



Condensed interim consolidated financial statements of

BeMetals Corp. (formerly BQ Metals Corp.)

Three and six months ended June 30, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim consolidated financial statements of BeMetals Corp. (formerly BQ Metals Corp.) have been prepared by and are the responsibility of the Company's management.

In accordance with National Instrument 51-102, the Company discloses that its independent auditor has not performed a review of these condensed interim consolidated financial statements.

BeMetals Corp. (formerly BQ Metals Corp.)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

(Unaudited)

	As at June 30, 2018	As at December 31, 2017
Assets		
Current assets		
Cash	\$ 74,314	\$ 105,869
Amounts receivable	6,606	43,130
Prepaid expenses	1,250	-
	82,170	148,999
Exploration and evaluation assets (Note 3)	110,654	-
Total assets	\$ 192,824	\$ 148,999
Liabilities and equity		
Current liabilities		
Trade and other payables	\$ 597,967	\$ 267,784
Total liabilities	597,967	267,784
Shareholder deficiency		
Share capital (Note 4)	2,329,693	2,345,095
Share subscriptions received in advance (Note 4)	100,000	-
Equity reserve	446,231	324,218
Deficit	(3,281,067)	(2,788,098)
Total deficiency	(405,143)	(118,785)
Total liabilities and equity	\$ 192,824	\$ 148,999

Nature of operations and going concern (Note 1)

Subsequent events (Note 4,6)

Approved by the Board of Directors and authorized for issue on August 23, 2018:

"Clive T. Johnson" Director

"John Wilton" Director

BeMetals Corp. (formerly BQ Metals Corp.)

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

For The Three and Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Expenses				
Consulting	\$ 30,000	\$ 365,817	\$ 60,000	\$ 600,439
Foreign exchange	1,520	(1,619)	3,028	(1,619)
Management fees	53,607	-	91,670	-
Office and administration	9,033	4,278	12,219	9,584
Professional fees	145,404	743,328	181,251	979,189
Regulatory and transfer agent	6,403	37,288	11,038	44,654
Share-based compensation (Note 4)	59,869	-	122,013	-
Travel	12,290	18,906	12,290	46,901
	(318,126)	(1,167,998)	(493,509)	(1,679,148)
Finance income	241	3,015	540	3,015
Write-off of trade and other payables	-	7,560	-	7,560
	241	10,575	540	10,575
Net loss and comprehensive loss	\$ (317,885)	\$(1,157,423)	\$ (492,969)	\$ (1,668,573)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	56,798,577	56,798,577	56,798,577	54,265,244

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

BeMetals Corp. (formerly BQ Metals Corp.)
Condensed Interim Consolidated Statements of Equity
(Expressed in Canadian dollars)
(Unaudited)

	Share capital		Share subscriptions received in advance	Equity reserve	Deficit	Total equity (deficiency)
	Shares issued	Amount				
At December 31, 2016	32,798,577	\$ 921,133	\$ 199,980	\$ 324,218	\$ (1,000,308)	\$ 445,023
Private placement	24,000,000	1,440,000	(199,980)	-	-	1,240,020
Share issue costs	-	(16,038)	-	-	-	(16,038)
Net loss and comprehensive loss	-	-	-	-	(1,668,573)	(1,668,573)
At June 30, 2017	56,798,577	2,345,095	-	324,218	(2,668,881)	432
Net loss and comprehensive loss	-	-	-	-	(119,217)	(119,217)
At December 31, 2017	56,798,577	2,345,095	-	324,218	(2,788,098)	(118,785)
Share subscriptions received in advance	-	-	100,000	-	-	100,000
Share issue costs	-	(15,402)	-	-	-	(15,402)
Share-based compensation	-	-	-	122,013	-	122,013
Net loss and comprehensive loss	-	-	-	-	(492,969)	(492,969)
At June 30, 2018	56,798,577	\$ 2,329,693	\$ 100,000	\$ 446,231	\$ (3,281,067)	\$ (405,143)

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

BeMetals Corp. (formerly BQ Metals Corp.)
Condensed Interim Consolidated Statements of Cash Flows
For The Six Months Ended June 30, 2018 and 2017
(Expressed in Canadian dollars)
(Unaudited)

