

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Condensed Interim Financial Statements

For the three months and nine months ended November 30, 2018 and 2017

To the shareholders of Benchmark Metals Inc:

The condensed interim financial statements of Benchmark Metals Inc. (the "Company") for the three and nine months ended November 30, 2018 and 2017 have been compiled by management.

No audit or review of this information has been performed by the Company's auditors

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Condensed Interim Statements of Financial Position

Expressed in Canadian Dollars

(unaudited)

| | November 30, 2018 | February 28, 2018 |
|--|----------------------|----------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 1,059,498 | \$ 50,178 |
| Goods and services tax credit receivable | 116,149 | - |
| Mineral exploration tax credit receivable | 575,700 | 24,055 |
| Prepaid expenses and deposits | 112,007 | 40,119 |
| | <u>1,863,354</u> | 114,352 |
| Exploration and evaluation assets (note 3) | <u>3,753,004</u> | 1,702,881 |
| | <u>\$ 5,616,358</u> | <u>\$ 1,817,233</u> |
| LIABILITIES | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 241,067 | \$ 186,061 |
| Deferred flow-through liability | 17,600 | - |
| | <u>258,667</u> | <u>186,061</u> |
| EQUITY | | |
| Share capital (note 4) | 8,612,087 | 3,740,504 |
| Option and warrant reserve (note 4) | 902,469 | 497,048 |
| Deficit | <u>(4,156,865)</u> | <u>(2,606,380)</u> |
| | <u>5,357,691</u> | 1,631,172 |
| | <u>\$ 5,616,358</u> | <u>\$ 1,817,233</u> |

NATURE OF OPERATIONS AND GOING CONCERN (note 1)

SUBSEQUENT EVENTS (note 4)

Authorized for issuance on behalf of the Board

Director (signed by) "Jim Greig"Director (signed by) "Sean Mager"*The accompanying notes form an integral part of these financial statements.*

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Statements of Comprehensive Loss

Expressed in Canadian Dollars

(unaudited)

| For the | three months ended November 30 | | nine months ended November 30 | |
|---|--------------------------------|---------------------|-------------------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Expenses | | | | |
| Investor relations expenses | \$ 314,475 | \$ 143,982 | \$ 676,183 | \$ 180,820 |
| Management and consulting fees | 47,282 | 91,750 | 280,455 | 214,250 |
| Office and administration | 102,003 | 10,760 | 126,857 | 13,372 |
| Professional fees | 34,372 | 46,628 | 87,187 | 68,109 |
| Regulatory and filing fees | 15,631 | 4,221 | 70,365 | 29,584 |
| Share-based compensation (note 4) | 5,795 | - | 309,445 | - |
| | (566,791) | (297,341) | (1,550,492) | (506,135) |
| Other | | | | |
| Other income | 7 | - | 7 | - |
| Settlement of flow-through liability | - | 23,461 | - | 35,342 |
| Net loss and comprehensive loss | \$ (566,784) | \$ (273,880) | \$ (1,550,485) | \$ (470,793) |
| Basic and diluted loss per common share | \$ (0.02) | \$ (0.01) | \$ (0.05) | \$ (0.01) |
| Basic and diluted weighted average number of common shares outstanding | 37,693,657 | 38,696,996 | 28,748,768 | 34,914,680 |

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

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)
Condensed Interim Statements of Changes in Equity
For the three and nine months ended November 30, 2018 and 2017
Expressed in Canadian Dollars

