through units	-	(176,808)	-	(197,287)
	<u>513</u>	<u>(176,655)</u>	<u>784</u>	<u>(196,873)</u>
Net income (loss) and comprehensive income (loss)	<u>(23,945)</u>	<u>151,519</u>	<u>(74,249)</u>	<u>116,252</u>
Basic and diluted net income (loss) per common share	<u>(0.001)</u>	<u>0.007</u>	<u>(0.004)</u>	<u>0.006</u>
Weighted average number of common shares outstanding	<u>20,826,553</u>	<u>20,258,618</u>	<u>20,448,618</u>	<u>20,258,618</u>

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

CLEGHORN MINERALS LTD.

INTERIM CONDENSED STATEMENTS OF CHANGES IN EQUITY

For the nine-month periods ended on December 31, 2018 and 2017

(Unaudited - in Canadian dollars)

	Share capital		Warrants	Contributed Surplus	Deficit	Total
	Number	\$	\$	\$	\$	\$
Balance on April 1st, 2017	20,258,618	1,680,797	250,449	196,929	(1,137,273)	990,902
Net income and comprehensive income	-	-	-	-	116,252	116,252
Balance on December 31, 2017	<u>20,258,618</u>	<u>1,680,797</u>	<u>250,449</u>	<u>196,929</u>	<u>(1,021,021)</u>	<u>1,107,154</u>
Balance on April 1st, 2018	20,258,618	1,680,797	243,231	204,147	(1,042,657)	1,085,518
Exercise of stock options	950,000	173,632	-	(59,632)	-	114,000
Net loss and comprehensive loss	-	-	-	-	(74,249)	(74,249)
Balance on December 31, 2018	<u>21,208,618</u>	<u>1,854,429</u>	<u>243,231</u>	<u>144,515</u>	<u>(1,116,906)</u>	<u>1,125,269</u>

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

CLEGHORN MINERALS LTD.

INTERIM CONDENSED STATEMENTS OF CASH FLOWS

For the three-month and nine-month periods ended on

(Unaudited - in Canadian dollars)

	December 31, 2018 (3 months) \$	December 31, 2017 (3 months) \$	December 31, 2018 (9 months) \$	December 31, 2017 (9 months) \$
OPERATING ACTIVITIES				
Net income (loss)	(23,945)	151,519	(74,249)	116,252
Non-cash profit or loss items				
Reversal of liability component related to the flow-through units	-	(176,808)	-	(197,287)
	<u>(23,945)</u>	<u>(25,289)</u>	<u>(74,249)</u>	<u>(81,035)</u>
Change in non-cash working capital items				
Receivables	-	-	-	5,000
Sales taxes recoverable	8,570	(40,685)	4,471	(42,343)
Prepaid expenses	3,038	1,300	426	3,900
Accounts payable and accrued liabilities	6,092	44,437	(12,289)	41,716
	<u>17,700</u>	<u>5,052</u>	<u>(7,392)</u>	<u>8,273</u>
Net cash related to operating activities	<u>(6,245)</u>	<u>(20,237)</u>	<u>(81,641)</u>	<u>(72,762)</u>
INVESTING ACTIVITIES				
Additions to exploration and evaluation assets	(23,694)	(19,602)	(131,727)	(56,029)
Net cash related to investing activities	<u>(23,694)</u>	<u>(19,602)</u>	<u>(131,727)</u>	<u>(56,029)</u>
FINANCING ACTIVITIES				
Exercise of stock options	114,000	-	114,000	-
Net cash related to financing activities	<u>114,000</u>	<u>-</u>	<u>114,000</u>	<u>-</u>
Increase (decrease) in cash	84,061	(39,839)	(99,368)	(128,791)
Cash, beginning of period	<u>110,308</u>	<u>679,307</u>	<u>293,737</u>	<u>768,259</u>
Cash, end of period	<u><u>194,369</u></u>	<u><u>639,468</u></u>	<u><u>194,369</u></u>	<u><u>639,468</u></u>

Additional cash flow information (Note 9)

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

CLEGHORN MINERALS LTD.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

At December 31, 2018 and 2017 and March 31, 2018

(Unaudited - in Canadian dollars)

NOTE 1. STATUTES OF INCORPORATION AND NATURE OF ACTIVITIES

Cleghorn Minerals Ltd., incorporated on February 16, 2010 under the Business Corporations Act of British Columbia (the "Company") is involved in the process of exploring, evaluating and promoting its mineral property and other projects. The head office of the Company is located at 152 Chemin de la Mine École, Val d'Or, Québec, Canada, J9P 7B6. The Company also has exploration offices located at 2864 Chemin Sullivan, Val-D'Or, Quebec, J9P 0B9.

