Affinity Metals Corp.

Financial Statements

Year Ended June 30, 2018

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Affinity Metals Corp.:

We have audited the accompanying financial statements of Affinity Metals Corp., which comprise the statements of financial position as at June 30, 2018 and 2017, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Affinity Metals Corp. as at June 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Affinity Metals Corp.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
October 29, 2018

Affinity Metals Corp.

Statements of Financial Position

(Expressed in Canadian Dollars)

	Note		June 30, 2018		June 30, 2017
ASSETS					
Current assets					
Cash		$	14,260	$	29,389
Marketable securities	4		32,000		36,000
Receivable	5		2,547		6,035
Prepaid expenses and deposits			-		2,500
			48,807		73,924
Non-current assets					
Equipment	6		-		795
Exploration and evaluation assets	7		449,313		379,124
			449,313		379,919
TOTAL ASSETS		**$**	**498,120**	**$**	**453,843**
LIABILITIES					
Current Liabilities					
Trade payables and accrued liabilities	8	$	32,254	$	10,910
TOTAL LIABILITIES			**32,254**		**10,910**
SHAREHOLDERS' EQUITY					
Share capital	12		17,722,554		17,556,611
Reserves	13		1,151,925		1,097,183
Deficit			(18,408,613)		(18,210,861)
TOTAL SHAREHOLDERS' EQUITY			**465,866**		**442,933**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$**	**498,120**	**$**	**453,843**

NATURE AND CONTINUANCE OF OPERATIONS (Note 1)

Approved on Behalf of the Board:

/s/ “Robert Edwards”	**/s/ “Sean Pownall”**
Robert Edwards, Director	Sean Pownall, Director

Affinity Metals Corp.
Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

		Year ended	
	Note	**June 30, 2018**	**June 30, 2017**
Expenses			
Amortization	6	$ -	$ 203
Business development and property investigation		6,142	15,031
Consulting fees	14	120,000	67,500
Interest	9	-	1,937
Office and miscellaneous		5,810	18,619
Professional fees		20,523	42,404
Stock-based compensation	13	25,476	82,579
Transfer agent and filing fees		13,226	26,188
		(191,177)	**(254,461)**
Other items			
Gain on disposal of marketable securities	4	-	(6,859)
Loss (gain) on disposal of exploration and evaluation assets	7	5,780	(12,184)
Loss on disposal of equipment	6	795	-
Recovery of investment	4	-	(152,000)
Gain on debt settlement		-	(18,452)
Net loss		**(197,752)**	**(64,966)**
Other comprehensive income (loss)			
Items that may be reclassified subsequently to profit or loss			
Unrealized loss on short-term investments	4	(4,000)	(16,000)
Total comprehensive loss		**$ (201,752)**	**$ (80,966)**
Weighted average number of outstanding shares		**22,088,079**	**17,488,764**
Loss per share - basic and diluted		**$ (0.01)**	**$ (0.00)**

Affinity Metals Corp.

Statements of Changes in Equity

(Expressed in Canadian Dollars)

		Share Capital		Reserves				
	Note	Number of shares	Amount	Stock option reserve	Warrant reserve	Investment revaluation reserve	Deficit	Total
Balance at June 30, 2016		**16,776,435**	**$ 17,433,815**	**$ 954,400**	**$ -**	**$ -**	**$ (17,993,895)**	**$ 394,320**
Net income (loss)		-	-	-	-	-	(64,966)	(64,966)
Shares issued in private placement	12	4,000,000	200,000	-			-	200,000
Unrealized loss on marketable securities	4	-	-	-	-	(16,000)	-	(16,000)
Valuation of warrants issued	13	-	(76,204)	-	76,204	-	-	-
Share issuance costs	12	-	(1,000)	-	-	-	-	(1,000)
Valuation of options granted	13	-	-	82,579	-	-	-	82,579
Dividends paid	4	-	-	-	-	-	(152,000)	(152,000)
Balance at June 30, 2017		**20,776,435**	**17,556,611**	**1,036,979**	**76,204**	**(16,000)**	**(18,210,861)**	**442,933**
Net income (loss)		-	-	-	-	-	(197,752)	(197,752)
Shares issued in private placement	12	2,000,000	200,000	-			-	200,000
Shares issued for finders fees	12	50,000	3,000	-	-	-	-	3,000
Shares issued for acquisition of exploration and evaluation assets	12	50,000	3,000	-	-	-	-	3,000
Unrealized loss on marketable securities	4	-	-	-	-	(4,000)	-	(4,000)
Valuation of warrants issued	13	-	(33,266)	-	33,266	-	-	-
Share issuance costs	12	-	(6,791)	-	-	-	-	(6,791)
Valuation of options granted	13	-	-	25,476	-	-	-	25,476
Balance at June 30, 2018		**22,876,435**	**$ 17,722,554**	**$ 1,062,455**	**$ 109,470**	**$ (20,000)**	**$ (18,408,613)**	**$ 465,866**

