RE: CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE THREE AND SIX MONTHS ENDED JANUARY 31, 2018

Second quarter financial statements for the three and six months ended January 31, 2018 and 2017 have not been reviewed by the auditors of Montan Mining Corp.

MONTAN MINING CORP.

"Anthony Balic"
Anthony Balic
Chief Financial Officer

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

Montan Mining Corp.

Condensed Consolidated Interim Financial Statements
For the three and six months ended January 31, 2018 and 2017
(Unaudited - expressed in Canadian dollars, except where indicated)

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

Montan Mining Corp.

Condensed Consolidated Interim Statements of Financial Position

(Unaudited - amounts expressed in Canadian dollars, except where indicated)

	Note	January 31, 2018	July 31, 2017
Assets			
Current assets			
Cash		$ 5,150	$ 22,640
Other receivables	5	5,871	57,529
Prepaid expenses	5	3,214	76,354
		14,235	156,523
Property plant and equipment	7	726,788	766,230
Exploration and evaluation properties	8	964,136	966,723
Total assets		$ 1,705,159	$ 1,889,476
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$ 946,600	$ 765,293
Loan payable	10	156,617	185,399
Promissory notes and advances	9	694,951	380,038
		1,798,168	1,330,730
Loan payable	10	233,404	270,246
Total liabilities		2,031,572	1,600,976
Shareholders' equity (deficiency)			
Share capital		4,868,500	4,868,500
Reserves		2,113,526	2,071,951
Deficit		(7,308,439)	(6,651,951)
Total shareholders' equity (deficiency)		(326,413)	288,500
Total liabilities and shareholders' equity		$ 1,705,159	$ 1,889,476

Nature of operations (note 1)
Subsequent event (note 17)

Approved by the Board of Directors

___________"Ian Graham"______________ Director _________"Luis Zapata"__________ Director

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

Montan Mining Corp.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the three and six months ended January 31, 2018 and 2017
(Unaudited - amounts expressed in Canadian dollars, except where indicated)

		Three Months Ended January 31,		Six Months Ended January 31,	
	Note	**2018**	**2017**	**2018**	**2017**
General and administration expenses					
Administrative fees		$ (136,570)	$ (108,783)	$ (187,778)	$ (138,333)
Amortization		(16,158)	-	(48,943)	-
Consulting fee		(265,768)	(90,856)	(380,250)	(391,912)
Exploration expense		-	(272,527)	-	(401,662)
Foreign exchange		17,656	7,845	(8,731)	7,823
Investor communications		-	(134,159)	-	(215,326)
Legal and professional fee		(18,107)	(54,890)	(39,621)	(71,143)
Stock-based compensation	12	-	(227,182)	-	(457,185)
		(418,956)	(880,552)	(665,323)	(1,667,738)
Other expense					
Finance cost – accretion	9,10	(470)	(470)	(940)	(1,479)
Finance cost – interest expense	9,10	(6,153)	(6,426)	(22,167)	(11,472)
Other income		17,477	11,730	26,167	11,924
Gain on settlement of accounts payable		-	4,428	5,775	4,428
Loss for the period		$ (402,327)	$ (871,290)	$ (656,488)	$ (1,664,337)
Other comprehensive (loss) income (“OCI”)					
Cumulative translation adjustment		5,250	25,071	41,575	25,071
Loss and comprehensive loss for the period		$ (397,077)	$ (846,219)	$ (614,913)	$ (1,639,266)
Loss per share					
Basic and diluted		$ (0.00)	$ (0.01)	$ (0.01)	$ (0.03)
Weighted average shares outstanding					
Basic and diluted		84,316,346	69,135,829	71,679,741	50,564,909

Montan Mining Corp.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity and Deficiency

(Unaudited - amounts expressed in Canadian dollars, except where indicated)

	Notes	Shares	Share capital	Convertible debenture equity component	Contingent Shares	Foreign currency Translation reserves	Reserves	Deficit	Total equity
Balance as at July 31, 2017		84,316,346	$ 4,868,500	$ -	$ 154,000	$ (93,676)	$ 2,011,627	$ (6,651,951)	$ 288,500
Cumulative translation adjustment		-	-	-	-	41,575		-	41,575
Net loss for the period		-	-	-	-	-	-	(656,488)	(656,488)
Balance as at January 31, 2018		84,316,346	$ 4,868,500	$ -	$ 154,000	$ (52,101)	$ 2,011,627	$ (7,308,439)	$ (326,413)