The Company's shares, which are listed on the TSX Venture Exchange, are trading under the symbol ("CZZ").

NOTE 2. GOING CONCERN

These interim condensed financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) and the basis of the going concern assumption, which presumes the Company will continue its operations and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of business for the foreseeable future. The use of these principles may not be appropriate. The Company is in its early stages, and as is common with similar companies, it raises financing for its exploration and evaluation activities. During the nine-month period ended December 31, 2018, the Company has incurred a net loss and comprehensive loss of \$74,249 (realized a net income and comprehensive income of \$94,616 for the year ended March 31, 2018) and has an accumulated deficit of \$1,116,906 (March 31, 2018 – \$1,042,657). To date, the Company has financed its cash requirements primarily by issuing common shares or units. The Company's ability to continue as a going concern is subject to its ability to raise additional financing or reduce its expenditure levels. The Company's discretionary activities do have some scope for flexibility in terms of the amount and timing of expenditures, and to a certain extent, expenditures may be adjusted accordingly. While management has been successful in securing financing in the past, there can be no assurance it will be able to do so in the future, that such sources of funding will be available to the Company or that they will be available on terms acceptable to the Company. These material uncertainties cast significant doubt regarding the ability to continue as a going concern.

The carrying amounts of assets, liabilities and expenses presented in the financial statements and the classification used in the financial statements have not been adjusted as would be required if the going concern assumption was not appropriate. Those adjustments could be material.

NOTE 3. BASIS OF PRESENTATION

These interim condensed financial statements, approved by the Board of Directors on February 15, 2019, have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including IAS 34, "Interim Financial Reporting". These interim condensed financial statements as well as the related notes should be read in conjunction with the audited financial statements of the Company as at March 31, 2018.

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation and evaluation of financial statements

The significant accounting policies that have been applied in the preparation of these financial statements are summarized in Note 3 - Significant Accounting Policies, of the Company's annual audited financial statements for the year ended March 31, 2018.

CLEGHORN MINERALS LTD.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

At December 31, 2018 and 2017 and March 31, 2018

(Unaudited - in Canadian dollars)

NOTE 5. EXPLORATION AND EVALUATION ASSETS

The Company owns a 100% interest in the Meech Lake Matachewan Prospect which consists of four (4) mining claims situated in the Argyle, McNeil and Robertson Townships, approximately 25 km Northwest of Matachewan, in Northeastern Ontario within the Abitibi Greenstone Belt. Following the MLAS claim to cell conversion process completed by Ontario's Ministry of Northern Development and Mines (MNDM), the four (4) original legacy claims covering 656 ha were converted to 41 cells (36 single cells and 5 boundary cells) covering an area of 833.6 ha.

Three (3) of the original mining claims are subject to a 3% NSR on metals or minerals produced from the property. The Company shall be entitled to repurchase 0.5% of the NSR, leaving the vendor with a 2.5% NSR, by paying to the vendor \$1,000,000, and an additional 1%, leaving the vendor with a 1.5% NSR, by paying the vendor an additional \$3,000,000.

As part of a prospecting funding application, the Company signed a funding and royalty agreement with Ontario Exploration Corporation («OEC») under which the Company granted a 0.5% NSR on its Meech Lake Matachewan Prospect in consideration of \$10,000 in cash.

The royalty agreement has a buyback clause which provides that the Company can purchase one-half of the 0.5% royalty for a dollar value that increases over time, ranging from a purchase price of \$15,000 before the second anniversary of the date of the agreement to a purchase price of \$250,000 from the 11th anniversary of the agreement and beyond.

The following table presents a summary of exploration and evaluation assets:

	March 31, 2017	Additions	March 31, 2018	Additions	December 31, 2018
	\$	\$	\$	\$	\$
Meech Lake Matachewan Prospect (Ontario)					
Acquisition cost	399,446	-	399,446	-	399,446
Claim maintenance	302	100	402	2,595	2,997
Drilling	-	307,652	307,652	38,636	346,288
Geophysics	1,580	41,005	42,585	-	42,585
Geology	9,261	10,656	19,917	17,169	37,086
Line cutting	-	39,955	39,955	-	39,955
Sampling & testing	10,256	-	10,256	40,366	50,622
Maps and publications	1,725	6,540	8,265	1,991	10,256
Consultants	5,562	-	5,562	-	5,562
Geochemistry	-	-	-	2,358	2,358
Technical & field staff	-	69	69	2,873	2,942
General expenses	-	5,006	5,006	4,353	9,359
Proceeds from the sale of a 0.5% NSR	(10,000)	-	(10,000)	-	(10,000)
	<u>418,132</u>	<u>410,983</u>	<u>829,115</u>	<u>110,341</u>	<u>939,456</u>

