



**Interim Condensed Consolidated Financial Statements  
For the Three and Nine Months Ended June 30, 2019 and 2018**

**Plateau Energy Metals Inc.**

Stated in Canadian Dollars, unless otherwise noted  
Unaudited

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**NOTICE TO READER**

The accompanying unaudited condensed interim financial statements have been prepared by the Company's management and the Company's independent auditors have not performed a review of these condensed interim consolidated financial statements.

# Plateau Energy Metals Inc.

Consolidated Statements of Financial Position

For the Three and Nine Months Ended June 30, 2019 and 2018

Stated in Canadian Dollars

	June 30, 2019	September 30, 2018
	\$	\$
	Unaudited	Audited
<b>Assets</b>		
<b>Current Assets</b>		
Cash	970,461	690,033
HST receivable	56,064	55,779
Prepaid expenses	187,271	78,417
	<u>1,213,796</u>	<u>824,229</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	9,125	9,125
	<u>1,222,921</u>	<u>833,354</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 8)	942,519	1,461,509
<b>Shareholders' Equity (Deficiency)</b>		
<b>Share Capital (note 5)</b>	60,218,662	54,730,294
<b>Warrants (note 6)</b>	1,154,191	563,805
<b>Stock Options (note 7)</b>	2,573,995	1,974,274
<b>Contributed Surplus</b>	10,403,550	10,395,673
<b>Cumulative Translation Reserve</b>	(235,264)	(289,063)
<b>Deficit</b>	<u>(73,834,732)</u>	<u>(68,003,138)</u>
	<u>280,402</u>	<u>(628,155)</u>
	<u>1,222,921</u>	<u>833,354</u>

*Note 1 - Nature of Operations and Going Concern*

*Note 13 - Events after the Reporting Period*

The accompanying notes form an integral part of these consolidated financial statements

Approved on behalf of the Board

Signed "A. Holmes" Director

Signed "A. Ferry" Director

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

# Plateau Energy Metals Inc.

Consolidated Statements of Loss and Comprehensive Loss  
For the Three and Nine Months Ended June 30, 2019 and 2018  
Stated in Canadian Dollars

	Nine Months Ended		Three Months Ended	
	2019	2018	2019	2018
<b>Expenses</b>				
Corporate and administrative expenses	\$ 1,730,802	\$ 997,204	434,162	\$ 391,523
(Gain)/Loss on foreign exchange	136,709	152,549	102	(62,736)
(Gain)/Loss on shares for services	(76,054)	-	-	-
Share-based compensation (note 7)	599,721	439,707	303,983	105,549
Exploration and evaluation (note 4)	3,446,253	2,059,157	1,051,412	981,713
Interest income	(5,838)	(110)	(4,735)	-
<b>Loss for the period</b>	<b>(5,831,594)</b>	<b>(3,648,507)</b>	<b>(1,784,924)</b>	<b>(1,416,049)</b>
<b>Other Comprehensive (Loss) Income for the period</b>				
Items that may be reclassified to profit and loss:				
Currency translation adjustment	53,799	236,235	(84,943)	(7,208)
<b>Total Comprehensive Loss for the period</b>	<b>\$ (5,777,795)</b>	<b>\$ (3,412,272)</b>	<b>(1,869,867)</b>	<b>\$ (1,423,257)</b>
<b>Loss per Share - basic and diluted</b>	<b>(0.075)</b>	<b>\$ (0.06)</b>	<b>(0.02)</b>	<b>(0.02)</b>
<b>Weighted Average Number of Common Shares Outstanding - Basic and Diluted</b>	<b>77,301,690</b>	<b>64,457,718</b>	<b>79,241,986</b>	<b>66,991,692</b>

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

# Plateau Energy Metals Inc.

Consolidated Statements of Changes in Equity  
For the Nine Months Ended June 30, 2019 and 2018  
Stated in Canadian Dollars