	Notes	Shares	Share capital	Convertible debenture equity component	Contingent Shares	Foreign currency Translation	Reserves	Deficit	Total equity
Balance as at July 31, 2016		38,495,125	$ 3,066,610	$ 6,454	$ -	$ -	$ 728,460	$ (3,969,171)	$ (167,647)
Share issuance - private placements		25,311,387	227,606	-	-	-	1,267,713	-	1,495,319
Share issuance – warrants exercised		312,500	26,562	-	-	-	(10,937)	-	15,625
Stock based compensation		-	-	-	-	-	457,185	-	457,185
Contingent shares on acquisition		-	-	-	220,000		-	-	220,000
Shares issued on acquisition		10,000,000	550,000	-	-	-	-	-	550,000
Cumulative translation adjustment						25,071	-	-	25,071
Net loss for the period		-	-	-	-	-	-	(1,664,337)	(1,664,337)
Balance as at January 31, 2017		74,119,012	$ 3,870,778	$ 6,454	$ 220,000	$ 25,071	$ 2,442,421	$ (5,633,508)	$ 931,216

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

Montan Mining Corp.

Condensed Consolidated Interim Statement of Cash Flows

For the three and six months ended January 31, 2018 and 2017
(Unaudited - amounts expressed in Canadian dollars, except where indicated)

		For Three Months Ended January 31,		For Six Months Ended January 31,	
	Note	**2018**	**2017**	**2018**	**2017**
Cash used from operating activities					
Net loss for the period		$ (402,327)	$ (871,290)	$ (656,488)	$ (1,664,337)
Items not affecting cash					
Amortization		16,158	-	48,943	-
Share-based compensation	12	-	227,182	-	457,185
Foreign exchange		11,705	6,844	72,202	6,844
Gain on settlement of accounts payable		(5,775)	(4,428)	(5,775)	(4,428)
Finance cost – accretion expense	9,10	470	470	940	1,479
		(379,769)	(641,222)	(540,178)	(1,203,257)
Change in non-cash operating working capital					
Decrease (Increase) in other receivables		80,883	57,389	51,658	(23,529)
Decrease (Increase) in prepaid expenses		10,700	93,653	73,140	(125,528)
Increase (decrease) in accounts payable and accrued liabilities		83,157	(278,054)	188,327	59,662
Net cash used in operating activities		(205,029)	(768,234)	(227,053)	(1,292,652)
Cash flows from financing activities					
Proceeds from private placements	11	-	603,569	-	1,362,119
Proceeds from warrants exercised	11	-	-	-	15,625
Repayment of promissory notes and advances	9	214,363	-	313,972	-
Repayment of loan payable	10	(54,009)	-	(78,872)	
Net cash received in financing activities		160,354	603,569	235,100	1,377,744
Cash flows used in investing activities					
Cash acquired on acquisition		-	13,080	-	13,080
Purchase of mineral property		-	(69,586)	-	(69,586)
Net cash from (used) in investing activities		-	(56,506)	-	(56,506)
Effect of exchange rate changes on cash		42,931	-	(25,537)	-
Increase (decrease) in cash		(1,744)	(221,171)	(17,490)	28,586
Cash - beginning of year		6,894	252,753	22,640	2,996
Cash - end of period		$ 5,150	$ 31,582	$ 5,150	$ 31,582

Supplemental cash flow information (note 16)

1 Nature of operations and going concern

Montan Mining Corp. ("the Company") was incorporated under the Business Corporations Act of the Province of Ontario, Canada, on March 7, 2003.

The head office of the Company is located at Suite 1201 – 1166 Alberni St., Vancouver, BC, V6E 3Z3 Canada and the registered office of the Company is located at Suite 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 1H2.

The Company is in the process of exploring its resource properties and has not determined whether these properties contain mineral reserves which are economically recoverable. The recoverability of amounts shown for exploration and evaluation expenditures is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production from the property or proceeds from its disposition.

Going concern

At January 31, 2018, the Company had net working capital deficit of $1,783,933 had not yet achieved profitable operations, had accumulated losses of $7,308,439 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned work program on its mineral properties, meet its on-going levels of corporate overhead and commitments, keep its properties in good standing and discharge its liabilities as they come due. These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. In the past, the Company has been successful in obtaining financing, although there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these consolidated financial statements. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2 Basis of presentation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB have been condensed or omitted and these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2017.

The Company's management makes judgments in its process of applying the Company's accounting policies in the preparation of its unaudited condensed consolidated interim financial statements. In addition, the preparation of the financial data requires that the Company's management make assumptions and estimates of the effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process is inherently uncertain. Estimates 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 and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively. The critical judgments and estimates applied in the preparation of the Company's unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended July 31, 2017.

The Board of Directors approved these condensed consolidated interim financial statements on March 28, 2018.

These unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at fair value.

New Accounting Standards Issued but Not Yet Effective

The following are new pronouncements approved by IASB. These new standards and interpretations are not yet effective and have not been applied in preparing these financial statements, however they may impact future periods.