Affinity Metals Corp.

Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended June 30, 2018	Year Ended June 30, 2017
Operating activities		
Net income (loss)	$ (197,752)	$ (64,966)
Adjustments for:		
Amortization	-	203
Share-based compensation	25,476	82,579
Gain on disposal of marketable securities		(6,859)
Gain (loss) on disposal of exploration and evaluation assets	5,780	(12,185)
Recovery on investment	-	(152,000)
Loss on disposal of equipment	795	-
Changes in non-cash working capital items:		
Receivables	3,488	(2,655)
Prepaid expenses and deposits	2,500	3,596
Trade payables and accrued liabilities	21,344	(30,960)
Net cash flows used in operating activities	**(138,369)**	**(183,247)**
Investing activities		
Proceeds from the sale of exploration and evaluation assets	5,000	-
Acquisition of exploration and evaluation assets	(77,969)	-
Net cash flows used in investing activities	**(72,969)**	**-**
Financing activities		
Proceeds from sale of shares	196,209	199,000
Proceeds from promissory notes	-	39,604
Repayment of promissory notes	-	(39,604)
Proceeds from sale of marketable securities	-	7,212
Net cash flows from financing activities	**196,209**	**206,212**
Increase (decrease) in cash	(15,129)	22,965
Cash, beginning	29,389	6,424
Cash, ending	**$ 14,260**	**$ 29,389**

1. Nature and continuance of operations

Affinity Metals Corp. (the "Company") was incorporated on July 10, 1978, under the laws of the province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in Canada. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "AFF.V".

The head office, principal address and records office and registered office of the Company are located at 600- 890 West Pender Street, Vancouver, British Columbia, Canada, V6C 1J9.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at June 30, 2018, the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. These factors may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies and basis of presentation

The financial statements were authorized for issue on October 29, 2018 by the directors of the Company.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of presentation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted.

These financial statements included an equity interest in Golden Harp Resources Inc. ("Golden Harp"), a company listed on NEX board the TSX-V. The Company's ownership interest in Golden Harp was reduced to 0% at June 30, 2017 (June 30, 2016 – 29.7%) due to a dividend on October 5, 2016 of 950,000 common shares of Golden Harp with a fair value of $152,000 and the disposal of the remaining 50,000 shares held by the Company which resulted in a gain on disposal of $6,859. The carrying value of the Company's investment in Golden Harp was reduced to $NIL as of June 30, 2017.

The Company's ownership interest in Golden Harp was accounted for using the equity method, however, the Company has suspended applying the equity method as the Company's share of cumulative losses and impairments exceeds its investment and the Company had no obligation or intention to fund Golden Harp's losses.

2. Significant accounting policies and basis of presentation (continued)

Investments

Investments in which the Company has a significant influence are accounted for by the equity method, whereby the Company records its proportionate share of the investee's income or loss. When the Company's equity investee issues its own shares to outside interests, a dilution gain or loss arises as a result of the difference between the Company's proportionate share of the proceeds and the carrying value of the underlying equity.

When the Company's share of cumulative losses equals its investment and the Company has no obligation or intention to fund such additional losses, the Company suspends applying the equity method. The Company will not record any equity in income with respect to an entity until its share of future profits is sufficient to recover any cumulative losses that have not previously been recorded.

Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods relate to the determination of the useful lives of equipment, the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, the recognition and valuation of provisions for restoration and environmental liabilities, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

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.