(unaudited)

| | Number of shares | Share capital | Option and Warrant reserve | Deficit | Total equity |
|--|-------------------|---------------------|----------------------------|-----------------------|---------------------|
| Balance at February 28, 2017 | 10,152,485 | \$ 2,515,843 | \$ 455,430 | \$ (2,063,196) | \$ 908,077 |
| Shares issued for cash | 4,987,380 | 1,275,940 | - | - | 1,275,940 |
| Shares issued for exploration and evaluation assets (note 3) | 166,667 | 60,000 | - | - | 60,000 |
| Flow-through premium liability | - | (26,824) | - | - | (26,824) |
| Share issuance costs | - | (70,469) | - | - | (70,469) |
| Finders warrants issued | - | (18,442) | 18,442 | - | - |
| Comprehensive loss | - | - | - | (470,793) | (470,793) |
| Balance at November 30, 2017 | 15,306,532 | \$ 3,736,048 | \$ 473,872 | \$ (2,533,989) | \$ 1,675,931 |
| Shares issued for exploration and evaluation assets (note 3) | 166,666 | 42,500 | - | - | 42,500 |
| Flow through premium liability | - | (12,916) | - | - | (12,916) |
| Share issuance costs | - | (25,128) | - | - | (25,128) |
| Share based payments | - | - | 23,176 | - | 23,176 |
| Comprehensive loss | - | - | - | (72,391) | (72,391) |
| Balance at February 28, 2018 | 15,473,198 | \$ 3,740,504 | \$ 497,048 | \$ (2,606,380) | \$ 1,631,172 |
| Shares issued for cash | 25,271,240 | 4,985,782 | - | - | 4,985,782 |
| Shares issued for exploration and evaluation assets (note 3) | 1,453,582 | 336,250 | - | - | 336,250 |
| Flow-through premium liability | - | (17,600) | - | - | (17,600) |
| Share issuance costs | - | (336,873) | - | - | (336,873) |
| Finders warrants issued | - | (95,976) | 95,976 | - | - |
| Share based payments | - | - | 309,445 | - | 309,445 |
| Comprehensive loss | - | - | - | (1,550,485) | (1,550,485) |
| Balance at November 30, 2018 | 42,198,020 | \$ 8,612,087 | \$ 902,469 | \$ (4,156,865) | \$ 5,357,691 |

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

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Condensed Interim Statements of Cash Flows

For the three and nine months ended November 30, 2018 and 2017

Expressed in Canadian Dollars

(unaudited)

| For the nine months ended | November 30, 2018 | November 30, 2017 |
|---|------------------------------|------------------------------|
| Cash provided by (used in): | | |
| Operating activities | | |
| Net loss for the period | \$ (1,550,485) | \$ (470,793) |
| Items not effecting cash: | | |
| Share-based payments (note 4) | 309,445 | - |
| Settlement of flow-through liability | - | (35,342) |
| | <u>(1,241,040)</u> | <u>(35,342)</u> |
| Changes in non-cash working capital: | | |
| Amounts receivable | (87,490) | (21,439) |
| Prepaid expenses and deposits | (71,888) | 29,055 |
| Accounts payable and accrued liabilities | (112,803) | 69,933 |
| | <u>(1,513,221)</u> | <u>(428,586)</u> |
| Investing activities | | |
| Exploration and evaluation assets acquisition | (2,113,377) | - |
| Exploration and evaluation assets exploration | (12,990) | (562,916) |
| | <u>(2,126,367)</u> | <u>(562,916)</u> |
| Financing activities | | |
| Proceeds from private placement | 4,232,500 | 1,275,940 |
| Proceeds from exercise of warrants | 753,282 | - |
| Share issuance costs | (336,874) | (70,469) |
| | <u>4,648,908</u> | <u>1,205,471</u> |
| Cash provided by financing activities | 4,648,908 | 1,205,471 |
| Net increase (decrease) in cash | 1,009,320 | 213,969 |
| Cash – beginning of period | 50,178 | 76,734 |
| Cash – end of period | \$ 1,059,498 | \$ 290,703 |
| Non-cash transactions and supplemental disclosures | | |
| Shares issued for exploration and evaluation assets | \$ 336,250 | \$ 60,000 |
| Finders warrants issued | \$ 95,976 | \$ 18,442 |

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

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended November 30, 2018 and 2017

