

**WESTERN MAGNESIUM CORPORATION**

**(Formerly Nevada Clean Magnesium Inc.)**

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the period ended April 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

**WESTERN MAGNESIUM CORPORATION**

Condensed Interim Consolidated Statements of Financial Position

As at April 30, 2019 and 2018

(Expressed in Canadian Dollars)

	Notes	April 30, 2019 (Unaudited)	October 31, 2018 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$	320,413	\$ 239,807
Accounts receivable		19,316	9,392
Prepaid expenses		126,739	12,991
		466,468	262,190
<b>Non-current assets</b>			
Equipment	4	40,110	6,069
Exploration and evaluation assets	5	1,484,762	1,453,680
Reclamation deposit		3,500	3,500
<b>TOTAL ASSETS</b>	\$	1,994,840	\$ 1,725,439
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	\$	275,125	\$ 17,715
Due to related parties	6	798,370	795,711
Provision for flow through share issuances	9	288,900	288,900
<b>Total liabilities</b>		1,362,395	1,102,326
<b>Shareholders' equity</b>			
Share capital	10	19,602,339	18,374,126
Reserves	10	3,096,690	2,759,189
Obligations to issue shares	15	576,877	
Accumulated other comprehensive income		482,692	453,026
Deficit		(23,126,153)	(20,963,228)
<b>Total Shareholders' equity</b>		632,445	623,113
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	\$	1,994,840	\$ 1,725,439
<b>Nature of operations and going concern</b>	1		
<b>Contingencies</b>	7		
<b>Commitments</b>	11		
<b>Subsequent events</b>	15		

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

Approved on behalf of the directors on June 20, 2019

"Edward Lee"

Director

"Sam Ataya"

Director & CEO

**WESTERN MAGNESIUM CORPORATION**

Condensed Interim Consolidated Statements of Comprehensive Loss

For the Periods Ended April 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

	Notes	Three Months Ended April 30, 2019	2018	Six Months Ended April 30, 2019	2018
<b>Expenses</b>					
Bank charges		\$ 1,931	\$ 324	\$ 4,166	\$ 834
Depreciation	4	1,555	695	2,205	1,301
Due diligence expenses		114,022	-	114,022	-
Consulting and management fees	6	170,062	70,827	350,898	193,636
Exploration expense		-	-	-	1,234
Foreign exchange loss (gain)		14,967	23,298	22,073	23,297
Interest and accretion	8	-	8,750	-	17,500
Office and general		64,856	18,064	96,197	37,089
Professional fees		244,888	37,345	296,203	44,894
Salaries	6	434,298	10,091	708,433	19,091
Shareholder communications		69,260	22,871	98,760	43,705
Stock-based compensation	10	-	38,707	336,363	38,707
Transfer agent and filing fees		50,409	14,311	60,714	15,688
Travel		44,938	22,070	72,891	43,207
<b>Net loss for the period</b>		<b>(1,211,186)</b>	<b>(267,353)</b>	<b>(2,162,925)</b>	<b>(480,183)</b>
<b>Other comprehensive income (loss)</b>					
Foreign currency gain (loss) on translation of subsidiary		30,887	59,143	29,666	(6,401)
<b>Total comprehensive loss for the period</b>		<b>\$ (1,180,299)</b>	<b>\$ (208,210)</b>	<b>\$ (2,133,259)</b>	<b>\$ (486,584)</b>
Basic and diluted loss per share		\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)
Weighted average number of common shares outstanding – basic and diluted		220,597,727	179,720,682	213,663,382	179,031,215

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

**WESTERN MAGNESIUM CORPORATION**

Condensed Interim Consolidated Statement of Changes in Equity

For the Periods Ended April 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

	Common shares		Share based payments and other reserve	Obligation to issue shares	Accumulated Deficit	Total other comprehensive income (loss)	Shareholders' equity (deficiency)
	Shares	Amount					
<b>Balance, October 31, 2017</b>	<b>178,318,508</b>	<b>\$ 17,210,492</b>	<b>\$ 2,645,569</b>	<b>\$ 75,000</b>	<b>\$ (19,772,899)</b>	<b>\$ 426,283</b>	<b>\$ 584,445</b>
Shares issued for services	1,550,000	77,500	-	(75,000)	-	-	2,500
Obligation to issue shares	-	-	-	150,000	-	-	150,000
Options granted	-	-	38,707	-	-	-	38,707
Comprehensive income (loss) for the period	-	-	-	-	(480,183)	(6,401)	(486,584)
<b>Balance, April 30, 2018</b>	<b>179,318,508</b>	<b>\$ 17,287,992</b>	<b>\$ 2,684,276</b>	<b>\$ 150,000</b>	<b>\$ (20,253,082)</b>	<b>\$ 419,882</b>	<b>\$ 289,068</b>
<b>Balance, October 31, 2018</b>	<b>200,832,658</b>	<b>\$ 18,374,126</b>	<b>\$ 2,759,189</b>	<b>\$ -</b>	<b>\$ (20,963,228)</b>	<b>\$ 453,026</b>	<b>\$ 623,113</b>
Private placements (Note 10)	26,759,907	1,338,577	-	-	-	-	1,338,577
Shares issued for services (Note 10)	150,000	7,500	-	-	-	-	7,500
Share issued costs	-	(117,864)	1,138	-	-	-	(116,726)
Share subscription (Note 15)	-	-	-	576,877	-	-	576,877
Options granted	-	-	336,363	-	-	-	336,363
Comprehensive income (loss) for the period	-	-	-	-	(2,162,925)	29,666	(2,133,259)
<b>Balance, April 30, 2019</b>	<b>227,742,565</b>	<b>\$ 19,602,339</b>	<b>\$ 3,096,690</b>	<b>\$ 576,877</b>	<b>\$ (23,126,153)</b>	<b>\$ 482,692</b>	<b>\$ 632,445</b>