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

2. Significant accounting policies and basis of presentation (continued)

Exploration and evaluation expenditures (continued)

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Farms outs

The Company does not record any expenditure made by the farmee on its account. It also does not recognize any gain or loss on its exploration and evaluation farm out arrangements but reallocates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained and any consideration received directly from the farmee is credited against costs previously capitalized.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the stock option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2. Significant accounting policies and basis of presentation (continued)

Financial instruments (continued)

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. The Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade payables and accrued liabilities are classified as other financial liabilities.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's assets (which include equipment and exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2. Significant accounting policies and basis of presentation (continued)

Impairment of assets (continued)

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. The Company had no cash equivalents at June 30, 2018.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Significant accounting policies and basis of presentation (continued)

Income taxes (continued)

Flow-through shares:

On the issuance of flow-through shares, any premium received in excess of the closing market price of the Company's common shares is initially recorded as a liability ("flow-through tax liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred and a deferred tax liability is recognized. The reduction to the flow-through tax liability is recognized in profit or loss as other income. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Equipment

Equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (continued)

Equipment (continued)

Depreciation and amortization are calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation and amortization rates applicable to each category of equipment are as follows:

Class	**Depreciation rate**
Computer equipment	30% Declining balance
Computer software	50% Declining balance
Office equipment	20% Declining balance

3. Adoption of New and Amended IFRS Pronouncements

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2018, and have not been applied in preparing these financial statements.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for the classification and measurement of financial assets, additional changes relating to financial liabilities, a new general hedge accounting standard which will align hedge accounting more closely with risk management. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on its financial statements.

New standard IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service. The Company currently does not have revenue and consequently this standard will not impact the Company.

New standard IFRS 16 "Leases"

In January 2016, the IASB issued IFRS 16, Leases which replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company currently has no leases. The Company has not early adopted this standard and is currently assessing the impact that this standard will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian Dollars)

4. Investment in Marketable securities

As at June 30, 2018, the Company holds 800,000 (2017 – 800,000) common shares of American Creek Resources Ltd. ("American Creek Shares") (Note 7). At June 30, 2018, the 800,000 American Creek Shares fair value had decreased from $0.065 per share at November 9, 2016 when the shares were received to $0.04 per share and therefore the Company wrote the marketable securities down to $32,000 (2017- $36,000). The total unrealized loss on marketable securities for the year ended June 30, 2018 is $4,000 (2017 - $16,000) which is recorded in other comprehensive loss.

At June 30, 2016, the Company held 7,850 common shares of Goldeye Explorations Ltd. and recognized a permanent write down of these shares in the amount of $10,287 during the year ended June 30, 2016 resulting in a carrying value of $353. The Goldeye Explorations Ltd. shares were fully disposed of during the year ended June 30, 2017 for proceeds of $432 resulting in a gain of $79.

At June 30, 2017 the Company owned Nil (June 30, 2016 - 1,000,000) shares of Golden Harp representing a 0% (2016: 29.7%) interest in Golden Harp. The Company, through its shareholding in Golden Harp, exercised significant influence over that company, and as a result, the investment in Golden Harp was accounted for using the equity method. The Company suspended applying the equity method as the Company's share of cumulative losses and impairments exceeded its investment and the Company has no obligation or intention to fund Golden Harp's losses. On October 5, 2016, the Company declared a special dividend in specie of an aggregate of 950,000 shares of Golden Harp, or one Golden Harp common shares for every approximately 18 common shares held by the Company, to the holders' of the Company's common shares. The dividend was valued using the estimated market value of the Golden Harp shares on the date of the dividend which was $0.16 per share for a total of $152,000. The remaining balance of 50,000 Golden Harp shares was disposed of resulting in a gain on disposal of $6,780.

The carrying value of the investment in Golden Harp was $NIL for the year ended June 30, 2018 and year ended June 30, 2017.

5. Receivable

Receivable consists of GST recoverable.

6. Equipment

	Computer equipment	Computer software	Office equipment	Total
Cost:				
At June 30, 2017	$ 18,086	$ 2,327	$ 13,964	$ 34,377
Disposals	(18,086)	(2,327)	(13,964)	(34,377)
At June 30, 2018	-	-	-	-
Amortization:				
At June 30, 2017	18,066	2,327	13,189	33,582
Disposals	(18,066)	(2,327)	(13,189)	(33,582)
At June 30, 2018	-	-	-	-
Net book value:				
At June 30, 2017	$ 20	$ -	$ 775	$ 795
At June 30, 2018	$ -	$ -	$ -	$ -

During the year ended June 30, 2018, the company disposed of the remaining equipment and recorded a loss on disposal of equipment of $795.