Expressed in Canadian Dollars

(unaudited)

1. Nature of operations and going concern

Benchmark Metals Inc. (formerly Crystal Exploration Inc.) (“Benchmark” or the “Company”) was incorporated under the British Columbia Business Corporations Act on November 9, 2010 and has its shares listed for trading on the TSX Venture Exchange under the symbol “BNCH”. The Company’s head office is located at 10545-45 Avenue NW, 250 Southridge, Suite 300, Edmonton, Alberta T6H 4M9, Canada. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. Benchmark is an exploration stage company and is in the process of identifying and acquiring mineral properties.

These condensed interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable amount of time. At November 30, 2018, the Company had working capital of \$1,604,687 (February 28, 2018 deficit of - \$71,709) and an accumulated deficit of \$4,156,865 (February 28, 2018 - \$2,606,380). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future, which indicate the existence of a material uncertainty that may cast significant doubts about the Company’s ability to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying financial statements.

Effective May 29, 2018, the Company consolidated its issued and outstanding common shares on the basis of one post-consolidation common share for every three pre-consolidation common shares (the “Share Consolidation”). As a result of the Share Consolidation, the number of shares, warrants and options presented in these financial statements and the calculated weighted average number of common shares issued and outstanding for the purpose of earnings per share calculation are based on the post-consolidation shares for historic periods presented.

2. Basis of presentation

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements for the year ended February 28, 2018, prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

These condensed interim financial statements were authorized for issue by the Audit Committee of the Company on January 29, 2019.

These condensed interim financial statements are presented in Canadian Dollars, and the use of the symbol “\$” herein is in reference to Canadian Dollars. Disclosures for amounts denominated in currencies other than Canadian Dollars use the International Standards Organization 3-letter symbol for such foreign currency.

The accounting policies applied in preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company’s audited annual financial statements for the year ended February 28, 2018, unless otherwise stated.

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended November 30, 2018 and 2017

Expressed in Canadian Dollars

(unaudited)

3. Exploration and evaluation assets

Lawyers Property in British Columbia, Canada

Total costs incurred on the Lawyers Property are summarized as follows:

| | Acquisition | Exploration | Total |
|-----------------------------------|---------------------|-------------|---------------------|
| Balance, February 28, 2018 | \$ - | \$ - | \$ - |
| Acquisition costs | 2,563,363 | - | 2,563,363 |
| Mineral exploration tax credit | (575,700) | - | (575,700) |
| Balance, November 30, 2018 | \$ 1,987,663 | \$ - | \$ 1,987,663 |

On June 18, 2018, the Company received final acceptance from the TSX Venture Exchange of its option and joint venture letter agreement (the "OJVA") with PPM Phoenix Precious Metals Corp. ("PPM") for the Company's option to acquire from PPM up to a 75% interest in the Lawyers Property, B.C. (the "Lawyers Property") over three years.

The Company must incur a total of \$5.0 million in exploration or development expenditures by June 6, 2021 to acquire a 51% interest in the project. The Company may acquire an additional 9% interest (for a total interest of 60%) by issuing to PPM an additional 2.0 million common shares, and incurring a further \$2.5 million in expenditures by June 6, 2021, and the Company may further acquire an additional 15% (for a total interest of 75%) in the Lawyers Property by issuing to PPM an additional 1.0 million common shares, and incurring \$1.5 million in further expenditures by June 6, 2021. As of November 30, 2018, the Company incurred \$2,227,113, of the required \$5.0 million in expenditures.

Upon the Company earning its largest interest in the Property, the parties will either enter into a joint venture agreement for the further exploration and development of the Property, or, if the Company has acquired a 75% interest, then PPM may elect to sell its 25% interest in the Property to the Company, based on either an independent valuation, or a formula set out in the OJVA based on the Company's market capitalization. The Company will be the operator of the Lawyers Property. The terms of the joint venture agreement will include provisions for the dilution of a party's interest, in the event the party does not contribute its proportionate cost share to the further exploration and development of the Lawyers Property. The interest of any party diluted to 5% or less will be automatically converted into a 2% net smelter returns royalty (the "NSR"), with the other party having the right to buy-down one-half of the NSR for \$1 million.