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**WESTERN MAGNESIUM CORPORATION**

Condensed Interim Consolidated Statements of Cash Flows

For the Period Ended April 30, 2019 and 2018

(Expressed in Canadian Dollars)

(Unaudited)

	<b>Six Months Ended April 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Net loss for the year	\$ (2,162,925)	\$ (480,183)
Items not affecting cash:		
Accrued interest and accretion	-	17,500
Depreciation	2,205	1,301
Shares issued for services	7,500	2,500
Stock-based compensation	336,363	38,707
Foreign exchange	(1,416)	(178)
Changes in non-cash working capital items:		
Accounts receivable	(9,924)	(1,478)
Prepaid expenses	(113,748)	82,216
Accounts payable and accrued liabilities	257,410	42,467
Due to related parties	2,659	22,821
<b>Net cash used in operating activities</b>	<b>(1,681,876)</b>	<b>(274,327)</b>
<b>Investing activities</b>		
Equipment	(36,246)	(2,777)
<b>Net cash used in investing activities</b>	<b>(36,246)</b>	<b>(2,777)</b>
<b>Financing activities</b>		
Proceeds from issuance of shares, net of share issuance costs	1,221,851	-
Proceeds from share subscription	576,877	150,000
<b>Net cash provided by financing activities</b>	<b>1,798,728</b>	<b>150,000</b>
<b>Change in cash</b>	<b>80,606</b>	<b>(127,104)</b>
<b>Cash, beginning of the period</b>	<b>239,807</b>	<b>380,961</b>
<b>Cash, end of the period</b>	<b>\$ 320,413</b>	<b>\$ 253,857</b>

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**WESTERN MAGNESIUM CORPORATION**  
**(Formerly Nevada Clean Magnesium Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

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**1. Nature of operations and going concern**

Western Magnesium Corporation (the “Company”, or “WMC”, formerly “Nevada Clean Magnesium Inc.”) was incorporated under the laws of British Columbia on March 24, 1966. On May 14, 2019, the Company discontinued from the jurisdiction of the Business Corporations Act (British Columbia) and domesticated under the General Corporation Law of the State of Delaware under the name “Western Magnesium Corporation”. WMC is a publicly traded company with its shares listed on the TSX Venture Exchange (“TSX-V”) under the symbol “WMG.V”, OTCQB market under the symbol “MLYF” and on Frankfurt exchange under the symbol “M1V”. The Company is principally engaged in the acquisition, exploration and development of interests in mineral resource projects in Canada and the USA. To date, the Company has not generated any revenues and is considered to be in the exploration and development stage.

The address of the Company’s corporate office and principal place of business is #900 – 580 Hornby street, Vancouver, British Columbia, V6C 3B6.

These condensed interim consolidated financial statements comprise the financial statements of Western Magnesium Corporation and its wholly owned subsidiary, Western Magnesium Corp. (formerly “Nevada Clean Magnesium USA, Inc.”, name change on December 19, 2018), incorporated in the state of Nevada, USA.

The business of exploring and developing mineral resource properties involves a high degree of risk, and there can be no assurance that planned exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for capitalized exploration and development costs is dependent on the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such properties at a profit. Changes in future conditions could require material write-downs of the carrying values of exploration and evaluation interests.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects.

At April 30, 2019, the Company had working capital deficiency of \$895,927 (October 31, 2018 –\$840,136), has not yet achieved profitable operations and expects to incur further losses in the development of its business. For the period ended April 30, 2019, the Company reported a comprehensive loss of \$2,133,259 (2018 – \$456,877). As at April 30, 2019, the Company had an accumulated deficit of \$23,126,153 (October 31, 2018– \$20,963,228).