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets

	Balance June 30, 2018	Current Expenditures	Balance June 30, 2017	2017 Expenditures	Balance June 30, 2016
Nor Property, Yukon					
Property acquisition costs	$ 422,080	$ -	$ 422,080	$ -	$ 422,080
Impairment	(122,675)	-	(122,675)	-	(122,675)
	299,405	-	299,405	-	299,405
Exploration and evaluation costs					
Accommodation and meals	342,890	-	342,890	-	342,890
Assay and soil sampling	68,787	-	68,787	-	68,787
Diamond drilling	850,848	-	850,848	-	850,848
Drafting	15,234	-	15,234	-	15,234
Fuel	368,699	-	368,699	-	368,699
Geologist	526,111	-	526,111	-	526,111
Geophysics	281,283	-	281,283	-	281,283
Helicopter	1,516,526	-	1,516,526	-	1,516,526
Housing	28,900	-	28,900	-	28,900
Licenses	33,299	-	33,299	-	33,299
Line cutting	109,794	-	109,794	-	109,794
Supervision	94,305	-	94,305	-	94,305
Supplies and miscellaneous	148,613	-	148,613	-	148,613
Support wages	337,260	-	337,260	-	337,260
Surveys	86,568	-	86,568	-	86,568
Travel and transport	119,611	-	119,611	-	119,611
Mineral exploration tax credits	(595,129)	-	(595,129)	-	(595,129)
Impairment	(4,264,660)	-	(4,264,660)	-	(4,264,660)
	68,940	-	68,940	-	68,939
Total Nor Property, Yukon	368,344	-	368,344	-	368,344
Bear River, BC					
Property acquisition costs	-	-	10,389	-	10,389
Disposal	-	-	(10,389)	(10,389)	-
	-	-	-	(10,389)	10,389
Exploration and evaluation costs					
Assays	-	-	-	(326)	326
License and recording fees	-	-	-	(15,126)	15,126
Supervision	-	-	-	(13,750)	13,750
Supplies and miscellaneous	-	-	-	(224)	224
Disposals	-	-	-	-	-
	-	-	-	(29,426)	29,426
Total Bear River, BC	-	-	-	(39,815)	39,815
Carswell, Saskatchewan					
Property acquisition costs	-	-	-	-	-
Exploration and evaluation costs					
Proceeds of disposition	(5,000)	(5,000)	-	-	-
Supervision	10,750	-	10,750	-	10,750
Supplies and miscellaneous	30	-	30	-	30
Impairment	(5,780)	(5,780)	-	-	30
	-	(10,780)	10,780	-	10,780
Total Carswell, Saskatchewan	-	(10,780)	10,780	-	10,780

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets (continued)

Regal, BC					
Property acquisition costs	8,000	8,000	-	-	-
Exploration and evaluation costs					
Assays	1,150	1,149	-	-	-
Fuel	450	450	-	-	-
Equipment rental	4,900	4,900	-	-	-
Helicopter	10,620	10,620	-	-	-
Prospecting	22,800	24,300	-	-	-
Reporting costs	2,500	3,680	-	-	-
Supplies and miscellaneous	27,868	27,868	-	-	-
	72,969	72,969	-	-	-
Total Regal, BC	80,968	80,968	-	-	-
Total	$ 449,313	$ 70,188	$ 379,124	$ (39,815)	$ 418,939

The following is a description of the Company's exploration and evaluation assets and the related spending commitments:

(a) Nor Property, Yukon Territory

The Nor Property consists of mineral claims in the Dawson Mining District, Yukon Territory.

Certain claims are subject to a 2% Net Smelter Royalty ("NSR"). The Company has the right to purchase 50% of the NSR for a purchase price of $2,000,000 and the right of first refusal on the remaining 50%.

(b) Bear River Property, British Columbia

The Bear River Property consisted of mineral claims in the Skeena Mining Division, British Columbia. On November 9, 2016 the Company disposed of the Bear River property for total consideration of 800,000 American Creek Shares with a fair value of $0.065 per share resulting in a gain on sale of $12,184 (Note 4).