(i) IFRS 15, Revenues from Contracts and Customers ("IFRS 15") was issued by the IASB on May 28, 2014, and will replace IAS 18, Revenue, IAS 11, Construction Contracts, and related interpretations on revenue. IFRS 15 sets out the requirements for recognizing revenue that apply to all contracts with customers, except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments. IFRS 15 uses a control based approach to recognize revenue, which is a change from the risk and reward approach under the current standard. Companies can elect to use either a full or a modified retrospective approach when adopting the standard and it is effective for annual periods beginning on or after January 1, 2018.

(ii) IFRS 9, Financial instruments ("IFRS ") was issued by the IASB on July 24, 2014 as a complete standard. This standard replaces the guidance in IAS 39, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities. The Standard eliminates the existing categories of held to maturity, available for sale and loans and receivables. On initial recognition, financial assets will be classified into those measures at amortized cost and at fair value. The mandatory effective date of the new standard is for annual periods beginning on or after January 1, 2018. The Company intends to adopt the standards for the year beginning January 1, 2018. The Company believes that implementation of the new standard will not have a material impact on its financial results.

(iii) IFRS 16, Leases is a new standard that sets out the principles of recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating of finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The mandatory effective date of the new standard is for periods beginning on or after January 1, 2019. The Company intends to adopt the standard for the year beginning January 1, 2019. The Company believes the implementation of the new standard will not have a material impact on its financial statements.

The Company is currently evaluating the potential impact of these amendments and new standards on its condensed consolidated interim financial statements.

3 Estimates, risks and uncertainties

The amounts recorded for share based compensation are based on estimates. The Black-Scholes model is based on assumptions for volatility, expected number of options to vest, risk-free interest rate and expected life of options.

The recoverability of amounts shown for mineral properties. These are dependent on the discovery of economic resources, the ability of the Company to obtain future financing to complete the development of the properties, and on future production or sale of the properties.

Deferred income tax assets and liabilities. These are computed based on differences between the carrying amounts on the balance sheet and their corresponding tax values. Deferred income tax assets also result from unused loss carry forwards and other deductions. The valuation of deferred income tax assets is adjusted, if necessary, by way of a valuation allowance to reflect the estimated realizable amount.

The following accounting policies involve judgements or assessments made by management:

- The determination of categories of financial assets and financial liabilities;
- The determination of a cash-generating unit for assessing and testing impairment;
- The allocation of exploration costs to cash-generating units
- The determination of when an exploration and evaluation asset moves from the exploration stage to the development stage
- The determination of the functional currency of the Company.

4 Financial instruments

The Company's financial instruments consist of cash, other receivables, accounts payable and accrued liabilities, loan payable and promissory notes and advances. The fair value of these financial instruments approximates the carrying value due to the short maturity or current market rate associated with these instruments.

Financial instruments disclosure requires a statement of the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of fair value are:

Level 1 Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, and;

Level 3 Inputs that are not based on observable market data

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and other receivables. The Company's cash is held through large Canadian financial institutions and other receivables are primarily related to tax credits receivable from the government of Canada.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as described in Note 15. The accounts payable and loans are due within the current operating period. The Company is exposed to liquidity risk.

Market Risk

The Company's market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Company is not exposed to significant interest rate risk. A 1% change in market interest rates would result in no significant change in value of cash and other financial instruments.

Foreign Exchange Risk

Currency risk is the risk of a loss due to the fluctuation of foreign exchange rates and the effects of those fluctuations on the Company's foreign currency denominated monetary assets and liabilities. The Company currently operates in the Canada and Peru. Certain costs and expenses are incurred in US dollars and Peruvian sol. The Company attempts to mitigate currency risk through the preparation of short and long term expenditure budgets in the foreign currencies and planning for the conversion of Canadian dollars into foreign currencies whenever exchange rates are favourable.

The Company's financial assets and liabilities as at January 31, 2018 are denominated in United States Dollars, Canadian Dollars, and Peruvian Soles, and are set out in the following table:

	Canadian Dollars	US Dollars	Peruvian Soles	Total
Financial assets				
Cash and cash equivalent	$ 21	$ 39	$ 5,090	$ 5,150
Receivables - other	5,871	-	-	5,871
	5,892	39	5,090	11,021
Financial liabilities				
Accounts payables and accrued liabilities	(760,061)	(111,924)	(74,615)	(946,600)
Loan payable	-	(390,021)	-	(390,021)
Promissory notes and advances	(606,775)	(88,176)	-	(694,951)
Net financial (liabilities) assets	$ (1,360,944)	$ (590,082)	$ (69,525)	$ (2,020,551)

The Company's financial assets and liabilities as at July 31, 2017 are denominated in United States Dollars, Canadian Dollars, and Peruvian Soles, and are set out in the following table:

(Unaudited - amounts expressed in Canadian dollars, except where indicated)