The Company has financed its exploration activities and operations through equity issuances and expects to continue to do so to the extent such instruments are issuable under terms acceptable to the Company until such time as its operations provide positive cash flows. Accordingly, the Company’s financial statements are presented on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of operations. Management believes that the going concern assumption is appropriate for these financial statements based on their continuing ability to raise financing through share issuances. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable value of its assets may decline materially from current estimates. If the going concern assumption was not appropriate for these financial statements, then potentially material adjustments may be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used. These factors indicate the existence of a material uncertainty that cast significant doubt on the Company’s ability to continue as a going concern.

**WESTERN MAGNESIUM CORPORATION**  
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Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

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(Unaudited)

**2. Basis of presentation**

**a) Statement of compliance**

These unaudited condensed interim consolidated financial statements have been prepared in accordance with IAS 34 – Interim Financial Reporting ("IAS 34") 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 ("IFRSs") as issued by the IASB have been condensed or omitted.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended October 31, 2018, which have been prepared in accordance with IFRS. The accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited consolidated financial statements for the year ended October 31, 2018. The Company's interim results are not necessarily indicative of its results for a full year.

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**b) Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's subsidiary is the United States dollar ("USD"). The accounts of the subsidiary have been translated to the Canadian dollar.

**c) Critical accounting estimates and judgments**

*Significant estimates and assumptions*

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets and liabilities, provisions for restoration and environmental obligations and contingent liabilities.

*Significant judgments*

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- whether there are indicators of impairment of the Company's exploration and evaluation assets and other non-current assets;



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Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

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- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the classification of financial instruments.

**d) Principles of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly owned and controlled subsidiary as described in Note 1. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company transactions and balances have been eliminated upon consolidation.

**3. Recent Accounting Pronouncements**

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not completed its assessment of the impact that the new and amended standards will have on its financial statements. The Company also has not early adopted any of these standards in the consolidated financial statements.

*IFRS 9, Financial Instruments*

IFRS 9 as issued, reflects the first phase of the IASB's work on the replacement of IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 is intended to reduce complexity in the classification and measurement of financial instruments. The standard is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The adoption of this standard will have no material impact on the Company's financial statements.

*IFRS 15, Revenue from Contracts with Customers*

The IASB issued IFRS 15 in May 2014. The new standard provides a comprehensive five-step revenue recognition model for all contracts with customers and requires management to exercise judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods commencing on or after January 1, 2018. The adoption of this standard will have no material impact on the Company's financial statements.

*IFRS 16, Leases*

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. The standard was issued in January 2016 and is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has also been applied. The adoption of this standard will have no material impact on the Company's financial statements.

**WESTERN MAGNESIUM CORPORATION**  
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Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

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**4. Equipment**

<b>Cost</b>		<b>Computer equipment</b>		<b>Pilot Furnace</b>		<b>Total</b>
As at October 31, 2017	\$	9,095	\$	99,695	\$	108,790
Additions during the year		-		6,773		6,773
Write off of equipment		-		(106,468)		(106,468)
As at October 31, 2018		9,095		-		9,095
Additions during the period		13,158		23,088		36,246
<b>As at April 30, 2019</b>	<b>\$</b>	<b>22,253</b>	<b>\$</b>	<b>23,088</b>	<b>\$</b>	<b>45,341</b>
<b>Accumulated depreciation</b>						
As at October 31, 2017	\$	425	\$	-	\$	425
Additions during the year		2,601		-		2,601
As at October 31, 2018		3,026		-		3,026
Additions during the period		2,205		-		2,205
<b>As at April 30, 2019</b>	<b>\$</b>	<b>5,231</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>5,231</b>
<b>Net book value</b>						
As at October 31, 2018	\$	6,069	\$	-	\$	6,069
<b>As at April 30, 2019</b>	<b>\$</b>	<b>17,022</b>	<b>\$</b>	<b>23,088</b>	<b>\$</b>	<b>40,110</b>

**5. Exploration and evaluation assets**

	<b>Beaverdell Property</b>	<b>Silverado Property</b>	<b>Tami Mosi Property</b>	<b>Total</b>
<b>Balance, October 31, 2017</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 1,407,665</b>	<b>\$ 1,407,667</b>
Foreign currency translation	-	-	27,574	27,574
License	-	-	18,439	18,439
<b>Balance, October 31, 2018</b>	<b>1</b>	<b>1</b>	<b>1,453,678</b>	<b>1,453,680</b>
Foreign currency translation	-	-	31,082	31,082
<b>Balance, April 30, 2019</b>	<b>\$ 1</b>	<b>\$ 1</b>	<b>\$ 1,484,760</b>	<b>\$ 1,484,762</b>

**a) Beaverdell Property, Greenwood Mining Division, British Columbia, Canada**

The Beaverdell property is located 3 kilometers southeast of Beaverdell, British Columbia, and is owned 100% by the Company. The carrying value of the property is \$1.

**b) Silverado Property, Nevada, United States**

The Silverado property is located in the Pinto mining district of Nevada, consists of 3 patented mining claims totaling approximately 120 hectares, and is a 100% owned by the Company. The carrying value of the property is \$1.