	Six months ended June 30,	
	2018	2017
Operating activities		
Net loss	\$ (492,969)	\$ (1,668,573)
Adjusted for:		
Share-based compensation	122,013	-
Changes in non-cash working capital items:		
Amounts receivable	36,524	(37,999)
Prepaid expenses	(1,250)	-
Trade and other payables	314,781	351,967
Cash used in operating activities	(20,901)	(1,354,605)
Investing activities		
Exploration and evaluation expenditures	(110,654)	-
Cash used in investing activities	(110,654)	-
Financing activities		
Private placement, net of share issue costs	-	1,423,962
Share subscriptions received in advance	100,000	(199,980)
Cash provided by financing activities	100,000	1,223,982
Decrease in cash	(31,555)	(130,623)
Cash and cash equivalents, beginning of period	105,869	488,599
Cash and cash equivalents, end of period	\$ 74,314	\$ 357,976

Supplemental disclosure with respect to cash flows (Note 8)

BeMetals Corp. (formerly BQ Metals Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For The Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

BeMetals Corp. (previously BQ Metals Corp. and Miza Enterprises Inc.) (the “Company”) is a base metals exploration company with rights to acquire up to a 72% interest in the Pangen copper project (the “Pangen Copper Project”) on the western extension of the Zambian Copperbelt (Note 3). The Company continues to identify and evaluate other potential opportunities as part of its growth strategy with the goal of becoming a significant base metals producer through the acquisition of quality exploration, development and production stage base metal projects.

The Company was incorporated on February 4, 2008 under the Business Corporations Act of the Province of British Columbia. As of July 25, 2018, the Company’s common shares are listed on the TSX Venture Exchange (“TSX-V”) under the symbol ‘BMET’. The Company’s head office address is 3123 – 595 Burrard Street, Vancouver, BC, V7X 1J1. The registered and records office address is 2500 – 700 W. Georgia Street, Vancouver BC, V7Y 1B3.

These unaudited condensed interim consolidated financial statements have been prepared on the basis of a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. As at June 30, 2018, the Company had a working capital deficit of \$515,797. The Company has incurred negative cash flows from operations of \$20,901, recorded a loss of \$492,969 for the six months ended June 30, 2018, and has an accumulated deficit of \$3,281,067 as at June 30, 2018. The Company does not currently have a recurring source of revenue. In July 2018, the Company closed an equity financing for gross proceeds of \$2,240,000 (Note 4). The Company has sufficient funds to cover its budgeted expenditures for the next twelve months, however it will need to raise additional funds to meet its long-term commitments and growth strategy. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms that are acceptable to the Company. The uncertainty of the Company’s success in raising additional capital funding casts significant doubt on the Company’s ability to continue as a going concern. These unaudited condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

2. BASIS OF PRESENTATION

(a) *Statement of compliance*

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited financial statements for the year ended December 31, 2017, except for newly adopted accounting policies as noted below.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the most recently issued annual financial statements of the Company, which include information necessary or useful to understanding the Company’s business and financial statement presentation. In particular, the Company’s significant accounting policies were presented as Note 3 to the financial statements for the year ended December 31, 2017, and have been consistently applied in the preparation of these unaudited condensed interim consolidated financial statements.

BeMetals Corp. (formerly BQ Metals Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For The Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited)

2. BASIS OF PRESENTATION (continued)

(b) *Significant accounting judgments and estimates*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and may affect both the period of revision and future periods.

Key Source of Estimation Uncertainty

Share-based payments

Share-based compensation expense is measured by reference to the fair value of the share options at the date at which they are granted. Estimating fair value for granted share options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, risk-free interest rate, and making assumptions about them. The fair value of the share-based compensation expense for the period along with the assumptions and model used for estimating fair value for share-based compensation transactions are disclosed in Note 4.

(c) *Principles of consolidation*

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company until the date on which control ceases. All intercompany balances and transactions are eliminated upon consolidation.

The Company has two inactive subsidiaries incorporated in British Columbia, Canada. The functional currency of these entities and the Company is the Canadian dollar.

(d) *Adoption of new accounting policies*

Effective January 1, 2018, the following standards were adopted but have had no material impact on the financial statements:

- IFRS 9: New standard that replaced IAS 39 for classification and measurement of financial assets, which is effective for annual periods beginning on or after January 1, 2018. Adoption of this standard did not have a significant measurement impact on the Company's consolidated financial statements.

BeMetals Corp. (formerly BQ Metals Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For The Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited)

2. BASIS OF PRESENTATION (continued)

(d) *Adoption of new accounting policies (continued)*

Exploration and Evaluation Assets

The Company defers the cost of acquiring, maintaining its interest, exploring and developing mineral properties as exploration and evaluation until the properties are placed in production, abandoned, sold or considered to be impaired in value. Once the technical feasibility and commercial viability of the extraction of mineral reserves or resources from a particular mineral property has been determined, exploration and evaluation expenditures are reclassified to “mineral properties and mine development costs”. If no mineable ore body is discovered, such costs are expensed in the period in which it is determined the property has no future economic value. Exploration costs that do not relate to any specific property are expensed as incurred.