	Common Stock		Warrants	Stock Options	Contributed Surplus	Cumulative Translation Reserve	Accumulated Deficit	Total
	Shares	Amount						
<b>Balance - October 1, 2018</b>	71,620,208	\$ 54,730,294	\$ 563,805	\$ 1,974,274	\$ 10,395,673	\$ (289,063)	\$ (68,003,138)	\$ (628,155)
Common shares and warrants issued for cash (note 5)	5,272,106	4,270,867	737,633	-	-	-	-	5,008,500
Issued to brokers (note 5)	-	-	74,025	-	-	-	-	74,025
Issuance costs (note 5)	-	(63,123)	(10,902)	-	-	-	-	(74,025)
Issuance costs (note 5)	-	(297,042)	(51,210)	-	-	-	-	(348,252)
Warrants exercised (note 5, 6)	1,904,413	1,103,720	(151,283)	-	-	-	-	952,437
Warrants expired	-	-	(7,877)	-	7,877	-	-	-
Shares for services	745,658	473,946	-	-	-	-	-	473,946
Stock options granted (note 7)	-	-	-	599,721	-	-	-	599,721
Foreign currency translation adjustment	-	-	-	-	-	53,799	-	53,799
Net loss	-	-	-	-	-	-	(5,831,594)	(5,831,594)
<b>Balance - June 30, 2019</b>	<b>79,542,385</b>	<b>\$ 60,218,662</b>	<b>\$ 1,154,191</b>	<b>\$ 2,573,995</b>	<b>\$ 10,403,550</b>	<b>\$ (235,264)</b>	<b>\$ (73,834,732)</b>	<b>\$ 280,402</b>
<b>Balance - October 1, 2017</b>	58,043,354	\$ 48,856,290	\$ 316,647	\$ 1,275,644	\$ 10,162,810	\$ 22,127	\$ (60,954,717)	\$ (321,199)
Common shares and warrants issued for cash	10,169,994	3,412,515	887,484	-	-	-	-	4,299,999
Issued to finders	308,900	180,596	35,284	-	-	-	-	215,880
Issuance costs	-	(213,016)	(61,428)	-	-	-	-	(274,444)
Warrants exercised	1,359,056	832,743	-	-	-	-	-	832,743
Advance subscriptions for exercise of warrants	-	233,429	-	-	-	-	-	233,429
Stock options granted	-	-	-	439,707	-	-	-	439,707
Stock options expired	-	-	-	(27,730)	27,730	-	-	-
Foreign currency translation adjustment	-	-	-	-	-	236,235	-	236,235
Net loss	-	-	-	-	-	-	(3,648,507)	(3,648,507)
<b>Balance - June 30, 2018</b>	<b>69,881,304</b>	<b>\$ 53,302,557</b>	<b>\$ 1,177,987</b>	<b>\$ 1,687,621</b>	<b>\$ 10,190,540</b>	<b>\$ 258,362</b>	<b>\$ (64,603,224)</b>	<b>\$ 2,013,843</b>

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

# Plateau Energy Metals Inc.

Consolidated Statements of Cash Flows

For the Nine Months Ended June 30, 2019, and 2018

Stated in Canadian Dollars

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Net loss for the period	\$ (5,831,594)	\$ (3,648,507)
Items not affecting cash:		
Gain on shares for debt	(76,054)	-
Depreciation expense	-	-
Share-based compensation	599,721	439,707
	<u>(5,307,927)</u>	<u>(3,208,800)</u>
Net Changes in non-cash working capital:		
HST receivable	(285)	3,376
Prepaid expenses	(108,854)	8,452
Accounts payable and accrued liabilities	31,010	(273,151)
	<u>(5,386,056)</u>	<u>(3,470,123)</u>
<b>Cash Flows from Financing Activities</b>		
Issuance of share capital	5,008,500	4,299,999
Exercise of warrants	952,437	1,066,172
Share capital issuance costs	(348,252)	(58,564)
	<u>5,612,685</u>	<u>5,307,607</u>
<b>Effects of Foreign Exchange</b>	53,799	234,435
<b>Change in Cash and Cash Equivalents</b>	280,428	2,071,920
<b>Cash and Cash Equivalents - Beginning of the period</b>	690,033	137,233
<b>Cash and Cash Equivalents - End of the period</b>	<u>\$ 970,461</u>	<u>\$ 2,209,153</u>
<b>Supplemental Cash Flow Information</b>		
Interest received	<u>\$ 5,838</u>	<u>\$ 110</u>

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

# Plateau Energy Metals Inc.

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2019 and 2018

Stated in Canadian Dollars

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## 1. Nature of Operations and Going Concern

Plateau Energy Metals Inc. (formerly Plateau Uranium Inc.) (the "Company") is a publicly listed company incorporated under the Ontario Business Corporations Act. The Company's common shares are listed on the TSX Venture Exchange (TSX-V: PLU) and on the OTCQB Market in the United States (OTC:PLUUF).