**c) Tami Mosi Property Nevada, United States**

The Tami Mosi property is located approximately 8 miles southeast of Ely, Nevada, consists of 81 unpatented mining, is 100% owned by the Company, and is subject to a 2% net smelter royalty in favor of the originating vendors.

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Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

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**6. Related party transactions**

Key management personnel comprised the President and Chief Operating Officer, Chief Executive Officer, Chief Financial Officer, Chief Technical Officer, Executive Chairman, Vice President of Corporate Affairs and Directors of the Company.

During the period ended April 30, 2019, the Company has hired, under 5 year contracts, seven executives, being President & Chief Operating Officer, Chief Executive Officer, Chief Financial Officer, Vice President of Corporate Affairs, Executive Chairman, Socioeconomic and Environmental Permitting Director, and Investor Relations Manager with the total annualized salary is \$1,990,084.

During the period ended April 30, 2019, the Company incurred salaries, management and consulting fees totaling \$765,199 (2018 - \$155,591) to directors, officers and the companies owned by them.

During the period ended April 30, 2019, the Company recorded share-based payments of \$294,527 (2018 – \$17,594) for options granted to directors and officers of the Company.

The remuneration of the key management personnel for the period ended April 30, 2019 and 2018 was as follows:

	Short-term employee benefits	Share-based payments	Total
Period ended April 30, 2019			
Directors and officers	\$ 765,199	\$ 294,527	\$ 1,059,726
Period ended April 30, 2018			
Directors and officers	\$ 155,591	\$ 17,594	\$ 173,185

As at April 30, 2019, the balance owing to related parties is \$798,370 (October 31, 2018- \$795,711).

**7. Contingencies**

On January 13, 2015, the Company announced it signed a License and Royalty Agreement with its director, James Sever, P. Eng., to use Mr. Sever's unique knowledge and concepts on the Company's Tami Mosi and other properties for the commercial production of magnesium. In consideration for the license, the Company will pay to Mr. Sever a royalty in the amount of USD\$0.003 per pound (USD\$0.00661 per kilogram) of magnesium produced and sold by the Company where the condenser concept has been utilized and USD\$0.0015 per pound of magnesium produced and sold from its properties without using the condenser concept. The initial term of the agreement ends on December 31, 2040 and is renewable.

**8. Convertible notes**

On August 10, 2017, the Company closed a non-brokered private placement of an unsecured convertible note in the principal amount of \$220,000. The note bore interest at 10% per annum and is due on the date that is one year following the closing date. The note is convertible into common shares of the Company at a price of \$0.05 per share and any accrued but unpaid interest thereon convertible into shares at the price which is the greater of \$0.05 and the market price on the date of the conversion notice. The Company has allocated \$18,333 of the proceeds to the equity component of these convertible notes. On October 12, 2018, this convertible note and \$25,797 of accrued interest was converted into 4,915,945 shares of the Company.

On October 31, 2017, the Company closed a non-brokered private placement of an unsecured convertible note in the principal amount of \$200,000. The note bears interest at 7.5% per annum and is due on the date that is one year

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Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

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following the closing date. The note is convertible into common shares of the Company at a price of \$0.05 per share and any accrued but unpaid interest thereon is convertible into shares at the price which is the greater of \$0.05 and the market price on the date of the conversion notice. The Company has allocated \$20,834 of the proceeds to the equity component of these convertible notes. On October 12, 2018, this convertible note and \$14,260 of accrued interest was converted into 4,285,205 shares of the Company.

In fiscal 2018, the Company recorded \$37,167 of accretion expense on these convertible debentures.

**9. Provision for flow through share issuances**

The Company has recorded a provision in the amount of \$288,900 (October 31, 2018 - \$288,900) for tax and related obligations relating to flow through share issuances from prior years.

**10. Share capital**

**i) Authorized capital**

The authorized share capital consists of 1,000,000,000 common voting shares at par value of \$0.001.

**ii) Issued shares**

During the year ended October 31, 2018, the Company issued the following units and shares:

On February 5, 2018, the Company issued 1,500,000 shares at a price of \$0.05 for the services provided to the Company. An obligation to issue those shares with a fair value of \$75,000 was recorded at October 31, 2017.

On May 7, 2018, the Company closed a non-brokered private placement for gross proceeds of \$155,000 comprising 3,100,000 units at a price of \$0.05. Each unit consists of one common share and one common share purchase warrant. Each warrant is exercisable into one common share for a period of two years at a price of \$0.07.

On October 4, 2018, the Company closed first tranche of a non-brokered private placement for gross proceeds of \$410,000 comprising of 8,200,000 units at a price of \$0.05. Each unit consists of one common share at a price of \$0.05 and one common share purchase warrant exercisable into one common share for a period of two years at a price of \$0.08. Finder's fees of \$800 were paid and 16,000 broker's warrants exercisable for a period of two years at a price of \$0.08 and fair valued at \$440 were issued in connection with this private placement.