	Canadian Dollars	US Dollars	Peruvian Soles	Total
Financial assets				
Cash and cash equivalent	$ 3,157	$ 13	$ 19,470	$ 22,640
Receivables - other	54,082	-	3,447	57,529
	57,239	13	22,917	80,169
Financial liabilities				
Accounts payables and accrued liabilities	(524,005)	(144,772)	(96,516)	(765,293)
Loan payable	-	(455,645)	-	(455,645)
Promissory notes and advances	(380,038)	-	-	(380,038)
Net financial (liabilities) assets	$ (846,804)	$ (600,404)	$ (73,599)	$ (1,520,807)

The Company's reported results will be affected by changes in the US dollar to Canadian dollar and US dollar to Peruvian Sol exchange rate. As of January 31, 2018, a 10% appreciation of the Canadian dollar relative to the US dollar would have decreased net financial assets by approximately $59,008 (July 31, 2017 - $60,040). A 10% depreciation of the US Dollar relative to the Canadian dollar would have had the equal but opposite effect. A 10% appreciation of the Peruvian Sol relative to the CAD dollar would have decreased net financial asset by approximately $6,953 (July 31, 2017 - $7,360) and a 10% depreciation of the Peruvian Sol would have had an equal but opposite effect. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risk.

5 Receivables and prepaid expenses

	January 31, 2018	July 31, 2017
GST receivable	$ 5,871	$ 12,195
Peruvian tax credits	-	197,205
Other receivables	-	80,144
Other receivables - total	**5,871**	**289,544**
Prepaid expenses	**3,214**	76,354

6 Cerro Dorado S.A.C. Investment

On January 17, 2017, the Company completed the acquisition of Cerro Dorado S.A.C. ("Cerro Dorado"), a Peruvian Company. The Company purchased 100% of the shares of Cerro Dorado with assets that comprise an option on exploration and evaluation property in Peru, a processing plant, and the associated permits, lease, access rights and mineral tenures, in consideration for the following:

1. 10 million common shares of the Company on execution of sale to be held in escrow and released at 1.5 million shares at the end of every 6 months from the day of closing.

2. 2 million common shares of the Company upon sale of 1,000 oz Silver-contained ore or dore from either the mine or the plant.

3. 2 million common shares of the Company upon sale of an additional 2,000 oz Silver-contained ore or dore (3,000 oz total) from either the mine or the plant.

(Unaudited - amounts expressed in Canadian dollars, except where indicated)

The purchase price allocation is summarized as follows:

10,000,000 common shares of the Company at $0.055 CAD a share	550,000
2,000,000 contingent shares upon 1,000 ounces at $0.055 CAD a share (1)	88,000
2,000,000 contingent shares upon additional 2,000 ounces at $0.055 CAD a share (2)	66,000
Forgiveness of intercompany debt	15,399
Transaction costs	24,757
Total consideration	744,156

(1) The probability allocated to achieving the first tranche of contingent consideration was assessed at 80%
(2) The probability allocated to achieving the second tranche of contingent consideration was assessed at 60%

Allocated to:

Cash	13,080
Receivables and other	3,118
Property plant and equipment	784,514
Exploration and evaluation properties	951,531
Amount payable to the owners of the Rey Salomon mine	(175,606)
Accounts payable	(244,779)
Loans payable	(587,702)
Total consideration	744,156

On March 9, 2017, the Company completed the acquisition of M&F Minera Ofir S.A.C. ("OFIR") which merged with Cerro Dorado. There were no identifiable assets and liabilities within OFIR other than exploration and evaluation properties which Cerro Dorado was optioning into.

7 Property, plant and equipment

	Roads/ Tailings Dam	Buildings	Machinery & Equipment	Vehicles	Total
Cost					
Balance as at July 31, 2017	$ 311,557	$ 74,203	$ 318,814	$ 92,639	$ 797,213
Current period additions	-	-	-	-	-
Movement in foreign exchange	4,127	915	3,541	919	9,502
Balance at January 31, 2018	$ 315,684	$ 75,118	$ 322,355	$ 93,558	$ 806,715
Accumulated Depreciation					
Balance as at July 31, 2017	$ -	$ 112	$ 19,843	$ 11,028	$ 30,983
Depreciation expense	-	5,005	31,681	$ 12,258	48,944
Balance at January 31, 2018	$ -	$ 5,117	$ 51,524	$ 23,286	$ 79,927
Carrying Amount					
Balance at January 31, 2018	$ 315,684	$ 70,001	$ 270,831	$ 70,272	$ 726,788
Balance as at July 31, 2017	$ 311,557	$ 74,091	$ 298,971	$ 81,611	$ 766,230

(Unaudited - amounts expressed in Canadian dollars, except where indicated)

8 Exploration and evaluation properties

	January 31, 2018	July 31, 2017
Cost		
Balance, beginning of year	$ 966,723	$ -
Acquired Rey Salomon on January 17, 2017 (Note 6)	-	951,531
Movement in foreign exchange	12,605	15,192
Balance, end of the period	**$ 964,136**	**$ 966,723**

Rey Salomon property

Exploration and evaluation properties are comprised of certain concessions located in the district of Arequipa, province of Caravelí, Peru.