The registered address, principal address and records office of the Company is located at 141 Adelaide Street West, Suite 340, Toronto, Ontario, M5H 3L5.

The Company is in the process of exploring and developing its mineral resource properties located in Peru. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The realization of amounts shown for resource properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to develop these properties, and future profitable production or proceeds of disposition from these properties. Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements.

These interim condensed consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not generated revenue from operations. During the nine months ended June 30, 2019, the Company incurred a comprehensive loss of \$5,777,795 (2018 - \$3,412,272), and as of that date, the Company had working capital of \$271,277 (September 30, 2018 – deficit of \$637,280). The Company will need to raise funds to continue operations and, although it has been successful in doing so in the past, there is no assurance it will be able to do so in the future. Should the Company be unsuccessful in doing so, there is a significant doubt about the Company's ability to continue as a going concern, and therefore, a material uncertainty exists in relation to the going concern assumption.

## 2. Basis of Presentation

These interim condensed consolidated financial statements include the accounts of the Company and its subsidiary Macusani Yellowcake S.A.C. ("Macusani Peru"). All intercompany accounts and transactions have been eliminated.

### a) Statement of Compliance

The Company's interim condensed consolidated financial statements have been prepared in accordance with IAS 34, *Interim Financial Reporting* ("IAS 34"). The IAS 34 interim condensed consolidated financial statements do not include all of the information required for annual financial statements, and should be read in conjunction with the Company's audited consolidated financial statements for the year ended September 30, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The significant accounting policies (note 3) have been applied consistently to all periods. These policies are based on IFRS effective as of June 30, 2019.

The Board of Directors approved these interim condensed consolidated statements on August 21, 2019.

### b) Basis of Measurement

The Company's interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value.

# Plateau Energy Metals Inc.

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2019 and 2018

Stated in Canadian Dollars

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## 2. Basis of Presentation (continued)

### c) Functional and Presentation Currency

These interim condensed consolidated financial statements are presented in Canadian Dollars. The functional currency of the Company is the Canadian Dollar. The functional currency of Macusani Peru, Exploraciones Macusani and Minergia is the United States Dollar.

### d) Segmental Reporting

The Company is organized into business units based on its mineral properties and has one reportable operating segment, the acquisition, and exploration and evaluation of mineral properties in Peru. All of the Company's assets are devoted to the acquisition, and exploration and evaluation of its mineral properties, and form a single cash generating unit.

## 3. Significant Accounting Policies

The accounting policies applied in these interim condensed consolidated financial statements are consistent with the policies applied in the audited annual financial statements for the year ended September 30, 2018, except for the adoption of new accounting standards effective for years beginning on or after January 1, 2018 set out below or otherwise indicated.

### a) Adoption of new accounting standard IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" was issued in final form in July 2014 by the IASB and will replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The adoption of this standard has not had any impact on the financial statements.

### b) b) Future Accounting Changes

IFRS 16 "Leases" was issued in January 2016 and replaces IAS 17 *Leases*. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, *Revenue from Contracts with Customers*, is also applied.

The Company has not yet completed its evaluations of the effect of adopting the above standards and amendment and the impact it may have on its consolidated financial statements.

# Plateau Energy Metals Inc.

Notes to the Interim Condensed Consolidated Financial Statements  
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## 3. Significant Accounting Policies (continued)

### c) Critical Accounting Judgments and Estimation Uncertainties

The preparation of the interim condensed consolidated financial statements in conformity with IFRS requires the Company's management to make critical judgments, estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates are accounted for prospectively.

The Company has identified the following critical accounting policies under which significant judgments, estimates and assumptions are made and where actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Critical accounting estimates relate to the following:

#### *Exploration and Evaluation Expenditures*

The Company charges all exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources to operations as incurred. Determination of technical feasibility and commercial viability require the use of judgements, estimates and assumptions which may differ under varying conditions.

