



HINTERLAND METALS INC.
CONDENSED INTERIM FINANCIAL STATEMENTS
Six months ended June 30, 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)

	June 30, 2018	December 31, 2017
	\$	\$
ASSETS		
Current		
Cash	29,054	14,472
Listed shares	42,720	85,764
Sales tax receivable	6,037	3,148
Listed shares receivable	937	1,250
Mining taxes credits receivable	2,986	50,583
Prepaid expenses	1,846	5,536
	<u>83,580</u>	<u>160,753</u>
Non-current		
Exploration and evaluation assets (Note 5)	544,249	535,722
Total assets	627,829	696,475
LIABILITIES		
Current		
Accounts payable and accrued liabilities	183,232	113,073
Total liabilities	183,232	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	(6,304,300)	(6,165,495)
Total equity	<u>444,597</u>	<u>583,402</u>
Total equity and liabilities	627,829	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 June 30,		Six months ended June 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Expenses				
Management and consulting fees	9,900	9,900	19,800	19,800
Investor and shareholder relation expenses	16,985	11,823	25,248	20,185
Professional fees	26,163	29,474	37,158	31,182
Traveling	980	3,053	6,657	8,285
Office expenses	5,432	2,197	10,591	7,166
Exploration	1,006	5,672	7,659	6,900
Stock-based compensation	-	52,353	-	52,353
Recovery of bad debt	-	(3,086)	-	(3 086)
Gain on sale of exploration and evaluation assets	-	(90,524)	-	(116,337)
	60,466	20,862	107,113	26,448
Operating loss	(60,466)	(20,862)	(107,113)	(26,448)
Change in value of listed shares	(19,990)	1,875	(31,692)	31,875
Net income (loss) and comprehensive income				
(loss)	(80,456)	(18,987)	(138,805)	5,427
Basic and diluted net loss per share	-	-	-	-
Weighted-average number of common shares	42,269,614	42,269,617	42,269,614	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	-	-	-	-	(138,805)	(138,805)
Balance at June 30, 2018	42,269,614	5,469,130	68,750	1,211,017	(6,304,300)	444,597
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	-	-	-	-	5,427	5,427
Stock-based compensation	-	-	-	58,897	-	58,897
Balance at June 30, 2017	42,269,617	5,469,130	68,750	1,211,017	(6,015,523)	733,374

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

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

(Unaudited, in Canadian dollars)

	Six months ended June 30,	
	2018	2017
	\$	\$
Operating activities		
Net income (loss)	(138,805)	5,427
Items not involving cash		
Stock-based compensation	-	52,353
Change in value of listed shares	31,067	(31,875)
Gain on sale of exploration and evaluation assets	-	(116,337)
	(107,738)	(90,432)
Changes in operating assets and liabilities		
Sales tax receivable and other receivables	(2,889)	37,613
Prepaid expenses	3,690	3,690
Accounts payable and accrued liabilities	64,050	(16,557)
Cash flow from operating activities	(42,887)	(65,686)
Investing activities		
Disposal of listed shares	12,290	7,875
Acquisition of exploration and evaluation assets	(2,418)	(20,469)
Disposal of exploration and evaluation assets	-	30,000
Mining taxes credits cashed	47,597	-
Cash flow from investing activities	57,469	17,406
Net change in cash	14,582	(48,280)
Cash, beginning of period	14,472	78,729
Cash, end of period	29,054	30,449
Supplemental disclosure of cash flow information		
Exploration and evaluation assets included in accounts payable and accrued liabilities	34,588	32,058
Stock-based compensation included in exploration and evaluation expenses	-	6,544
Listed shares received as consideration for disposal of exploration and evaluation assets	-	79,625

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

HINTERLAND METALS INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Six months ended June 30, 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 HMI.

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 June 30, 2018, the Company has a deficit of \$6,304,300 (\$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 August 14, 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

Six months ended June 30, 2018

(Unaudited, in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Mining rights	Exploration and evaluation expenses	Total
	\$	\$	\$
Quebec	139,465	404,784	544,249
Balance, June 30, 2018	139,465	404,784	544,249

	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 six months ended June 30, 2018

Areas of interest	Quebec	Total
	\$	\$
Balance, January 1, 2018	535,722	535,722
Acquisitions of mining rights:		
Staking and maintenance fees	8,527	8,527
Balance, June 30, 2018	544,249	544,249

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

5.1 Destiny Gold Project

On May 15, 2018, the Company signed an earn-in Agreement with Alto Ventures Ltd. ("Alto"), whereby Hinterland was to earn an interest in Alto's Destiny property located approximately 75 kilometres north of Val-d'Or, Quebec. On June 19, 2018, Hinterland terminated the agreement due to poor financial market conditions.

HINTERLAND METALS INC.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Six months ended June 30, 2018
(Unaudited, in Canadian dollars)

6. CAPITAL STOCK

6.1 Warrants

Warrants outstanding:

Number of shares to be issued	Exercise price	Extended expiry date
	\$	
900,000	0.10	May 27, 2019 ¹⁾
590,000	0.10	June 13, 2019 ¹⁾
7,750,000	0.10	August 17, 2021 ¹⁾
920,000	0.10	September 7, 2021 ¹⁾
10,160,000		

1) The Exchange approved the extension for these warrants in May 2018.

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

The Company's incentive stock option plan was approved in 2004 and renewed by shareholders on May 23, 2018, subject to the Exchange approval.

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		

7. SUBSEQUENT EVENTS

7.1 Skyfall

On July 9, 2018, the Company signed an agreement with Seahawk Ventures Ltd. ("Seahawk") whereby Seahawk has been granted an option to earn a 100% interest in Skyfall. Under the terms of the agreement, Seahawk will pay \$100,000 in cash (\$25,000 paid), issue 800,000 shares (200,000 shares issued) and complete \$800,000 of work over a three-year period. The Company will retain a 2% Net Smelter Returns royalty, and Seahawk will have a right of first refusal in the event that the Company sells the royalty.