The Company has a period of one year to incur a minimum of \$2 million in exploration expenditures on the Lawyers Property, including the initial \$200,000 payment (above). Upon completion of the first year's minimum exploration work the Company must pay further \$90,000 to the Finder in cash or common shares. In accordance with the OJVA, the Finder elected to be paid the finder's fee in common shares issued at a deemed price per share equal to the volume weighted average closing price for the five trading days immediately preceding the date of such election, provided that the issue price for the common shares cannot be less than \$0.16875 per share.

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended November 30, 2018 and 2017

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(unaudited)

3. Exploration and evaluation assets (continued)

The Company paid to PPM a sum of \$200,000 and issued to PPM the first instalment of 1.0 million common shares. The Company also issued 94,444 common shares to an arm's length finder ("the Finder") in connection with the acquisition of the Lawyers Property option.

During the period, the Company completed the first year's minimum required exploration work of \$2 million and the Finder elected to receive the further payment of \$90,000 in shares. The Company issued 359,138 common shares at a deemed price of \$0.2506 per share.

Diamond Permits in Nunavut, Canada

Total costs incurred on the Diamond Permits are summarized as follows:

| | Acquisition | Exploration | Total |
|-----------------------------------|-------------------|-------------------|---------------------|
| Balance, February 28, 2017 | \$ 275,881 | \$ 661,911 | \$ 937,792 |
| Acquisition costs | 50,000 | - | 50,000 |
| Fieldwork | - | 3,936 | 3,936 |
| Geology | - | 75,624 | 75,624 |
| Community relations | - | 150 | 150 |
| Assay | - | 5,732 | 5,732 |
| Permits | - | 690 | 690 |
| Travel and Support | - | 5,693 | 5,693 |
| Balance, February 28, 2018 | \$ 325,881 | \$ 753,736 | \$ 1,079,617 |
| Acquisition costs | 50,000 | - | 50,000 |
| Geology | - | 4,176 | 4,176 |
| Assay | - | (803) | (803) |
| Balance, November 30, 2018 | \$ 375,881 | \$ 757,109 | \$ 1,132,990 |

During the year ended February 29, 2016, the Company signed a property purchase agreement ("Agreement") to acquire a 100% interest in eight Prospecting Permits (the 'Property') totaling 1,150 km² located in Nunavut, Canada from private owners (the "Vendor"). As consideration, the Company paid a total of \$75,000 in cash and issued 333,333 common shares of the Company with a fair value of \$125,000.

The Company has also agreed to pay the Vendor a 1% royalty interest on the Property. The Company also has the sole and exclusive option to purchase the NSR royalty interest at a purchase price of \$3,000,000 at any time.

As part of the agreement, The Company is required to make annual payments of \$50,000 on each anniversary date, May 5th, for the first four years, payable by the Company in either cash or common shares of the Company ("Performance Shares"), or any combination thereof, in its sole discretion. As of November 30, 2018, the Company has made the first three payments of \$50,000 with cash. The final payment is due on May 5, 2019

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended November 30, 2018 and 2017

Expressed in Canadian Dollars

(unaudited)

3. Exploration and evaluation assets (continued)

The Company has also agreed to make the following additional performance payments to the Vendor, upon the completion of the following milestones:

- payment of \$50,000 for each new discovery of a kimberlite pipe or dyke on the Property, payable by the Company in either cash or Performance Shares, or any combination thereof, in its sole discretion;
- issue 166,667 Performance Shares on completion of an inferred mineral resource estimate by a qualified independent geologist or mining engineer of not less than 5,000,000 tonnes on each kimberlite pipe or dyke; and
- issue 166,667 Performance Shares upon completion of a feasibility study.