9 Promissory notes and advances

	Advance (a)	Promissory Note (b)	Promissory Note (c)	Promissory Note (d)	Advances (e)	Promissory Note (f)	Promissory Note (g)	Promissory Note (h)	Total
Opening balance, July 31, 2017	**$ 28,905**	**$ 120,000**	**$ 10,263**	**$ 129,070**	**$ 91,800**	**$ -**	**$ -**	**$ -**	**$ 380,038**
Finance cost – accretion	940	-	-	-	-	-	-	-	940
Additional lending	-	-	32,247	-	-	91,550	30,000	160,176	313,973
Repayment	-	-	-	-	-	-	-	-	-
Balance January 31, 2018	**$ 29,845**	**$ 120,000**	**$ 42,510**	**$ 129,070**	**$ 91,800**	**$ 91,550**	**$ 30,000**	**$ 160,176**	**$ 694,951**

(a) On April 5, 2016, the Company entered into a loan agreement for $30,000 with a private Canadian company. The loan accrues interest at a rate of 12% per annum, payable annually beginning February 5, 2017 with full repayment of unpaid interest and principle due on February 8, 2018. The fair value of the common shares, $3,600, on date of execution has been recorded as transaction costs and were netted against the loan. As at April 5, 2017, the Company issued 120,000 common shares to settle the transaction costs. The fair value of the Montan share as at the date of issuance is $0.065, a loss of $4,200 on shares issued recorded for this transaction.

During the six months ended January 31, 2018, $940 (January 31, 2017 - $940) was recorded as accretion expense. During the six months ended January 31, 2018, $1,200 (January 31, 2017- $1,800) was recorded as interest expenses. As at January 31, 2018, the Company has accrued interest payable of $5,700 for this loan (January 31, 2017 – $3,000).

(b) On July 20, 2017, the Company entered into an unsecured promissory note agreement for $120,000 with a private Canadian company. The loan accrues interest at a rate of 6% per annum. The principal and interest is due on July 20, 2018. In the event that the loan is not repaid on the maturity date, the interest rate is increased to 24% prospectively. During the six months ended January 31, 2018 $4,052 (January 31, 2017 - $nil) was recorded as interest expense.

(c) On July 18, 2017, the Company entered into an unsecured promissory note agreement for $10,263 with a director of the Company. During the period ended January 31, 2018 the Company received an additional $32,247 in advances. The loan is non-interest bearing and the principal is due on July 18, 2018.

(d) On September 8, 2016, on maturity of convertible notes, the Company and note holders agreed to extend these amounts as promissory notes. During the six months ended January 31, 2018 $7,337 (January 31, 2017 - $2,673) was recorded as interest expense.

(e) On July 31, 2017, the Company received advances from various parties in the amount of $91,800. The advances are unsecured, are non-interest bearing and have no repayment terms.

(f) On August 21, 2017, the Company entered into an unsecured promissory note agreement for $25,000 with a private Canadian company. The loan accrues interest at a rate of 6% per annum. The principal and interest are due in one year. On September 6, 2017 and October 27, 2017 further advances were received for $50,000 and $16,550 respectively. These amounts accrue interest at a rate of 6% per annum. The principal and interest are due one year subsequent to advance. During the six months ended January 31, 2018, $1,230 (January 31, 2017 - $nil) was recorded as interest expense.

(g) On November 22, 2017, the Company entered into an unsecured promissory note agreement for $30,000 with a private Canadian company. The loan accrues interest at a rate of 6% per annum. The principal and interest is due on November 22, 2018. During the six months ended January 31, 2018 $460 (January 31, 2017 - $nil) was recorded as interest expense.

(h) On December 5, 2017, the Company entered into an unsecured promissory note agreement with a private Canadian company. The loan accrues interest at a rate of 8% per annum. The principal and interest is due on December 5, 2018. The total amount of the promissory note is $160,176, of which $61,000 is denominated in USD. During the six months ended January 31, 2018 $1,150 (January 31, 2017 - $nil) was recorded as interest expense.

10 Loan payable

As part of the Cerro Dorado acquisition, the Company acquired a secured loan payable to M&F Minera Ofir S.A.C. ("OFIR"). The total amount owing to OFIR was USD $453,968 with an effective interest rate of 2.6% per annum which will be repaid in 24 equal monthly installments of USD $18,915 commencing January 25, 2017 and ending December 25, 2018. During the six months ended January 31, 2018, $6,738 (January 31, 2017- $nil) were recorded as interest expenses.