#### *Share-based Payments*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in notes 6 and 7.

#### *Bifurcation of unit proceeds*

The Company adopts a relative fair value method with respect to the measurement of common shares and warrants issued as private placement units. The amounts used to estimate fair values of warrants issued are based on estimates of future volatility of the Company's share price, expected lives of the warrants, expected dividends to be paid by the Company and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect of changes in such estimates on the consolidated financial statements of future periods could be significant. The assumptions and models used for estimating fair value for warrants are disclosed in note 6.

## 4. Mineral Properties and Exploration Expenditures

The Company is principally engaged in exploration for lithium and uranium on its properties located in the Macusani plateau region of Peru. As at June 30, 2019, the Company, through its Peruvian subsidiaries, held a total of 151 mining concessions covering an aggregate area of approximately 93,000 hectares. Thirty-two (32) of these mining concessions, covering an area of approximately 23,100 hectares, are the subject of an administrative procedure as a result of resolutions issued by the Institute of Geology, Mining and Metallurgy ("INGEMET) recommending cancellation of the validity of the concessions. Refer Note 13 "Events after the reporting date".



# Plateau Energy Metals Inc.

Notes to the Interim Condensed Consolidated Financial Statements

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Stated in Canadian Dollars

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## 4. Mineral Properties and Exploration Expenditures (continued)

Concessions are assigned to different property groups based on their geographic location for purposes of allocating annual property expenditures. Property expenditures including depreciation of exploration equipment for the nine months ended June 30, 2019 and 2018 are as follows:

	2019	2018
Macusani - East	\$ 869,294	\$ 567,125
Macusani - West	73,721	-
Corachapi	231,059	144,989
Kihitian	15,863	32,277
Chacaconiza	1,869,614	1,308,720
Quelcaya	386,703	6,046
	<u>\$ 3,446,253</u>	<u>\$ 2,059,157</u>

## 5. Share Capital

The Company is authorized to issue an unlimited number of common shares. The holders of common shares are entitled to receive dividends which may be declared at the discretion of the Board of Directors from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

During the nine months ended June 30, 2019, the Company:

Issued 1,904,413 shares upon the exercise of share purchase warrants at an exercise price of \$0.50 per share.

Issued 633,333 shares with a value of \$0.61 per share in settlement of bonuses \$475,000.

Issued 112,325 shares with a value of \$87,613 in settlement of fees for services amounting to \$75,000.

Issued 5,272,106 units pursuant to a brokered private placement for cash proceeds of \$5,008,500. Each unit comprised one common share and one half warrant, each full warrant exercisable at \$1.25 for one common share for a period of 18 months. An amount of \$737,633 was allocated to warrants.

In connection with the offering, the Company incurred fees of \$347,715, and issued 185,574 broker warrants with a fair value of \$74,205. Issuance costs of \$62,112 were allocated to warrants.

During the year ended September 30, 2018, the Company:

Issued 1,782,544 shares upon the exercise of share purchase warrants at an exercise price of \$0.65 per share and 977,916 shares upon the exercise of share purchase warrants at an exercise price of \$0.50.

Issued 5,999,997 units pursuant to a private placement for cash proceeds of \$1,799,999. Each unit comprised one common share and one half warrant, each full warrant exercisable at \$0.50 for one common share for a period of 18 months. An amount of \$295,564 was allocated to warrants.

# Plateau Energy Metals Inc.

Notes to the Interim Condensed Consolidated Financial Statements

For the Three and Nine Months Ended June 30, 2019 and 2018

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## 5. Share Capital (continued)

In connection with the offering, the Company, incurred professional and regulatory fees of \$43,194, and issued 183,800 finders shares with a fair value of \$68,006. Issuance costs of \$18,259 were allocated to warrants.

Issued 4,169,997 units pursuant to a private placement for cash proceeds of \$2,501,998. Each unit comprised one common share and one half warrant, each full warrant exercisable at \$0.90 for one common share for a period of 36 months. An amount of \$377,660 was allocated to warrants.

In connection with the offering, the Company, incurred professional and regulatory fees of \$15,370, and issued 125,100 finders shares and 62,550 finders' warrants with a fair value of \$75,060 of which \$11,030 was allocated to warrants. Issuance costs of \$2,620 were allocated to warrants.