During the year ended February 28, 2018, the Company allowed the Prospecting Permits in connection with the Agreement to expire, however, the Company staked mineral claims on the same geographic area. The newly staked claims, therefore, act as a continuance of exploration and evaluation activity on the Company's Nunavut property.

Contwoyto Property in Nunavut, Canada

Total costs incurred on the Contwoyto Property are summarized as follows:

| | Acquisition | Exploration | Total |
|-----------------------------------|-------------------|-------------------|-------------------|
| Balance, February 28, 2017 | \$ - | \$ - | \$ - |
| Acquisition costs | 167,151 | - | 167,151 |
| Fieldwork | - | 262,539 | 262,539 |
| Drilling | - | 96,025 | 96,025 |
| Geology | - | 60,297 | 60,297 |
| Community relations | - | 150 | 150 |
| Assay | - | 8,419 | 8,419 |
| Rental | - | 21,281 | 21,281 |
| Permits | - | 1,243 | 1,243 |
| Travel and support | - | 6,159 | 6,159 |
| Balance, February 28, 2018 | \$ 167,151 | \$ 456,113 | \$ 623,264 |
| Acquisition costs | 3,767 | - | 3,767 |
| Drilling | - | (3,800) | (3,800) |
| Geology | - | 2,541 | 2,384 |
| Assay | - | 6,029 | 6,029 |
| Permits | - | 550 | 550 |
| Balance, November 30, 2018 | \$ 170,918 | \$ 461,433 | \$ 632,351 |

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended November 30, 2018 and 2017

Expressed in Canadian Dollars

*(unaudited)***3. Exploration and evaluation assets (continued)**

During the year ended February 28, 2018, the Company signed a property purchase agreement to acquire an undivided interest in the Contwoyto Property that contains the potential for diamond-bearing kimberlites along with historical gold occurrences from North Arrow Minerals Inc. ("North Arrow"), in consideration for \$100,000 total cash payments and the issuance of 333,333 shares of the Company. As at February 28, 2018 the Company had paid the initial cash payment of \$50,000, upon closing of the property purchase agreement and issued the 333,333 shares.

Subsequent to November 30, 2018, the Company paid the remaining \$50,000 cash payment.

In further consideration of the Contwoyto Property, the Company agreed to:

- grant North Arrow a 1% GOR/NSR (gross overriding royalty/net smelter return) and purchase half the royalty (0.5%) for \$1-million at any time. Butterfly Interests included in the property carry a 5% royalty subject to terms of specific royalty agreements;
- issue 166,667 common shares to North Arrow upon reporting an inferred resource greater than 250,000 gold ounces within an already established mineralized zone; and
- issue 166,667 common shares to North Arrow upon reporting an inferred resource greater than 250,000 gold ounces outside of the established mineralized zone, but within the area of interest.

4. Share capital

a) Common shares

The Company's articles authorize an unlimited number of Class "A" common shares without par value.

During the period, the Company consolidated its outstanding common shares (note 1). As a result of the Share Consolidation, the number of shares, warrants and options presented in these financial statements are based on the post-consolidation shares for all historic periods presented.

A summary of changes in common share capital in the period is as follows:

| | Number of shares | Amount |
|---|-----------------------------|---------------------|
| Balance, February 28, 2018 | 15,473,198 | \$ 3,740,504 |
| Shares issued in private placements | 21,923,318 | 4,232,500 |
| Share issuance costs | - | (336,873) |
| Finders warrants issued | - | (95,976) |
| Flow-through premium liability | - | (17,600) |
| Shares issued for property | 1,453,582 | 336,250 |
| Shares issued upon exercise of warrants | 3,347,922 | 753,283 |
| Balance at November 30, 2018 | 42,198,020 | \$ 8,612,088 |

During the period, the Company issued 1,453,582 common shares for property acquisition (note 3).