CLEGHORN MINERALS LTD.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

At December 31, 2018 and 2017 and March 31, 2018

(Unaudited - in Canadian dollars)

NOTE 6. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

Escrowed Shares

As required by applicable securities commissions and the rules of the TSX, and under an agreement entered with a transfer agent from Computershare Investor Services Inc., a total of 9,513,928 common shares have been placed in escrow and deposited with a trustee under escrow agreements before the completion of the Qualifying Transaction. On August 18, 2016, following the completion of the Qualifying Transaction, 10% of the escrowed shares were released. The balances of restricted shares will be released at a rate of 15% in each of the anniversaries of 6, 12, 18, 24, 30 and 36 months following the initial release. As at December 31, 2018, there were 2,854,178 escrowed shares (4,281,268 as at March 31, 2018).

Transaction

On November 7, 2018 a total of 950,000 stock options were exercised at a price of \$0.12 per share for total proceeds of \$114,000.

Warrants

The following table shows the changes in warrants:

	December 31, 2018		March 31, 2018	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
		\$		\$
Outstanding, beginning of period	6,181,674	0.13	6,783,874	0.13
Expired	-	-	(602,200)	0.12
Outstanding and exercisable, end of period	<u>6,181,674</u>	<u>0.13</u>	<u>6,181,674</u>	<u>0.13</u>

The number of outstanding warrants that could be exercised for an equal number of common shares is as follows:

Expiration date	Exercise price	Number of warrants outstanding
		\$
August 18, 2019	0.12	4,550,000
August 18, 2019	0.15	<u>1,631,674</u>
		<u>6,181,674</u>

CLEGHORN MINERALS LTD.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

At December 31, 2018 and 2017 and March 31, 2018

(Unaudited - in Canadian dollars)

NOTE 7. SHARE-BASED PAYMENTS

The Company has adopted an incentive stock option plan in accordance with the policies of the TSX (the "Stock Option Plan") pursuant to which it has granted options to purchase common shares to directors, officers and technical consultants. The options will be exercisable at the price set by the Company's board of directors and for a period of up to ten years from the date of grant, provided that the number of common shares reserved for issuance under the Share Option Plan does not exceed ten percent (10%) of the issued and outstanding common shares of the Company on the date of grant, provided that the option exercise price is not to be lower than permitted under the policies of the TSX.

The following table shows the changes in stock options:

	December 31, 2018		March 31, 2018	
Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price	\$
Outstanding, beginning of period	1,550,000	0.12	1,650,000	0.14
Forfeited	(350,000)	0.17	(100,000)	0.20
Exercised	(950,000)	0.12	-	-
Outstanding, end of period	250,000	0.20	1,550,000	0.12

The number of outstanding stock options that could be exercised for an equal number of common shares is as follows:

	December 31, 2018		March 31, 2018		
Expiry date	Exercise price	Number outstanding	Number exercisable	Number outstanding	Number exercisable
	\$				
November 2, 2018	0.12	-	-	1,300,000	1,300,000
November 16, 2020	0.20	250,000	250,000	250,000	250,000
		250,000	250,000	1,550,000	1,550,000

NOTE 8. RELATED PARTY TRANSACTIONS

Transaction with key management

Key management includes members of the Board of Directors, as well as the president and the chief financial officer ("CFO").

During the nine-month period ended December 31, 2018, the Company incurred fees of \$22,500 (\$22,500 for the nine-month period ended December 31, 2017) with the CFO. These fees are recorded under accounting fees.

CLEGHORN MINERALS LTD.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

At December 31, 2018 and 2017 and March 31, 2018

(Unaudited - in Canadian dollars)

NOTE 9. ADDITIONAL CASH FLOW INFORMATION

The following significant non-cash transactions have been excluded from the statements of cash flows:

	December 31, 2018 (3 months)	December 31, 2017 (3 months)	December 31, 2018 (9 months)	December 31, 2017 (9 months)
	\$	\$	\$	\$
Accounts payable included in exploration and evaluation assets	(12,980)	316,676	4,483	318,052

NOTE 10. COMMITMENT

The Company entered into a consulting agreement with an indefinite term which calls for a monthly payment of \$2,500.