An acceleration clause is included with the warrants such that the Company has the right, on thirty days' written notice, to require a holder to exercise the warrants so long as the closing trading price of the Company's common shares on the Company's principal trading market exceeds \$0.10 per share for at least ten consecutive trading days at any time prior to the date of this Call Notice. The warrants will terminate on the date that is thirty days from the date of the Call Notice in the event that the holder has not exercised the warrants in accordance with the terms of the Call Notice by such date.

During the year ended October 31, 2018, 13,000 options were exercised for the proceeds of \$650.

On October 12, 2018, the Company issued a total of 9,201,150 shares to settle two convertible notes with a face value \$420,000 and \$40,057 of interest incurred on those notes (Note 8). Upon conversion, the equity component of \$39,167 previously recorded in reserves was reclassified to share capital.

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Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

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(Unaudited)

During the year ended October 31, 2018, the Company issued a total of 500,000 shares at a price of \$0.05 per share to Lodestar for the services provided (Note 11).

During the period ended April 30, 2019, the Company issued the following units and shares:

On November 30, 2018, the Company closed the second tranche of non-brokered private placement, originally announced on September 14, 2018, comprising of 7,699,760 units for gross proceeds of \$384,988. Each unit consists of one common share at a price of \$0.05 and one common share purchase warrant exercisable into one common share for a period of two years at a price of \$0.08. An acceleration clause is included with the warrants such that the Company has the right, on thirty days' written notice, to require a holder to exercise the warrants so long as the closing trading price of the Company's common shares on the Company's principal trading market exceeds \$0.10 per share for at least ten consecutive trading days at any time prior to the date of the Call Notice. The warrants will terminate on the date that is thirty days from the date of the Call Notice in the event that the holder has not exercised the warrants in accordance with the terms of the Call Notice by such date. The Company paid a finder's fees of \$24,071 in cash and 145,960 shares at a price of \$0.05 in connection with the second tranche.

During the period ended April 30, 2019, the Company issued a total of 150,000 shares to Lodestar at a price of \$0.05 for the services provided (Note 11).

On January 23, 2019, the Company closed a non-brokered private placement for gross proceeds of \$317,422 comprised of 6,348,435 units at a price of \$0.05. Each unit consists of one common share and one warrant. Each warrant is exercisable into one common share for a period of two years at a price of \$0.08. An acceleration clause is included with the warrants such that the Company has the right, on thirty days' written notice, to require a holder to exercise the warrants so long as the closing trading price of the Company's common shares on the Company's principal trading market exceeds \$0.10 per share for at least ten consecutive trading days at any time prior to the date of the Call Notice. The warrants will terminate on the date that is thirty days from the date of the Call Notice in the event that the holder has not exercised the warrants in accordance with the terms of the Call Notice by such date. The Company paid finders fees totaling \$7,381 in cash, 597,001 shares at a price of \$0.05 and 40,000 broker warrants fair valued \$1,138 under the same terms as the financing warrants in connection to this closing.

On March 29, 2019, the Company closed a non-brokered private placement for gross proceeds up to \$587,523.20 comprising of 11,750,464 units at a price of \$0.05 per unit. Each unit consists of one common share at a price of \$0.05 and one common share purchase warrant exercisable into one common share for a period of two years at a price of \$0.08. An acceleration clause is included with the warrants such that the Company has the right, on thirty days' written notice, to require a holder to exercise the warrants so long as the closing trading price of the Company's common shares on the Company's principal trading market exceeds \$0.10 per share for at least ten consecutive trading days at any time prior to the date of the Call Notice. The warrants will terminate on the date that is thirty days from the date of the Call Notice in the event that the holder has not exercised the warrants in accordance with the terms of the Call Notice by such date. The Company paid finders fees totaling \$37,767.27 in cash, 218,287 shares at a price of \$0.05 in connection to this closing.

**WESTERN MAGNESIUM CORPORATION**  
**(Formerly Nevada Clean Magnesium Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

iii) **Warrants**

A summary of the changes in the Company's share purchase warrants during the period ended April 30, 2019 are as follows:

Expiry date	Weighted		October 31, 2018	Granted	Exercised	Expired/ Cancelled	October 31, 2018
	Exercise price	Average Life (years)					
December 22, 2018	\$ 0.05	-	1,640,000	-	-	1,640,000	-
February 21, 2022	\$ 0.05	2.82	2,005,200	-	-	-	2,005,200
March 27, 2022	\$ 0.05	2.91	4,205,000	-	-	-	4,205,000
May 9, 2022	\$ 0.05	3.03	7,104,886	-	-	-	7,104,886
August 14, 2022	\$ 0.05	3.29	1,470,000	-	-	-	1,470,000
May 7, 2020	\$ 0.07	1.02	3,100,000	-	-	-	3,100,000
October 4, 2020	\$ 0.08	1.43	8,216,000	-	-	-	8,216,000
November 30, 2020	\$ 0.08	1.59	-	7,699,760	-	-	7,699,760
January 23, 2021	\$ 0.08	1.74	-	6,388,435	-	-	6,388,435
March 29, 2021	\$ 0.08	1.92	-	11,750,464	-	-	11,750,464
<b>TOTAL</b>			<b>27,741,086</b>	<b>25,838,659</b>	<b>-</b>	<b>1,640,000</b>	<b>51,939,745</b>
<b>Weighted average exercise price</b>			<b>\$ 0.06</b>	<b>\$ 0.08</b>	<b>\$ -</b>	<b>\$ 0.05</b>	<b>\$ 0.07</b>