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended November 30, 2018 and 2017

Expressed in Canadian Dollars

(unaudited)

4. Share capital (continued)

During the period, the Company completed a non-brokered private placement of 17,833,318 units at \$0.18 per unit to raise \$3,210,000 in gross proceeds. Each unit consisted of one common share and one non-transferable share purchase warrant of the Company. Each warrant is exercisable to acquire one additional common share at \$0.36 per share until June 8, 2020. The Company also paid finders' fees of \$182,267 and issued 552,595 warrants to certain arm's length finders.

During the period, the Company completed a non-brokered private placement of 4,090,000 flow-through common shares at \$0.25 per share to raise \$1,022,500 in gross proceeds. The proceeds will be used to incur qualifying Canadian exploration expenses (the "Qualifying Expenses") on the Lawyers Property, British Columbia, and the Company will renounce the Qualifying Expenses to the subscribers, and each subscriber will be entitled to their pro rata share of the flow-through expenses renounced, a 15% federal tax credit and, if a BC resident, a 20% BC mining expenditures tax credit, less any government assistance. The Company paid finder's fees to arm's length finders of \$56,550 and issued 552,595 warrants to certain arm's length finders.

b) Warrants

A summary of share purchase warrant activity in the period is as follows:

| | Number of warrants | Weighted average exercise price |
|-----------------------------------|-------------------------------|--|
| Balance, February 28, 2018 | 4,551,333 | \$ 0.43 |
| Issued | 18,612,113 | 0.23 |
| Exercised | (3,347,922) | 0.23 |
| Expired | (276,945) | 0.25 |
| Balance, November 30, 2018 | 19,538,579 | \$ 0.23 |

As part of the June 8, 2018 private placement, the Company issued 17,833,318 warrants and 552,595 finders' warrants. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.36 until June 8, 2020. The fair value of finders' warrants granted was \$55,260 and was recorded as an offset against share capital.

As part of the October 10, 2018 private placement, the Company issued 226,200 finders' warrants. Each warrant entitles the holder to purchase one additional common share of the Company at a price of \$0.36 until October 10, 2020. The fair value of finders' warrants granted was \$40,716 and was recorded as an offset against share capital.

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended November 30, 2018 and 2017

Expressed in Canadian Dollars

(unaudited)

4. Share capital (continued)

b) Warrants (continued)

A summary of the warrants outstanding and exercisable is as follows:

| November 30, 2018 | | | February 28, 2018 | | |
|-------------------|--------------------|------------------------------------|-------------------|--------------------|------------------------------------|
| Exercise Price | Number of warrants | Remaining contractual life (years) | Exercise Price | Number of warrants | Remaining contractual life (years) |
| \$ 0.225 | 1,524,988 | 0.60 | \$ 0.54 | 2,098,315 | 1.33 |
| 0.54 | 68,700 | 0.60 | 0.54 | 68,700 | 1.33 |
| - | - | - | 0.33 | 2,226,706 | 0.69 |
| - | - | - | 0.33 | 157,612 | 0.69 |
| 0.225 | 17,166,096 | 1.50 | - | - | - |
| 0.36 | 552,595 | 1.80 | - | - | - |
| 0.25 | 226,200 | 1.90 | - | - | - |
| \$ 0.23 | 19,538,579 | 1.54 | \$ 0.43 | 4,551,333 | 1.00 |

- i) On September 19, 2018, the Company received approval from TSX Venture Exchange to amend the exercise price of certain warrant series to an exercise price of \$0.225 per common share. In the event that the common shares of the Company traded at a closing price greater than \$0.28 per share for a period of 10 consecutive days, these warrants would become subject to a TSX Venture Exchange imposed acceleration provision whereby the warrant holders must exercise their warrants within the 30 days from the date of notice by the Company, or the Warrants would have expired.
- ii) On November 6, 2018, the Company gave notice of its exercise of the right to accelerate the expiry of the warrants issued to December 10, 2018. Subsequent to the period, the 1,524,988 warrants expired unexercised.

c) Stock options

Pursuant to the Company's stock option plan (the "Plan") for directors, officers, employees, and consultants, the Company may reserve a maximum of 10% of the issued and outstanding listed common shares; the exercise price to be determined on the date of issuance of the options.