	January 31, 2018	July 31, 2017
Opening balance, July 31, 2017	$ 455,645	$ -
Balance acquired on January 17, 2017	-	587,702
Repayment	(78,872)	(116,736)
Interest expense	6,738	12,743
Interest paid	(5,494)	(7,755)
Foreign exchange	12,004	(20,309)
	$ 390,021	455,645
Short-term portion	156,617	185,399
Long-term portion	$ 233,404	270,246

11 Share capital

The Company's authorized share capital consists of an unlimited number of common shares without par value.

As at January 31, 2018, 1,518,000 (July 31, 2017 – 1,518,000) common shares are held in escrow and scheduled to be released pro-rata to the shareholders as to 10% of the escrow shares upon issuance of a Final Exchange Bulletin by the TSX Venture and as to the remainder in six equal tranches of 15% every six months thereafter, for a period of 36 months. These escrow shares may not be transferred, assigned or otherwise dealt with without the consent of the regulatory authorities. If a Final Exchange Bulletin is not issued the shares will not be released from escrow and if the Company is delisted, the shares will be cancelled.

In addition to the above, as at January 31, 2018 the Company had 6,000,000 (January 31, 2018 – 9,000,000) common shares held in escrow as part of the Cerro Dorado acquisition (see note 6). In total 10,000,000 shares were to be issued and 1,000,000 were released from escrow on closing on January 17, 2017, and 1,500,000 common shares will be released on every six (6) month anniversary of closing until all common shares are released by the end of 3 years.

(i) Share issuance

Fiscal 2018

No activity

Fiscal 2017

i) On August 25, 2016, the Company closed a private placement for 4,700,000 units at a price of $0.10 for gross proceeds of $470,000. Each unit consist of one common share and one common share purchase warrant. Each warrant will be exercisable into one common share at a price of $0.15 until expiry on August 25, 2018. The share purchase warrant's fair value of $208,521 was recorded in the reserves. Of 4,700,000 common shares issued, 1,082,000 were issued to settle the certain debts owed to two vendors.

ii) On October 27, 2016, the Company closed a private placement for 8,170,000 units at a price of $0.05 for gross proceeds of $408,500. Each unit consist of one common share and one common share purchase warrant. Each warrant will be exercisable into one common share at a price of $0.10 for a period of five years after the closing date. The share purchase warrant's fair value of $190,559 was recorded in the reserves. Of 8,170,000 common shares issued, 200,000 were issued to settle the certain debts owed to a vendor. The Company paid finder fee of $1,750 related to this private placement. Company paid finder's fee in the aggregate amount of $1,750.

iii) On December 15, 2016, the Company closed a private placement for 9,341,387 units at a price of $0.05 for gross proceeds of $467,069. Each unit consists of one common share and one common share purchase warrant. Each warrant will be exercisable into one common share at $0.10 for a period of five years after closing date. The share purchase warrant's fair value of $228,211 was recorded in the reserves. The Company paid finder's fee in the aggregate amount of $3,500.

iv) On January 13, 2017, the Company closed a private placement for 3,100,000 units at a price of $0.05 for gross proceeds of $155,000. Each unit consists of one common share and one common share purchase warrant. Each warrant will be exercisable into one common share at $0.10 for a period of five years after closing date. The share purchase warrant's fair value of $75,569 was recorded in the reserves.

v) On April 13, 2017, the Company closed a private placement for 9,094,970 units at a price of $0.055 for gross proceeds of $500,223. Each unit consists of one common share and one half common share purchase warrant. Each warrant will be exercisable into one common share at $0.10 for a period of two years after closing date. The share purchase warrant's fair value of $134,059 was recorded in the reserves. The Company paid finder's fee in the aggregate amount of $4,950.

vi) On April 13, 2017, the Company issued the 650,164 common shares at price of $0.065 per share to settle certain debts acquired in the Cerro Dorado acquisition, a loss of $8,148 on shares issued was recorded.

vii) On April 19, 2017, the Company issued the 332,200 common shares at price of $0.065 per share to settle certain debts owned to an arms-length party, a loss of $4,681 on shares issued was recorded.

(Unaudited - amounts expressed in Canadian dollars, except where indicated)

viii) On April 19, 2017, the Company issued the 120,000 common shares at price of $0.065 per share to settle transaction cost from a third-party loan, a loss of $4,200 on shares issued was recorded. (see note 9).