The establishment of technical feasibility and commercial viability of a mineral property is assessed based on a combination of factors, such as but not limited to:

- The extent to which mineral reserves or mineral resources have been identified through a feasibility study or similar level document;
- The results of optimization studies and further technical evaluation carried out to mitigate project risks identified in the feasibility study;
- The status of environmental permits; and
- The status of mining leases or permits.

In addition, commercial viability is deemed to be achieved when the Company determines that the project will provide a satisfactory return relative to its perceived risks. Ore reserves and resources may be declared for an undeveloped mining project before its commercial viability has been fully determined. Evaluation costs may continue to be capitalized during the period between declaration of reserves and approval to mine as further work is undertaken in order to refine the development case to maximize the project's returns.

3. EXPLORATION AND EVALUATION ASSETS

In February 2018, further to a November 2017 letter agreement, the Company confirmed the agreement (the “Agreement”) with Copper Cross Zambia Limited and its parent company Manica Zambia Limited (together the “Vendor”) for the right to acquire up to a 72% interest in the Pangeni Copper Project. This Agreement was approved by the TSX-V in July 2018 in connection with the Company's completion of its Qualifying Transaction.

Pursuant to the Agreement, the Company can acquire an initial 67.5% interest in the Pangeni Copper Project by making cash payments of US\$300,000 cash, issuing a total of 500,000 common shares (100,000 shares issued to date), and expending US\$2.5 million in exploration work, all prior to the second anniversary, and then completing a preliminary economic assessment and making a further cash payments of US\$1,150,000, a portion of which may be paid in common shares at the option of the Company, prior to the fifth anniversary. The US\$2.5 million to be spent on exploration work is an obligation under the agreement upon completion of the Qualifying Transaction and will be required to be satisfied by either expenditures on exploration activities or by cash payments to the Vendor.

Following acquisition of the initial 67.5% interest the Company can acquire an additional 4.5% interest by completing a feasibility study and making a further cash payment of US \$750,000, a portion of which may be paid in common shares at the option of the Company.

BeMetals Corp. (formerly BQ Metals Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For The Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited)

3. EXPLORATION AND EVALUATION ASSETS (continued)

At the commencement of the mine development phase, and following a feasibility study, a one-off milestone payment would be payable, based upon total proven and probable mineral reserves, as follows: US\$2 million if less than 500 kilotonnes ("kt") contained copper, US\$3 million if the contained copper is between 500 kt and 1,000kt, and US\$6 million if greater than 1,000kt contained copper. Upon commencement of production, Pangen Minerals Limited is entitled to a 3% Net Smelter Royalty (which may be reduced to 1% following the royalty reduction payments by the Company, determined by an internationally recognised valuator, which is not to exceed US\$3.3 million).

During the six months ended June 30, 2018, the Company advanced US\$50,000 (\$62,535) towards the cash payment obligations and incurred exploration costs of US\$37,192 (\$48,119) for total exploration and evaluation asset expenditures of US\$87,192 (\$110,654).

4. EQUITY

(a) Authorized

Unlimited common shares with no par value

Unlimited preferred shares with no par value

(b) Issued and fully paid common shares

In January 2017, the Company completed a common share stock split on the basis of three new common shares for each one old common share. All common share and common per share amounts in these financial statements have been retroactively restated to reflect the stock split.

As at June 30, 2018, 56,798,577 common shares were issued and outstanding (December 31, 2017: 56,798,577 shares).

Six months ended June 30, 2018

There were no common shares issued during the six months ended June 30, 2018.

In June 2018, the Company announced a non-brokered private placement which was subsequently upsized to 11,200,000 common shares at a price of \$0.20 for gross proceeds of \$2,240,000 (the "Financing"). Proceeds of \$100,000 were received, and cash share issue costs of \$15,402 incurred, in relation to the Financing during the six months ended June 30, 2018.

In July 2018, the Company closed the Financing. Cash finder's fees of \$81,000 were paid in relation to the Financing.

In July 2018, the Company issued 100,000 common shares to the Vendor (Note 3).

Six months ended June 30, 2017

During the six months ended June 30, 2017, the Company closed a non-brokered private placement of 24,000,000 common shares at a price of \$0.06 per share for gross proceeds of \$1,440,000.