Assumptions used in the broker's warrants fair market evaluation are as follows:

	2019	2018
Risk free rate of interest	1.82%	2.33%
Expected life of warrants	2 years	2 years
Exercise price of warrants	\$0.08	\$0.08
Expected annualized volatility	187%	182%
Expected dividend rate	-	-

iv) **Share-based payments**

The Company has adopted an incentive stock option plan under the rules of the TSX-V pursuant to which it is authorized to grant stock options to executive officers, directors, employees and consultants, enabling them to acquire up to 20% of the total shares outstanding of the Company. Under the stock option plan, the option exercise price of any option granted shall not be less than the discounted market price of the Company's common shares. If options are granted within 90 days of a distribution by prospectus, the minimum exercise price per share is the greater of the discounted market price and the share price paid by investors pursuant to the distribution. For the purposes of the stock option plan, the discounted market price is calculated in accordance with the policies of the TSX-V at the time of the grant of the options. The options may be granted for a maximum term of 5 years. All options granted shall vest immediately, except for those options granted to persons performing investor relations activities for the Company. Pursuant to the policies of the TSX-V, shares issued upon the exercise of options are restricted from trading during the 4-month period subsequent to the exercise of options.

**WESTERN MAGNESIUM CORPORATION**  
**(Formerly Nevada Clean Magnesium Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

A summary of the changes in the Company's stock options during the period ended April 30, 2019 are as follows:

Expiry date	Exercise Price \$	Weighted Average Life (years)	Number of options October 31, 2017	Granted	Exercised/ Expired/ Cancelled	Number of options April 30, 2019
August 12, 2023	0.05	4.53	4,010,000	-	(230,000)	3,780,000
January 9, 2019	0.11	-	5,700,000	-	(5,700,000)	-
May 9, 2019	0.08	0.27	400,000	-	-	400,000
May 29, 2019	0.08	0.32	800,000	-	-	800,000
June 3, 2020	0.05	1.34	2,250,000	-	(1,250,000)	1,000,000
February 11, 2021	0.05	2.03	1,600,000	-	-	1,600,000
August 16, 2021	0.05	2.54	2,000,000	-	-	2,000,000
March 27, 2022	0.05	3.15	3,487,000	-	(1,487,000)	2,000,000
May 1, 2022	0.05	3.25	1,100,000	-	(800,000)	300,000
May 24, 2019	0.05	0.31	300,000	-	-	300,000
April 19, 2023	0.05	4.22	1,100,000	-	(300,000)	800,000
December 5, 2023	0.05	4.85	-	9,600,000	-	9,600,000
<b>TOTAL</b>			<b>22,747,000</b>	<b>9,600,000</b>	<b>(9,767,000)</b>	<b>22,580,000</b>
<b>Weighted average exercise price</b>			<b>\$ 0.07</b>	<b>\$ 0.05</b>	<b>\$ 0.09</b>	<b>\$ 0.05</b>

During the period ended April 30, 2019, the Company granted 9,600,000 stock options to directors, officers and consultants of the Company, exercisable at \$0.05 per share, vesting immediately, and recorded a stock-based compensation expense of \$336,363 (2018 - \$38,707). 9,757,000 options granted at average price of \$0.09 expired during the period ended April 30, 2019 and 1,500,000 options granted at average price of \$0.07 expired subsequently.

Assumptions used in the above stock-based compensation calculations are as follows:

	2019	2018
Risk free rate of interest	1.93%	2.18 %
Expected life of options	5 years	5 years
Exercise price of options	\$ 0.05	\$ 0.05
Expected annualized volatility	193.68%	214.74%
Expected dividend rate	-	-

**v) Share-based payments reserve**

The share-based payments reserve is used to recognize the fair value of share options granted to employees, including key management personnel, as part of their remuneration. When options are subsequent exercised, the fair value of such options in share-based payments reserve is credited to share capital.

**vi) Dilutive common shares**

For the period ended April 30, 2019, potentially dilutive common shares (relating to warrants and options outstanding) totaling 74,519,745 (2018 – 41,925,086) were not included in the computation of loss per share as the effect would be anti-dilutive.