(c) Carswell Property, Saskatchewan

During October 2004, the Company staked a mineral claim in the Athabasca Basin, Saskatchewan.

Pursuant to an Option Agreement dated March 2, 2005, the Company granted an option to a third party to earn a 50% interest in the Carswell Property. To earn this interest the optionee paid $25,000 cash, issued 200,000 of its shares and incurred $100,000 in exploration expenditures. During fiscal 2009 the third party company met the terms of the Option Agreement and has a 50% interest in the property.

Pursuant to a Joint Venture Agreement dated July 24, 2008, the Company granted the third party a further 30% interest in the claim, resulting in the third party having a 80% undivided interest in the property, subject to the delivery by the third party of a bankable feasibility study. The Company will retain a carried interest until the feasibility study is delivered, at which time the Company will have the choice to take on a 20% participating interest in a new company to operate the production facility or take on a 2% NSR for all uranium mineral products and a 2% NSR for all other metals.

The third party will return all the Company's interest in any of the claims upon a decision by the third party to terminate work thereon.

Effective April 5, 2018, the Company disposed of its interest in the Middle Lake (Carswell), Saskatchewan property for total cash proceeds of $5,000 and recognized a loss in the statement of comprehensive loss for $5,780.

(Expressed in Canadian Dollars)

7. Exploration and evaluation assets (continued)

(d) Regal Property, British Columbia

On November 15, 2017, the Company entered into an option agreement to acquire 100% interest in the Regal Property located near Revelstoke, British Columbia. The Company entered into a four year option agreement where upon execution paid $5,000 cash and issued 50,000 shares at a fair value of $3,000 (Note 12). The remaining terms and payments under the agreement are as follows:

i) $10,000 cash payment and 50,000 shares issued to the vendor on the first anniversary of the agreement;
ii) $20,000 cash payment and 100,000 shares issued to the vendor on the second anniversary of the agreement;
iii) $30,000 cash payment and 150,000 shares issued to the vendor on the third anniversary of the agreement; and
iv) $40,000 cash payment and 250,000 shares issued to the vendor on the fourth anniversary of the agreement.

The vendor will retain a 3% NSR which can be fully bought out anytime for $500,000 cash and 100,000 shares per each 1%.

8. Trade payables and accrued liabilities

		June 30, 2018		**June 30, 2017**
Trade payables (Note 14)	$	22,254	$	1,910
Accrued liabilities		10,000		9,000
	$	32,254	$	10,910

9. Promissory notes

Three promissory notes totaling $NIL were payable to a shareholder of the Company. The notes were due September 16, 2017 in the amount of $6,604, October 31, 2017 in the amount of $17,000 and December 20, 2017 in the amount of $16,000 or earlier upon a default by the Company. The promissory notes bore interest at the rate of 10% per annum payable when the notes become due. The interest rate was fixed until the maturity date of the promissory note. As of June 30, 2017 all promissory notes were repaid in full.

On April 21, 2016, one promissory note of $100,000, five of $20,000 each, and one of $30,000 totaling $230,000 were settled with the issuance of 5,451,580 shares to a relative of a director of the Company for a fair value of $272,579, which included $42,579 of interest. The notes were due August 7, 2016, July 16, 2016, November 19, 2016, February 11, 2017, August 4, 2016, March 3, 2017 and November 25, 2016 respectively, or earlier upon a default by the Company. The promissory notes bore interest at the rate of 10% per annum payable quarterly. The interest rate was fixed until the maturity date of the promissory note.

During the year ended June 30, 2018, the Company recorded accrued interest of $NIL (2017 - $1,937) on the promissory notes (Note 14).

(Expressed in Canadian Dollars)

10. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Years ended June 30, 2018	Years ended June 30, 2017
Net loss	$ (197,752)	$ (64,966)
Statutory tax rate	27%	26%
Expected income tax recovery at the statutory tax rate	(53,393)	(16,891)
Non-deductible items and other	(88,969)	(378,941)
Change in valuation allowance	142,362	395,832
Income tax recovery	$ -	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	June 30, 2018	June 30, 2017
Non-capital loss carry-forwards	$ 1,363,193	$ 1,267,913
Exploration and evaluation assets	690,647	665,068
Property and equipment	14,530	13,785
Investment tax credit	216,107	216,107
Capital losses carried forward	505,372	486,655
Marketable securities	2,700	2,080
Share issuance costs	1,629	208
	2,794,178	2,651,816
Valuation allowance	(2,794,178)	(2,651,816)
Deferred tax assets	$ -	$ -

The company has non-capital losses of $5,048,864 that will commence expiring in the year 2027.

