



HINTERLAND METALS INC.

HINTERLAND METALS INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
Three months ended March 31, 2018

The attached condensed interim financial statements have been prepared by the management of Hinterland Metals Inc., and have not been reviewed by an auditor.

HINTERLAND METALS INC.
STATEMENT OF FINANCIAL POSITION
(Unaudited, in Canadian dollars)

	March 31, 2018	December 31, 2017
	\$	\$
ASSETS		
Current		
Cash	43,350	14,472
Listed shares	62,241	85,764
Sales tax receivable	4,889	3,148
Listed shares receivable	781	1,250
Mining taxes credits receivable	2,986	50,583
Prepaid expenses	7,941	5,536
	<u>122,188</u>	<u>160,753</u>
Non-current		
Exploration and evaluation assets (Note 5)	535,722	535,722
Total assets	657,910	696,475
LIABILITIES		
Current		
Accounts payable and accrued liabilities	132,857	113,073
Total liabilities	132,857	113,073
EQUITY		
Capital stock (Note 6)	5,469,130	5,469,130
Warrants	68,750	68,750
Contributed surplus	1,211,017	1,211,017
Deficit	(6,223,844)	(6,165,495)
Total equity	525,053	583,402
Total equity and liabilities	657,910	696,475

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

HINTERLAND METALS INC.
STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in Canadian dollars)

	Three months ended March 31,	
	2018	2017
	\$	\$
Expenses		
Management and consulting fees	9,900	9,900
Investor and shareholder relation expenses	8,263	8,362
Professional fees	10,995	1,708
Traveling	5,677	5,232
Office expenses	5,159	4,969
Exploration	6,653	1,228
Gain on sale of exploration and evaluation assets	-	(25,813)
	46,647	5,586
Operating loss	(46,647)	(5,586)
Change in value of listed shares	(11,702)	30,000
Net income (loss) and comprehensive income (loss)	(58,349)	24,414
Basic and diluted net loss per share	-	-
Weighted-average number of common shares	42,269,617	42,269,617

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

HINTERLAND METALS INC.
STATEMENTS OF CHANGES IN EQUITY
(Unaudited, in Canadian dollars)

	Number of common shares issued and fully paid	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$	\$
Balance at January 1, 2018	42,269,614	5,469,130	68,750	1,211,017	(6,165,495)	583,402
Net loss and comprehensive loss	-	-	-	-	(58,349)	(58,349)
Balance at March 31, 2018	42,269,614	5,469,130	68,750	1,211,017	(6,223,844)	525,053
Balance at January 1, 2017	42,269,617	5,469,130	68,750	1,152,120	(6,020,950)	669,050
Net income and comprehensive income	-	-	-	-	24,414	24,414
Balance at March 31, 2017	42,269,617	5,469,130	68,750	1,152,120	(5,996,536)	693,464

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

HINTERLAND METALS INC.**STATEMENTS OF CASH FLOW**

(Unaudited, in Canadian dollars)

	Three months ended	
	March 31,	
	2018	2017
	\$	\$
Operating activities		
Net income (loss)	(58,349)	24,414
Items not involving cash		
Change in value of listed shares	11,702	(30,000)
Gain on sale of exploration and evaluation assets	-	(25,813)
	(46,647)	(31,399)
Changes in operating assets and liabilities		
Sales tax receivable and other receivables	(1,741)	8,147
Prepaid expenses	(2,405)	1,845
Accounts payable and accrued liabilities	20,259	(15,351)
Cash flow from operating activities	(30,534)	(36,758)
Investing activities		
Disposal of listed shares	12,290	7,875
Acquisition of exploration and evaluation assets	(475)	8,856
Mining taxes credits cashed	47,597	-
Cash flow from investing activities	59,412	16,731
Net change in cash	28,878	(20,027)
Cash, beginning of period	14,472	78,729
Cash, end of period	43,350	58,702
Supplemental disclosure of cash flow information		
Exploration and evaluation assets included in accounts payable and accrued liabilities	28,004	49,453
Listed shares received as consideration for disposal of exploration and evaluation assets	-	29,000

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

HINTERLAND METALS INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2018

(Unaudited, in Canadian dollars)

1. GENERAL INFORMATION AND NATURE OF OPERATIONS

Hinterland Metals Inc. (the "Company"), incorporated under the Canada Business Corporations Act, is a junior mining exploration company operating in Canada. The address of registered office is 3081, Third Avenue, Whitehorse, Yukon, Y1A 4Z7. The principal place of business is 1740, chemin Sullivan, suite 1100, Val-d'Or, Québec, J9P 7H1. The Company's shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol HML.

2. GOING CONCERN ASSUMPTION

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at March 31, 2018, the Company has a deficit of \$6,223,844 (\$6,165,495 as at December 31, 2017). These material uncertainties cast a significant doubt regarding the Company's going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

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

3. BASIS OF PREPARATION

These condensed interim financial statements (the "Financial Statements") have been prepared in accordance with *International Financial reporting Standards* ("IFRS") issued by the *International Accounting Standards Board* ("IASB") and interpretations issued by the *International Financial Reporting Interpretations Committee* ("IFRIC"), including *International Accounting Standard* ("IAS") 34, *Interim Financial Reporting*. The Financial Statements should be read in conjunction with the annual financial statements as at December 31, 2017, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in the Financial Statements are consistent with those of the previous financial year. The Board of Directors has approved the Financial Statements on May 23, 2018.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the Financial Statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in the most recent annual financial statements for the year ended December 31, 2017.