(j) Share purchase warrants

Fiscal 2018

No activity

Fiscal 2017

ix) On August 25, 2016, the Company closed private placement financing for 4,700,000 units. The fair values of the warrants issued was calculated at $208,521 and was determined using the relative fair value method on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.52% risk free interest rate, expected life of 2 years, 205% annualized volatility and 0% dividend rate.

x) On September 19, 2016, 312,500 warrants were exercised with a strike price of $0.05 per share for total proceeds of $15,625.

xi) On October 27, 2016, the Company closed private placement financing for 8,170,000 units. The fair values of the warrants issued was calculated at $190,559 and was determined using the relative fair value method on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.63% risk free interest rate, expected life of 5 years, 197% annualized volatility and 0% dividend rate.

xii) On December 15, 2016, the Company closed a private placement for 9,341,387 units. The fair values of warrants issued was calculated at $228,211 and was determined using the relative fair value method on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.63% risk free interest rate, expected life of 5 years, 191% annualized volatility and 0% dividend rate.

xiii) On January 13, 2017, the Company closed a private placement for 3,100,000 units. The fair value of warrant was calculated at $75,569 and was determined using the relative fair value method on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.63% risk free interest rate, expected life of 5 years, 188% annualized volatility and 0% dividend rate.

xiv) On April 13, 2017, the Company closed a private placement for 9,094,971 units. The total warrants issued were 4,547,487. The fair value of warrant was calculated at $134,059 and was determined using the relative fair value method on the date of the issuance using the Black-Scholes option pricing model with the following weighted average assumptions: 0.74% risk free interest rate, expected life of 2 years, 177% annualized volatility and 0% dividend rate.

The following is a summary of the share purchase warrants outstanding as at January 31, 2018 and July 31, 2017:

	January 31, 2018		**July 31, 2017**	
	Number of warrants	**Weighted average exercise price**	**Number of warrants**	**Weighted average exercise price**
Outstanding - beginning of year	34,319,260	$ 0.11	6,718,647	$ 0.14
Issued	-	-	29,858,877	0.11
Expired	(956,750)	0.12	(1,945,764)	0.22
Exercised	-	-	(312,500)	0.05
Outstanding – as at period end	33,362,510	$ 0.11	34,319,260	$ 0.11

(Unaudited - amounts expressed in Canadian dollars, except where indicated)

Number of warrants	Exercise price per warrant	Expiry date
1,734,883	$0.175	March 15, 2018
1,768,750	$0.05	May 19, 2018
4,700,000	$0.15	August 25, 2018
8,170,000	$0.10	October 27, 2021
9,341,387	$0.10	December 15, 2021
3,100,000	$0.10	January 13, 2022
4,547,490	$0.10	April 13, 2019
33,362,510		

As at January 31, 2018, the weighted average exercise price of the warrants outstanding was $0.11 (July 31, 2017 - $0.11) with a weighted average remaining contractual life of 2.63 years (July 31, 2017 – 3.0 years).

The following is a summary of the finders and broker warrants outstanding as at January 31, 2018 and July 31, 2017:

	January 31, 2018		July 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding - beginning of year	54,000	$ 0.05	145,700	$ 0.13
Issued	-	-	-	-
Expired	-	-	(91,700)	0.18
Outstanding – as at period end	54,000	$ 0.05	54,000	$ 0.05

Number of warrants	Exercise price per warrant	Expiry date
54,000	$0.05	May 19, 2018
54,000		

As at January 31, 2018, the weighted average exercise price of the warrants outstanding was $0.05 (July 31, 2017 - $0.05) with a weighted average remaining contractual life of 0.30 years (July 31, 2017 – 0.8 years).

12 Share based compensation

The Company adopted a stock option plan (the “Stock Option Plan”) under which it can grant options to directors, officers, employees, and consultants for up to 10% of the issued and outstanding common shares.

(Unaudited - amounts expressed in Canadian dollars, except where indicated)

On August 2, 2016, the Company issued 2,600,000 stock options to its directors, officers and consultants at an exercise price of $0.10 per share for expiry date August 2, 2021. The fair value of $229,306 for these stock option was determined using Black-Scholes option pricing model using the following assumptions: expected life of 5 years, volatility of 209%, annual rate of dividends of 0.00% and risk free rate of 0.6327%.

On August 2, 2016, the Company amended the exercise price of 1,125,000 options to $0.10 per share from an average of $0.17 per share. The fair value of $697 for the repriced options was determined using Black-Scholes option pricing model using the following assumptions: average expected life of 7.5 years, volatility of 209%, annual rate of dividends of 0.00% and risk free rate of 0.7102%.

On August 2, 2016, 230,000 existing stock options cancelled as the optionees ceased to be officers or contractors of the Company.

On September 22, 2016, 1,000,000 existing options cancelled as the optionees ceased to be director and officers of the Company.

On January 17, 2017, the Company issued 4,300,000 stock options to its directors, officers and consultants at an exercise price of $0.07 per share for expiry date January 17, 2022. The fair value of $227,182 for these stock option was determined using Black-Scholes option pricing model using the following assumptions: expected life of 5 years, volatility of 188%, annual rate of dividends of 0.00% and risk free rate of 0.6272%.