The options are non-transferable and will expire, if not exercised, 90 days following the date the optionee ceases to be a director, officer, consultant or employee of the Company for reasons other than death, one year after the death of an optionee or on the fifth anniversary of the date the option was granted. All options vest when granted unless otherwise specified by the Board of Directors.

BENCHMARK METALS INC. (FORMERLY CRYSTAL EXPLORATION INC.)

Notes to the Condensed Interim Financial Statements

For the three and nine months ended November 30, 2018 and 2017

Expressed in Canadian Dollars

(unaudited)

4. Share capital (continued)

c) Stock options (continued)

A summary of stock option activity in the period is as follows:

| | Number of options | Weighted average exercise price |
|---|----------------------|------------------------------------|
| Outstanding options, February 28, 2018 | 716,664 | \$ 0.34 |
| Issued | 2,515,000 | 0.20 |
| Cancelled | (86,666) | 0.37 |
| Outstanding options, November 30, 2018 | 3,144,998 | 0.23 |
| Exercisable options, November 30, 2018 | 2,634,998 | \$ 0.30 |

On March 6, 2018, the Company granted incentive stock options, for the option to purchase up to 765,000 common shares, vesting 1/3 on March 6, 2018, 1/3 on March 6, 2019, and 1/3 on March 6, 2020. The options are exercisable at a price of \$0.30 cents per common share, for a period of five years. The estimated fair value of these options of \$58,650, or \$0.23 per option, has been recorded as share-based compensation expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.27; expected life, 5 years; expected volatility, 132%; risk-free rate 2.15%; expected dividends, 0%.

On July 20, 2018, the Company granted incentive stock options, for the option to purchase up to 1,500,000 common shares. The options are exercisable at a price of \$0.16 cents per common share, for a period of five years. The estimated fair value of these options of \$225,000, or \$0.15 per option, has been recorded as share-based compensation expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.16; expected life, 5 years; expected volatility, 170%; risk-free rate 2.08%; expected dividends, 0%.

On August 21, 2018, the Company granted incentive stock options, for the option to purchase up to 250,000 common shares. The options are exercisable at a price of \$0.18 cents per common share, for a period of five years. The estimated fair value of these options of \$20,000, or \$0.08 per option, has been recorded as share-based compensation expense in the period and as an increase to option and warrant reserve, and was calculated using the Black-Scholes Option Pricing Model using the following grant-date assumptions: grant date stock price \$0.18; expected life, 5 years; expected volatility, 112%; risk-free rate 2.27%; expected dividends, 0%.

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4. Share capital (continued)

c) Stock options (continued)

A summary of the options outstanding is as follows:

| November 30, 2018 | | | February 28, 2018 | | |
|-------------------|-------------------|------------------------------------|-------------------|-------------------|------------------------------------|
| Exercise Price | Number of options | Remaining contractual life (years) | Exercise Price | Number of options | Remaining contractual life (years) |
| \$ 0.33 | 633,332 | 2.10 | \$ 0.33 | 633,332 | 2.88 |
| 0.435 | 16,666 | 2.90 | 0.435 | 83,332 | 3.66 |
| 0.30 | 765,000 | 4.30 | - | - | - |
| 0.16 | 1,480,000 | 4.60 | - | - | - |
| 0.18 | 250,000 | 0.70 | - | - | - |
| \$ 0.23 | 3,144,998 | 3.70 | \$ 0.34 | 716,667 | 2.97 |

5. Financial instruments and risk management

The Company is exposed to the following financial risks:

- i) Market risk
- ii) Credit risk
- iii) Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General objectives, policies and processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board and the Company's finance function is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility and to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. Further details regarding these policies are set out below.