## 6. Warrants

	Number of Warrants	Amount	Weighted Average Exercise Price
<b>Balance - September 30, 2017</b>	1,902,044	316,647	0.65
Exercised	(2,760,460)	(385,592)	0.60
Issued for cash	2,999,995	295,564	0.50
Issued for cash	2,084,998	377,660	0.90
Issued to finders	62,550	11,330	0.90
Expired	(119,500)	(19,895)	0.65
Issuance costs	-	(31,909)	-
<b>Balance - September 30, 2018</b>	4,169,627	563,805	0.71
Issued for cash	2,636,053	737,633	1.25
Issued to brokers	185,574	74,025	0.95
Issuance costs	-	(62,112)	-
Expired	(117,666)	(7,877)	0.50
Exercised	(1,904,413)	(151,283)	0.50
<b>Balance - June 30, 2019</b>	4,969,175	1,154,191	1.09

During the nine months ended June 30, 2019, the Company:

- (i) Issued 2,636,053 warrants and 185,574 broker warrants in connection with a private placement. Each warrant entitles the holder to purchase one common share at a price of \$1.25 per share at any time until May1, 2020. The broker warrants have an exercise price of \$0.95. The relative fair value of the warrants was estimated to be \$737,633 using the Black-Scholes pricing model using the following assumptions:

Share price	\$0.94
Expected life	18 months
Risk-free interest rate	2.19%
Expected dividend yield	Nil
Expected volatility based on the Historical volatility of the Company's shares	89.2%

# Plateau Energy Metals Inc.

Notes to the Interim Condensed Consolidated Financial Statements  
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## 6. Warrants (continued)

During the year ended September 30, 2018, the Company:

- (ii) Issued 2,999,995 warrants in connection with a private placement. Each warrant entitles the holder to purchase one common share at a price of \$0.50 per share at any time until May 8, 2019. The relative fair value of the warrants was estimated to be \$295,564 using the Black-Scholes pricing model using the following assumptions:

Share price	\$0.37
Expected life	18 months
Risk-free interest rate	1.41%
Expected dividend yield	Nil
Expected volatility based on the Historical volatility of the Company's shares	102%

- (iii) Issued 2,084,998 warrants and 62,250 finders' warrants in connection with a private placement. Each warrant entitles the holder to purchase one common share at a price of \$0.90 per share at any time until May 25, 2021. The warrants may be subject to early acceleration, at the option of the company, in the event that the price of the common shares exceeds \$1.20 after four months and one day from the original date of issuance. The relative fair value of the warrants was estimated to be \$377,660 using the Monte Carlo pricing model using the following assumptions:

Share price	\$0.90
Expected life	36 months
Risk-free interest rate	2.57%
Expected dividend yield	Nil
Expected volatility based on the Historical volatility of the Company's shares	90%

As at June 30, 2019 the following warrants were outstanding:

Number of Warrants	Exercise price	Expiry
2,636,053	1.25	May 1, 2020
185,574	0.95	May 1, 2020
2,084,998	0.90	May 25, 2021
62,550	0.90	May 25, 2021
<u>4,969,175</u>		

## 7. Stock Options

- a) Pursuant to the stock option plan (the "Plan") adopted by the Company, the Board of Directors may, from time to time at its discretion, allocate non-transferable options to purchase shares to directors, officers, employees and consultants of the Company, and its subsidiaries. Under the Plan, the aggregate number of shares to be issued upon the exercise of outstanding options granted thereunder may not exceed 10% of the number of issued and outstanding common shares. Expiry dates and exercise prices shall be determined by the Board of Directors. The exercise price shall not be less than the market price.

# Plateau Energy Metals Inc.

Notes to the Interim Condensed Consolidated Financial Statements  
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## 7. Stock Options (continued)

- b) During the nine months ended June 30, 2019, the Company:
- (i) Granted 400,000 options to a director and officer of the Company, each option exercisable at any time up to January 9, 2024 to acquire one common share at a price of \$0.81. The options vest as to 50% on each of the one year and two year anniversaries of the grant date. The fair value of the options was estimated at \$0.7205 per option, for a total value of \$288,190 of which \$102,446 was expensed.
  - (ii) Granted 1,075,000 options to directors, officers, employees and consultants of the Company, each option exercisable at any time up to April 23, 2024 to acquire one common share at a price of \$0.65. The options vest as to one third on each of the 6, 12 and 18 month anniversaries of the grant date. The fair value of the options was estimated at \$0.5125 per option, for a total value of \$550,937 of which \$118,860 was expensed.