HINTERLAND METALS INC.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

Three months ended March 31, 2018

(Unaudited, in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Mining rights	Exploration and evaluation expenses	Total
	\$	\$	\$
Quebec	130,938	404,784	535,722
Balance, March 31, 2018	130,938	404,784	535,722

	Mining rights	Exploration and evaluation expenses	Total
	\$	\$	\$
Quebec	130,938	404,784	535,722
Balance, December 31, 2017	130,938	404,784	535,722

Details of exploration and evaluation assets for the three months ended March 31, 2018

Areas of interest	Quebec	Total
	\$	\$
Balance, January 1, 2018	535,722	535,722
Balance, March 31, 2018	535,722	535,722

Details of exploration and evaluation assets for 2017

Areas of interest	Quebec	Ontario	New Brunswick	Total
	\$	\$	\$	\$
Balance, January 1, 2017	569,229	-	3,920	573,149
Acquisitions of mining rights:				
Staking and maintenance fees	16,575	27,751	-	44,326
Exploration and evaluation expenses:				
Surface exploration	6,842	-	20,249	27,091
Stock-based compensation	6,544	-	-	6,544
Mining tax credits and government grants	(2,986)	-	(10,112)	(13,098)
	10,400	-	10,137	20,537
Net additions for the year	26,975	27,751	10,137	64,863
Disposal	(3,187)	(27,751)	-	(30,938)
Write-off	(57,295)	-	(14,057)	(71,352)
Balance, December 31, 2017	535,722	-	-	535,722

HINTERLAND METALS INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2018

(Unaudited, in Canadian dollars)

6. CAPITAL STOCK

6.1 Warrants

Warrants outstanding:

Number of shares to be issued	Exercise price	Expiry date
	\$	
900,000	0.10	May 27, 2018
590,000	0.10	June 13, 2018
7,750,000	0.10	August 17, 2018
920,000	0.10	September 7, 2018
10,160,000		

6.2 Broker warrants

Broker warrants outstanding:

Number of shares to be issued	Exercise price	Expiry date
	\$	
343,000	0.05	August 17, 2018
343,000		

6.3 Stock options

Stock options outstanding and exercisable:

Number of options outstanding and exercisable	Exercise price	Expiry date
	\$	
2,000,000	0.05	March 31, 2021
1,800,000	0.05	June 15, 2022
3,800,000		

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2018

(Unaudited, in Canadian dollars)

7. SUBSEQUENT EVENTS

a) Destiny Gold Project

On May 15, 2018, the Company entered into an agreement with Alto Ventures Ltd. (ATV:TSX-Venture) ("Alto"), whereby the Company may earn an interest in Alto's 101-claim (4,010-hectare) Destiny property located approximately 75 km north of Val-d'Or in the Abitibi Region of Quebec.

Pursuant to the Agreement, the Company may earn a 50% interest in the Destiny property by paying \$150,000 cash, issuing up to 4,000,000 shares and completing \$8,000,000 of exploration expenditures in stages over a three-year period (the "First Option") as follows:

Date	Cash	Common shares	Exploration expenditures
	\$		\$
On the Financing Date	10,000	100,000	-1
on or before first anniversary	15,000	500,000	1,500,000
on or before second anniversary	25,000	1,000,000	2,250,000
on or before third anniversary	100,000	2,400,000	4,250,000
	150,000	4,000,000	8,000,000

Upon completion and exercise of the First Option, the Company may elect to earn an additional 25% interest (the "Additional 25% Interest") by paying \$200,000 cash, issuing up to 4,000,000 shares and completing \$8,000,000 of exploration expenditures in stages over a two-year period (the "Second Option").

Upon earning the Additional 25% Interest and exercising the Second Option, the Company and Alto will form a joint venture with initial respective participating interests to be 75% and 25%. If the Company elects not to earn the Additional 25% Interest or if Hinterland fails to complete the Second Option, then the Company and Alto will form a joint venture with initial respective participating interests to be 50% and 50%. In either case, the joint venture will be funded by each partner according to their respective interests subject to the terms and conditions of a joint venture agreement. The transaction is subject to completion of due diligence, regulatory approvals, and a private placement financing of at least \$750,000 by the Company on or before June 30, 2018.

b) Warrant extension

On May 23, 2018, the Board of Directors approved the following warrants extensions, subject to the Exchange approval:

Number of shares to be issued	Exercise price	Issuance date	Expiry date prior to the extension	Extended expiry date
	\$			
900,000	0.10	May 27, 2014	May 27, 2018	May 27, 2019
590,000	0.10	June 13, 2014	June 13, 2018	June 13, 2019
7,750,000	0.10	Aug. 17, 2016	Aug. 17, 2018	Aug. 17, 2021
920,000	0.10	Sept. 7, 2016	Sept. 7, 2018	Sept. 7, 2021