(c) Escrow shares

Certain shares are held in escrow pursuant to a December 2009 escrow agreement, as supplemented in July 2018. As at June 30, 2018, 4,108,572 (December 31, 2017: 4,108,572) shares remained in escrow and will be released in tranches over a period of 36 months following the completion of the Qualifying Transaction.

BeMetals Corp. (formerly BQ Metals Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For The Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited)

4. EQUITY (continued)

(d) Share options

The Company has adopted an incentive share option plan which provides that the Board of Directors of the Company may from time to time, in its discretion and in accordance with TSX-V requirements, grant non-transferable share options to purchase common shares, provided that the number of common shares reserved for issuance in any twelve month period will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant at a price not less than the closing price of the Company's shares on the last trading day before the grant of such options. Each option vesting period is determined on a grant by grant basis by the Board of Directors.

During the six months ended June 30, 2018, the Company granted an aggregate of 2,250,000 share options to an officer of the Company, exercisable at a price of \$0.24 per share until February 27, 2028, vesting over a period of three years. Using the Black-Scholes option pricing model, the fair value per option granted was \$0.18 per option and the share-based compensation expense recognized for the vesting of these options to June 30, 2018, was \$122,013. The following weighted average assumptions were used for the valuation of the share options:

	2018
Risk-free interest rate	2.17%
Expected life (years)	8.67 years
Annualized volatility	75.00%
Dividend rate	0.00%

There were no share options granted during the six months ended June 30, 2017.

Following is a summary of changes in share options outstanding:

	Number of options	Weighted average exercise price
Balance, December 31, 2016 and 2017	3,270,000	\$ 0.06
Granted	2,250,000	0.24
Balance, June 30, 2018	5,520,000	\$ 0.13

The following table summarizes information about share options outstanding at June 30, 2018:

Outstanding	Exercisable	Exercise price	Expiry date
750,000	750,000	\$ 0.06	February 26, 2019
2,520,000	2,520,000	0.06	December 9, 2026
2,250,000	250,000	0.24	February 27, 2028
5,520,000	3,520,000		

BeMetals Corp. (formerly BQ Metals Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For The Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited)

5. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of members of the Company's Board of Directors and corporate officers.

During the six months ended June 30, 2018, key management personnel compensation, including directors and officers, was comprised of \$213,683 (six months ended June 30, 2017: \$nil), \$122,013 of which related to share options granted to an officer of the Company and \$91,670 of which was management fees to the Chief Executive Officer of the Company. As at June 30, 2018, \$68,380 (December 31, 2017: \$nil) was due to the Chief Executive Officer of the Company and is included in trade and other payables in the statement of financial position.

6. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed in varying degrees to a variety of financial instrument related risks. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk arises from the potential for non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk is on its cash and amounts receivable. The Company reduces its credit risk by maintaining its bank accounts at a large international financial institution. The maximum exposure to credit risk is equal to the carrying value of these financial assets.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources. As at June 30, 2018, the Company had liabilities of \$597,967 and a working capital deficit of \$515,797. However, subsequent to June 30, 2018, the Company raised \$2,240,000 (Note 4), and is in the process of settling its outstanding payables.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company's reporting currency is the Canadian dollar and major purchases are transacted in Canadian and US dollars. A portion of the Company's exploration and evaluation expenditures are incurred in Zambia, but are predominantly transacted in US dollars. The Company maintains Canadian and US dollar bank accounts in Canada. The Company is subject to gains and losses from fluctuations in the US dollar against the Canadian dollar.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash balances at variable rates. Changes in short term interest rates will not have a significant effect on the fair value of the Company's cash account.

BeMetals Corp. (formerly BQ Metals Corp.)

Notes to the Condensed Interim Consolidated Financial Statements

For The Six Months Ended June 30, 2018 and 2017

(Expressed in Canadian dollars)

(Unaudited)

7. CAPITAL MANAGEMENT

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash on deposit in an interest bearing Canadian chartered bank account. The Company is not subject to externally imposed capital requirements.

Previously the Company maintained a capital management structure in accordance with Policy 2.4 of the TSX-V, which has been revised upon completion of the Qualifying Transaction.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing or financing transactions included:

- Included in trade and other payables at June 30, 2018, is \$15,402 (December 31, 2017: \$nil) of accrued share issue costs.

No cash was paid for interest or income taxes during the six months ended June 30, 2018 and 2017.