5. Financial instruments and risk management (continued)

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of three types of risk: currency risk, interest rate risk, commodity price risk.

Currency risk

Currency risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will fluctuate because of changes in foreign exchange rates. The Company's share capital as well as the Company's reporting currency is denominated in Canadian dollars. Management has assessed that the Company's current exposure to currency risk as low, but acknowledges this may change in the future.

Interest rate risk

Interest rate risk is the risk arising from the effect of changes in prevailing interest rates on the Company's financial instruments. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The Company considers this risk to be minimal.

Commodity price risk

The Company's ability to raise capital to fund exploration activities is subject to risks associated with fluctuations in the market price of mineral resources. The Company closely monitors commodity prices to determine the appropriate course of actions to be taken.

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company has assessed its exposure to credit risk on its cash and has determined that such risk is minimal. The majority of the Company's cash are held with financial institutions in Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company monitors its risk by monitoring the maturity dates of its existing debt and other payables. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To achieve this objective, the Company prepares annual expenditure budgets, which are regularly monitored and updated as considered necessary. Monthly working capital and expenditure reports are prepared by the Company's finance function and presented to management for review and communication to the Board. As at November 30, 2018, all of the Company's account payable and accrued liabilities of \$241,067 are due within one year.

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5. Financial instruments and risk management (continued)

Determination of fair value

The statement of financial position carrying amounts for cash and accounts payable approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Financial assets and liabilities measured at fair value are grouped into three Levels or a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: unobservable inputs for the asset or liability.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

| As at November 30, 2018: | | | | |
|--------------------------|--------------|---------|---------|--------------|
| Asset: | Level 1 | Level 2 | Level 3 | Total |
| Cash | \$ 1,059,498 | - | - | \$ 1,059,498 |
| As at February 28, 2018: | | | | |
| Asset: | Level 1 | Level 2 | Level 3 | Total |
| Cash | \$ 50,178 | - | - | \$ 50,178 |

6. Related party transactions

Unless otherwise noted, related party transactions were incurred in the normal course of operations and are measured at the amount established and agreed upon by the related parties. The Company incurred and paid fees to directors and officers for management and professional services as follows:

| For the nine months ended | November 30, 2018 | November 31, 2017 |
|--|-------------------|-------------------|
| Management fees paid to companies controlled by directors, officers | \$ 249,500 | \$ 108,000 |
| Management fees paid to companies controlled by directors, officers - capitalized to exploration and evaluation assets | \$ 54,500 | - |
| Geological consultation fees to companies controlled by an officer and director – capitalized to exploration and evaluation assets | - | 90,000 |
| Share based payments | 185,795 | - |
| Professional fees paid to companies controlled by a former officer | - | 23,150 |
| | \$ 489,795 | \$ 221,150 |

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6. Related party transactions (continued)

Key management compensation

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer. The remuneration of key management personnel is summarized below:

| For the nine months ended | November 30, 2018 | November 30, 2017 |
|----------------------------------|--------------------------|--------------------------|
| Short term benefits | \$ 304,000 | \$ 108,000 |
| Share based payments | 185,795 | - |
| | \$ 489,795 | \$ 108,000 |

At November 30, 2018, accounts payable and accrued liabilities include \$7,717 (2017 - \$78,225) due to key management, directors of the Company and companies controlled by management or directors for services provided. These amounts are unsecured, non-interest bearing and have no specific terms of repayment.

7. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and development of various businesses. The Company does not have any externally imposed capital requirements to which it is subject.

As at November 30, 2018, the Company considers the aggregate of its share capital, reserves and deficit as capital. The Company manages the 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 the capital structure, the Company may attempt to issue common shares or dispose of assets or adjust the amount of cash on hand.