11. Restoration and environmental obligations

The Company did not provide for any possible restoration and environmental obligations as management believes that no liability exists. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments regarding restoration and environmental obligations.

12. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At June 30, 2018 there were 22,876,435 (June 30, 2017 – 20,776,435) issued and fully paid common shares.

Share Issuances

On November 21, 2017 the Company issued 2,000,000 common shares in a non-brokered private placement at a price of $0.10 per unit for gross proceeds of $200,000. Each unit consisted of one common share of the Company and one half non-transferable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 1 year from the closing date of the Offering at a price of $0.15 per share.

The Company also issued 50,000 common shares as a finders fee and 50,000 common shares for exploration and evaluation assets with a fair value of $0.06 (Note 7).

(Expressed in Canadian Dollars)

12. Share capital (continued)

Share Issuances (continued)

During the year ended June 30, 2017 the Company issued 4,000,000 common shares in a non-brokered private placement at a price of $0.05 per unit for gross proceeds of $200,000. Each unit consisted of one common share of the Company and one half non-transferrable common share purchase warrant. Each warrant may be exercised for one additional common share for a period of 2 year from the closing date of the Offering at a price of $0.075 per share.

The share issuance costs for the year ended June 30, 2018 were $6,791 (2017: $1,000).

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended June 30, 2018 was based on the net loss attributable to common shareholders of $197,752 (June 30, 2017 – $64,967) and the weighted average number of common shares outstanding of 22,088,079 (June 30, 2017 – 17,488,764).

Diluted loss per share did not include the effect of NIL (June 30, 2017 – Nil) stock options as the effect would be anti-dilutive.

Warrants

During the year ended June 30, 2018, 1,000,000 warrants were granted as part of the units issued in a private placement on November 21, 2017. Each full warrant may be exercised for one additional common share for a period of 1 year from the closing date of the Offering at a price of $0.15 per share.

During the year ended June 30, 2017 the Company granted 2,000,000 non-transferrable common share purchase warrants as part of the private placement during the year. Each warrant may be exercised for one additional common share for a period of 2 years from the closing date of the Offering at a price of $0.075 per share.

The following table summarizes the continuity of the Company's warrants:

	June 30, 2018		June 30, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning	2,000,000	$ 0.075	-	$ -
Warrants issued	1,000,000	0.150	2,000,000	0.075
Warrants expired	-	-	-	-
Warrants cancelled	-	-	-	-
Warrants outstanding, ending	3,000,000	$ 0.10	2,000,000	$ 0.075
Warrants exercisable, ending	3,000,000	$ 0.10	2,000,000	$ 0.075

(Expressed in Canadian Dollars)

12. Share capital (continued)

Stock options

The Company has adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. The maximum discount allowed varies with share price, with a maximum of 25% and a minimum price of $0.05. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or thirty days following cessation of an optionee conducting investor relations activities' position. Pursuant to the stock option plan, options granted in respect of investor relations activities are subject to vesting in stages over one year from the grant date with a maximum of one-quarter of the options vesting in any three month period. Vesting restrictions may also be applied to other options grants, at the discretion of the Board of Directors.

During the year ended June 30, 2018 the Company granted 425,000 stock options to directors and officers of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of $0.06.

During the year ended June 30, 2017, the Company granted 1,670,000 options to purchase common shares to directors and consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of $0.05.

The following table summarizes the continuity of the Company's stock options:

	June 30, 2018			June 30, 2017		
	Number of options		Weighted average exercise price	Number of options		Weighted average exercise price
Options outstanding, beginning	1,670,000	$	0.05	-	$	-
Options granted	425,000		0.06	1,670,000		0.05
Options expired	-		-	-		-
Options cancelled	-		-	-		-
Options outstanding, ending	2,095,000	$	0.05	1,670,000	$	0.05
Options exercisable, ending	2,095,000	$	0.05	1,670,000	$	0.05

13. Reserves

Warrant reserve

The warrant reserve records the fair value of the common shares purchase warrants recorded using the Black-Scholes Option Pricing Model. At the time the warrants are issued, there is a corresponding amount recorded as an offset to share capital.