**WESTERN MAGNESIUM CORPORATION**  
**(Formerly Nevada Clean Magnesium Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

**11. Commitments**

On January 1, 2016, the Company signed a service agreement with Lodestar Management Group, LLC. ("Lodestar"), a US corporate logistics company, which was extended on January 1, 2017 and 2018 with the same terms. Lodestar provides advisory, consulting, negotiation and other management services relating to corporate management, administrative and/or operational activities of the Company. The term of the contract is for one year and is renewable. The Company has agreed to compensate Lodestar in the amount of \$2,500 per month by arrangement of the issuance of shares. The number of shares issued will be based on the share price on the day of issuance that is not lower than the \$0.05 per share minimum requirement and will not exceed \$2,500 in value. The shares will be issued on the last working day of each month for a period of twelve months. The Company issued 1,050,000 shares at a price of \$0.05 as of October 31, 2018 and 150,000 shares at a price of \$0.05 during the period ended April 30, 2019 (Note 10).

On October 28, 2018, the Company signed an agreement with Industrial Surplus Supplies Ltd. ("ISS") located in Fort St. John, British Columbia, to build the newly designed continuous silico-thermic reduction furnace. ISS will be issued a total of 2,500,000 shares of the Company as compensation for the services rendered and expenses incurred in the construction of the furnace, at a price of \$0.05 of which 1,250,000 shares will be issued at the time of completed procurement of materials and 1,250,000 at the time of total furnace construction with complete instrumentation. The agreement also allows for storage of not less than one year with compensation being the issuance of 1,500,000 shares of the Company, which have been recorded as an obligation to issue shares at October 31, 2017 with a fair value of \$75,000 and issued on February 5, 2018. On November 13, 2018, ISS remuneration was increased to 8,000,000 shares of the Company at a price of \$0.05.

**12. Financial instruments and financial risk management**

<b>As at April 30, 2019</b>	<b>Loans and receivables</b>	<b>Assets/liabilities at fair value through profit and loss</b>	<b>Other liabilities</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash	-	320,413	-	320,413
Accounts receivable	19,316	-	-	19,316
Reclamation bonds	3,500	-	-	3,500
Accounts payable	-	-	275,125	275,125
Due to related parties	-	-	798,370	798,370
Provision for flow through share issuances	-	-	288,900	288,900

<b>As at April 30, 2018</b>	<b>Loans and receivables</b>	<b>Assets/liabilities at fair value through profit and loss</b>	<b>Other liabilities</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash	-	253,857	-	253,857
Accounts receivable	7,487	-	-	7,487
Reclamation bonds	3,500	-	-	3,500
Accounts payable	-	-	56,606	56,606
Due to related parties	-	-	746,641	746,641
Provision for flow through share	-	-	288,900	288,900
Convertible debenture	-	-	403,275	403,275

**i) Financial assets and liabilities by category**

The Company has designated cash and cash equivalents as fair value through profit or loss, measured at fair value.



**WESTERN MAGNESIUM CORPORATION**  
**(Formerly Nevada Clean Magnesium Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

Changes in the fair values are recorded in net earnings. Receivables and reclamation deposits are designated as loans and receivables and are measured at amortized cost using the effective interest method. Accounts payable and payables to related parties are designated as other financial liabilities and are measured initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Management did not identify any material embedded derivatives, which require separate recognition and measurement. The Company had no held-to-maturity financial instruments during the period.

**b) Fair value**

The fair value of financial instruments is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted market prices, as appropriate, in the most advantageous market for that instrument to which the Company has immediate access. Where quoted market prices are not available, the Company uses the closing price of the most recent transaction for that instrument. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics. The fair value of current financial instruments approximates their carrying values as long as they are short term in nature or bear interest at market rates.

**c) Fair value hierarchy**

Financial instruments that are held at fair value are categorized based on a valuation hierarchy which is determined by the valuation methodology utilized:

**Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities.

Cash and cash equivalents are valued using a market approach based upon unadjusted quoted prices for identical assets in an active market obtained from securities exchanges.

**Level 2** – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

**Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels 1 and 2 during the year.

**d) Financial risk management**

The Company's board of directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in response to the Company's activities. Management regularly monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

In the normal course of operations, the Company is exposed to various risks such interest rate, foreign exchange, credit and liquidity risks. To manage these risks, management determines what activities must be undertaken to minimize potential exposure to risks. The objectives of the Company in managing risks are as follows:

- Maintaining sound financial condition;
- Financing operations; and

**WESTERN MAGNESIUM CORPORATION**  
**(Formerly Nevada Clean Magnesium Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

- Ensuring liquidity to all operations.

In order to satisfy these objectives, the Company has adopted the following policies:

- Prepare budget documents at prevailing market rates to ensure clear corporate alignment to performance management and achievement of targets;
- Recognize and observe the extent of operating risk within the business; and
- Identify the magnitude of the impact of market risk factors on the overall risk of the business and take advantage of natural risk reductions that arise from these relationships.