The fair value of the options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Share price	\$0.73	\$0.52
Expected dividend yield	Nil	Nil
Risk-free interest rate	1.91%	1.57%
Expected life	5 years	5 years
Expected volatility based on the historical volatility of the Company's shares	222%	221%
Forfeiture	0%	4%

- c) During year ended September 30, 2018, the Company:
- (i) Issued 970,000 stock options to directors, officers, consultants and employees. The options vest as to one-third immediately and one third on each of the six and twelve month anniversaries of the grant date. Each option entitles the holder to purchase one common share at a price of \$0.96 per share at any time prior to January 9, 2023 (the "expiry date"). The fair value of the options was estimated at \$0.8905 per option, for a total value of \$863,760 of which \$784,089 was expensed.

The fair value of the options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Share price	\$0.90
Expected dividend yield	Nil
Risk-free interest rate	1.79%
Expected life	5 years
Expected volatility based on the historical volatility of the Company's shares	228%
Forfeiture	0%

- (ii) Issued 500,000 stock options to a director and officer. The options vest as to 50% on the one year anniversary and 50% on the two year anniversary of the grant date. Each option entitles the holder to purchase one common share at a price of \$1.14 per share at any time prior to August 17, 2023 (the "expiry date"). The fair value of the options was estimated at \$1.1667 per option, for a total value of \$583,350 of which \$52,715 was expensed.

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## 7. Stock Options (continued)

The fair value of the options was estimated at the grant date based on the Black-Scholes pricing model, using the following assumptions:

Share price	\$1.18
Expected dividend yield	Nil
Risk-free interest rate	1.54%
Expected life	5 years
Expected volatility based on the historical volatility of the Company's shares	225%
Forfeiture	0%

Stock option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

d) A summary of changes to stock options is as follows:

	Number of Options	Amount	Weighted Average Exercise Price
<b>Balance - September 30, 2017</b>	5,419,375	1,275,644	0.55
Granted prior years	-	212,021	0.57
Granted during current year	1,470,000	784,089	0.96
Exercised	(337,500)	(84,512)	(0.49)
Expired	(238,125)	(212,968)	(1.20)
<b>Balance - September 30, 2018</b>	6,313,750	1,974,274	0.56
Granted prior years	-	378,415	0.96
Granted during current year	1,475,000	221,306	0.69
<b>Balance June 30, 2019</b>	<b>7,788,750</b>	<b>\$ 2,573,995</b>	<b>\$ 0.64</b>

As at June 30, 2019, the following stock options were issued and outstanding:

Exercise Price	Number of Options			Expiry date
	Unvested	Vested	Total	
0.56	-	875,000	875,000	November 6, 2019
0.56	-	248,750	248,750	November 30, 2020
0.35	-	2,340,000	2,340,000	July 28, 2021
0.72	-	1,380,000	1,380,000	April 27, 2022
0.96	-	970,000	970,000	January 9, 2023
1.14	500,000	-	500,000	August 17, 2023
0.81	400,000	-	400,000	January 11, 2024
0.65	1,075,000	-	1,075,000	April 23, 2024
	1,975,000	5,813,750	7,788,750	

The weighted average exercise price of all options that had vested as at June 30, 2019 is \$0.58.

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## 8. Related Party Disclosures

During the nine months ended June 30, 2019, the Company carried out the following transactions with related parties:

	2019	2018
Directors fees paid and accrued	\$ 36,000	\$ 36,000
Consulting and management fees paid to directors and officers	343,068	337,206
Rent paid to a company in which an Officer of the Company is an officer	9,500	22,500
Storage rental paid to a company controlled by a director (USD)	12,600	12,600

Included in share-based compensation for the nine months ended June 30, 2019 is \$508,065 (2018 - \$228,836) related to stock options granted to management and directors. As at June 30, 2019, accounts payable and accrued liabilities included \$130,827 (September 30, 2018 - \$836,979) related to various related parties disclosed above, of which \$Nil (September 30, 2018 - \$675,000) related to accrued bonuses.