The following is a summary of the stock options outstanding as at January 31, 2018 and July 31, 2017:

	January 31, 2018		July 31, 2017	
	Number of stock options	Weighted average exercise price	Number of stock options	Weighted average exercise price
Outstanding - beginning of year	7,025,000	$ 0.08	1,355,000	$ 0.10
Granted	-	-	6,900,000	0.08
Cancelled or expired	-	-	(1,230,000)	0.11
Outstanding - end of period	7,025,000	$ 0.08	7,025,000	$ 0.08

Number of stock option outstanding and vested	Exercise price per stock option	Expiry date
400,000	$0.10	December 5, 2022
425,000	$0.10	March 7, 2020
1,900,000	$0.10	August 2, 2021
4,300,000	$0.07	January 17, 2022
7,025,000	$0.08	

As at January 31, 2018, the weighted average exercise price of the stock options outstanding was $0.08 (July 31, 2017 - $0.08) with the weighted average remaining contractual life of 3.8 years (July 31, 2017 – 4.3 years). The average fair value of options issued during the six months ended January 31, 2018 was $nil (January 31, 2017 - $0.08).

(Unaudited - amounts expressed in Canadian dollars, except where indicated)

13 Related party transactions

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include officers, directors or companies with common directors of the Company.

The remuneration of the Company's directors and other key management personnel during the period ended January 31, 2018 and January 31, 2017 are as follows:

	January 31, 2018	January 31, 2017
Consulting fees	$ 37,500	$ 40,344
Professional fees	7,500	15,000
Share-based payments	-	233,402

These expenses were measured at the exchange amounts agreed upon by the parties. As at January 31, 2018 the Company had amounts payable of $69,429 (July 31, 2017 - $78,978) to these parties. These amounts are unsecured and non-interest bearing.

As at January 31, 2018, the Company had promissory notes totalling $162,510 (July 31, 2017 – $130,263) to director and a private Canadian company controlled by a director of the Company and personally to a director of the Company. (note 9).

14 Segment disclosures

The Company operates in two geographical and two operating segments. The operating segments are managed separately based on the nature of operations. Exploration and development is primarily the recently acquired Cerro Dorado project in Peru. Other selected financial information by geographical segment is as follows

The Company operates in two operating segments in two countries, with corporate in Canada and exploration in Peru. The Company's assets by country are:

	As at January 31, 2018			As at July 31, 2017		
	Canada	Peru	Total	Canada	Peru	Total
Assets						
Cash	60	5,090	5,150	3,170	19,470	22,640
Other receivables	5,871	-	5,871	54,082	3,447	57,529
Prepaid expenses	3,214	-	3,214	76,354	-	76,354
Property, plant and equipment	-	726,788	726,788	-	766,230	766,230
Mineral properties	-	964,136	964,136	-	966,723	966,723
Liabilities						
Accounts payable and accrued liabilities	(760,061)	(186,539)	(946,600)	(524,005)	(241,288)	(765,293)
Promissory notes and advances	(694,481)	-	(694,481)	(380,038)	-	(380,038)
Loan payable	-	(390,021)	(390,021)	-	(455,645)	(455,645)

(Unaudited - amounts expressed in Canadian dollars, except where indicated)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2018	2017	2018	2017
Canada	$ (285,969)	$ (857,990)	$ (444,711)	$ (1,651,037)
Peru	(116,358)	(13,300)	(211,777)	(13,300)
Net Loss	$ (402,327)	$ (871,290)	$ (656,488)	(1,664,337)

15 Capital management

The Company's objectives for capital management are to safeguard its ability to support the Company's normal operating requirement on an ongoing basis, continue the development and exploration of its mineral properties and support any expansionary plans.

The capital of the Company consists of items included in shareholders' equity, net of cash as follows:

	January 31, 2018	July 31, 2017
Total equity	$ (326,413)	$ 279,505
Less: cash	(5,150)	(22,640)
	$ (331,563)	$ 256,865

The Company and its subsidiary are not subject to any capital requirements imposed by a lending institution or regulatory body, other than of the TSX Venture Exchange ("TSXV") which requires adequate working capital or financial resources of the greater of (i) $50,000 and (ii) an amount required in order to maintain operations and cover general and administrative expenses for a period of 6 months.

The Company manages its capital structure and makes adjustments in light of changes in its economic environment and the risk characteristics of the Company's assets. To effectively manage the entity's capital requirements, the Company has in place a planning, budgeting and forecasting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

16 Supplemental cash flow information

		For Three Months Ended January 31,		For Six Months Ended January 31,	
Supplemental cash flow information- non-cash financing and investing activities	**Note**	**2018**	**2017**	**2018**	**2017**
Shares issued on acquisition		-	$ 550,000	-	$ 550,000
Fair value of shares and warrants issued to settle liabilities	11	-	5,000	-	123,200

17 Subsequent event

On February 21, 2018 the Company announces that Lions Bay Capital Inc. will be leading a restructuring of the Company, where Lions Bay will purchase certain debts of Montan through the issuance of common shares of Lions Bay in the aggregate amount of CAD $1.03 million, which amounts will subsequently be settled by the issuance of common shares of Montan to Lions Bay.