There have been no changes in risks that have arisen or how the Company manages those risks during the year.

**(i) Interest rate risk**

The Company's interest rate risk arises primarily from the interest received on cash and cash equivalents, which is invested on a short-term basis to enable adequate liquidity for payment of operational and capital expenditures.

**(ii) Foreign currency risk**

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, reclamation deposits and accounts payable and accruals that are denominated in US dollars. As at the period end, net liabilities denominated in US dollars were immaterial. Sensitivity to a plus or minus 10% change in the foreign exchange rate would affect net loss and comprehensive loss by an immaterial amount with all other variables remaining constant.

**(iii) Commodity price risk**

The value of the Company's exploration and evaluation assets are dependent on the price of magnesium and the outlook for this mineral. Market prices for these metals historically have fluctuated widely and are affected by numerous factors outside the Company's control, including but not limited to, levels of worldwide production, short-term changes in supply and demand, industrial and retail demand, as well as certain other factors related specifically to magnesium. If magnesium prices decline for a prolonged period below the cost of production, it may not be economically feasible to continue towards production.

**(iv) Credit risk**

Credit risk is the risk of loss if counterparties do not fulfill their contractual obligations and arises principally from trade receivables. The Company's credit risk is primarily attributable to cash and cash equivalents and amounts receivable. The Company limits its exposure to credit risk on cash and cash equivalents as these financial instruments are held with major Canadian and international banks, from which management believes the risk of loss to be remote. Amounts receivable consist primarily of GST due from the Federal Government of Canada. Management believes the credit risk concentration with respect to amounts receivable is remote. The carrying amount of financial assets recorded in the financial statements, net of any allowances, represents the Company's maximum exposure to credit risk.

**(v) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk by maintaining cash and cash equivalent. Liquidity requirements are managed based on expected cash flow to ensure there is capital to meet short-term and long-term obligations. As disclosed in Note 1, the ability of the Company to continue as a going concern is dependent on many factors. The Company's cash is primarily invested in bank

**WESTERN MAGNESIUM CORPORATION**  
**(Formerly Nevada Clean Magnesium Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

accounts and guaranteed investment certificates which are cashable on demand. The Company expects that its cash on hand, together with expected funds raised from private placements and on exercise of warrants and options, will provide sufficient financial resources to carry out its operations through the 2019 fiscal year, and also allows the Company to continue its exploration and evaluation program.

**13. Capital management**

The Company classifies the components of shareholders' equity and cash as capital, which at April 30, 2019, totaled \$952,858 (October 31, 2018 - \$862,920). When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish qualitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage; as such, the Company is dependent upon external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate. There were no changes in the Company's approach to capital management during the period. The Company is not subject to any externally imposed capital requirements.

**14. Segmented information**

The Company operates in one segment – the exploration for and development of mineral property interests. Geographic information for the Company's exploration and evaluation assets is as follows:

	<b>April 30, 2019</b>	<b>October 31, 2018</b>
Canada	\$ 1	\$ 1
United States	1,484,761	1,453,679
Balance	<u>\$ 1,484,762</u>	<u>\$ 1,453,680</u>

**15. Subsequent events**

On May 13, 2019, the Company closed a non-brokered private placement for gross proceeds of \$1,735,750.75 comprised of 34,715,000 units at a price of \$0.05 per unit. Each unit consists of one common share at a price of \$0.05 and one common share purchase warrant exercisable into one common share for a period of two years at a price of \$0.08. An acceleration clause is included with the warrants such that the Company has the right, on thirty days' written notice, to require a holder to exercise the warrants so long as the closing trading price of the Company's common shares on the Company's principal trading market exceeds \$0.10 per share for at least ten consecutive trading days at any time prior to the date of the Call Notice. The warrants will terminate on the date that is thirty days from the date of the Call Notice in the event that the holder has not exercised the warrants in accordance with the terms of the Call Notice by such date. In connection with this financing the Company paid a finder's fees of \$126,900 in cash. \$576,877 of share subscription was received as of April 30, 2019.

**WESTERN MAGNESIUM CORPORATION**  
**(Formerly Nevada Clean Magnesium Inc.)**

Notes to the Condensed Interim Consolidated Financial Statements

April 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

On May 14, 2019, the Company discontinued from the jurisdiction of the Business Corporations Act (British Columbia) and domesticated under the General Corporation Law of the State of Delaware under the name “Western Magnesium Corporation”.

On May 23, 2019, the Company granted 10,000,000 of its stock options pursuant to its Stock Option Plan for its directors, officers, advisors and consultants. The options are exercisable at a price of \$0.12 per share for a five-year term.

300,000 options at a price of \$0.05 and 1,700,000 warrants at an average price of \$0.07 were exercised subsequent to the period end.

On June 30, 2019, the board of directors approved the debt settlement of \$74,300 to a non-arm’s length party through the issuance of 512,413 common shares at a deemed price of \$0.145.