## 9. Financial Instruments

IFRS 7, *Financial Instruments Disclosures*, establishes a fair value hierarchy that reflects the significance of inputs used in making fair value measurements as follows:

- Level 1 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. from derived prices)
- Level 3 inputs for the asset or liability that are not based upon observable market data

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. As at June 30, 2019, the Company's cash and cash equivalents are categorized as Level 1 measurement.

### *Fair Values*

The carrying amounts for the Company's financial instruments approximate their fair values because of the short-term nature of these items.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

### *Credit Risk*

The Company is not exposed to any significant credit risk as at June 30, 2019. The Company's cash is on deposit with a highly rated banking group in Canada.

### *Liquidity Risk*

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they come due. The Company's approach to managing and mitigating liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due through management's use of financial forecasts and budgets. As at June 30, 2019, the Company has current assets of \$1,213,796 and current liabilities of \$942,519. All of the Company's current financial liabilities and receivables have contractual maturities of less than 90 days and are subject to normal trade terms. The Company's working capital is \$271,277 as at June 30, 2019.

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## 9. Financial Instruments (continued)

### *Market Risk*

#### (iii) Interest rate risk

The Company has cash and cash equivalents balances and does not have any interest-bearing debt.

#### (iv) Foreign currency risk

The Company and its subsidiaries incur significant purchases denominated in currencies other than the presentation currency, the Canadian dollar, and are subject to foreign currency risk on assets and liabilities denominated in currencies other than the Canadian dollar. As at June 30, 2019, the Company had cash of 525,953 United States Dollars and accounts payable and accrued liabilities of 30,125 United States Dollars. As at June 30, 2018, the Company had cash of 19,403 Peruvian New Sols and accounts payable and accrued liabilities of 38,662 Peruvian New Sols. The Company does not hedge the foreign currency balances.

### *Sensitivity analysis*

The Company's management believes the following movements are "reasonably possible" over a three month period based on their knowledge and experiences of the financial markets.

If the Canadian Dollar weakens (or strengthens) 10% against the United States Dollar with other variables held constant, the Company's net loss would decrease (or increase) by approximately \$15,306. If the Canadian Dollar weakens (or strengthens) 10% against the Peruvian New Sol with other variables held constant, the Company's net loss would increase (or decrease) by approximately \$146.

## 10. Capital Disclosures

The Company's objective when managing capital is to raise sufficient funds to execute its exploration plan. At June 30, 2019, the Company's capital consists of shareholders' equity of \$280,402 (September 30, 2018 – deficit of \$628,155).

The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company does not have any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the nine months ended June 30, 2019.

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## 11. Segment Reporting

The Company is organized into business units based on its mineral properties and has one reportable operating segment, the acquisition, and exploration and evaluation of mineral properties in Peru.

	Canada	Peru
Property, plant and equipment	\$ -	\$ 9,125
Accounts payable and accrued liabilities	\$ 426,372	\$ 516,147
Loss for the period	\$ 2,385,341	\$ 3,446,253

## 12. Environmental and Constructive Obligations

The Company's mining and exploration activities are governed by Peruvian Legislative Decree No. 613. The Company is required to present environmental studies on the impact of its exploration and mining operations to the Ministry of Energy and Mines. The Company may also provide financial assistance to local communities to facilitate relationships.

To date, the Company has not incurred any significant environmental rehabilitation liabilities.

## 13. Events after the reporting date

Subsequent to June 30, 2019:

- The Company received resolutions from the Ministry of Mines and Energy ("MINEM") in terms of which the Mining Council within MINEM denied the Company's appeal to suspend INGEMET's resolutions recommending the cancellation of the validity of 32 concessions by reason of 'late receipt of annual concession payments'. The Company does not believe that payments presented on due date but after 16:30 affect legal title to the concessions. Payments for the 32 concessions could not be effected prior to receipt of certain non-penalty resolutions which were issued by MINEM on the day that annual concession payments were due. Readers are encouraged to read the full background and chronology of events in the news releases dated [July 31](#) and [August 6, 2019](#).
- The Company has completed the filing of appeals, known as 'Recursos de Nulidad', with the Mining Council, requesting that the administrative resolutions issued with respect to its 32 concessions be overturned. The Company believes Macusani will be successful in the current appeals process or any subsequent judicial processes, if necessary, but if it is not, it may lose title to the 32 concessions in question. Refer to the news release dated [August 19, 2019](#).