During the year ended June 30, 2018, the Company:

Issued 1,000,000 common share purchase warrants as part of the private placement referenced above. Each common share purchase warrant may be exercised for a period of 12 months from the closing date of the private placement at a price of $0.15. The fair value of the common share purchase warrants was determined to be $33,266 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 208% volatility, a risk fee interest rate of 1.31%, and a term of 1 year.

(Expressed in Canadian Dollars)

13. Reserves (continued)

Warrant reserve (continued)

During the year ended June 30, 2017, the Company:

Issued 2,000,000 common share purchase warrants as part of the private placement referenced above. Each common share purchase warrant may be exercised for a period of 24 months from the closing date of the private placement at a price of $0.075. The fair value of the common share purchase warrants was determined to be $76,204 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 182% volatility, a risk fee interest rate of 0.689%, and a term of 2 years.

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

During the year ended June 30, 2018, the Company:

Granted 425,000 options to purchase common shares to directors and consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of $0.05. The fair value of the common share purchase options was determined to be $25,476 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 208% volatility, a risk fee interest rate of 1.31%, and a term of 10 years.

During the year ended June 30, 2017, the Company:

Granted 1,670,000 options to purchase common shares to directors and consultants of the Company. Each option to purchase common shares may be exercised for a period of 10 years from the grant date of the options at a price of $0.05. The fair value of the common share purchase options was determined to be $82,579 in total using the Black Scholes Option Pricing Model, assuming a 0% dividend yield, 211% volatility, a risk fee interest rate of 1.89%, and a term of 10 years.

Investment revaluation reserve

The investment revaluation reserve records unrealized gains and losses arising on available-for-sale financial assets, except for impairment losses.

14. Related party transactions

The Company incurred the following related party transactions with companies that are controlled by a relative of a director of the Company.

	Year Ended	
	June 30, 2018	**June 30, 2017**
Interest expense – shareholder of the Company (Note 9)	$ -	$ 1,937

Key management personnel compensation

	Year Ended	
	June 30, 2018	**June 30, 2017**
Consulting fees - payments made to officers	$ 120,000	$ 67,500

14. Related party transactions (continued)

Related party balances

Included in trade payables at June 30, 2018 is $16,419 (June 30, 2017 – $Nil) owed to officers of the Company for accrued consulting fees (Note 8).

15. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with major banks in Canada. As most of the Company's cash is held by one bank there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk is on its receivable. This risk is minimal as receivables consist of refundable government goods and services taxes.

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 ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at June 30, 2018:

	Within one year	Between one and five years	More than five years
Trade Payables	$ 22,254	$ -	$ -

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 is not exposed to interest rate risk.

Foreign currency 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 respective functional currency. The Company is not exposed to currency risk as it incurs expenditures that are primarily denominated in Canadian dollars.

(Expressed in Canadian Dollars)

15. Financial risk and capital management (continued)

Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of share capital and working capital. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

		June 30, 2018		June 30, 2017
Fair value through profit and loss:				
Cash	$	14,260	$	29,389
Available-for-sale financial instruments:				
Marketable securities		32,000		36,000
	$	46,260	$	65,389

Financial liabilities included in the statement of financial position are as follows:

		June 30, 2018		June 30, 2017
Non-derivative financial liabilities:				
Trade payables	$	22,254	$	1,910

Fair value

The fair value of the Company's financial assets and liabilities approximates the carrying amount. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or 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.

(Expressed in Canadian Dollars)

15. Financial risk and capital management (continued)

***Fair value* (continued)**

The following is an analysis of the Company's financial assets measured at fair value using level inputs as at June 30, 2018 and June 30, 2017:

	As at June 30, 2018		
	Level 1	**Level 2**	**Level 3**
Cash	$ 14,260	$ -	$ -
Marketable securities	32,000	-	-
	$ 46,260	$ -	$ -

	As at June 30, 2017		
	Level 1	**Level 2**	**Level 3**
Cash	$ 29,389	$ -	$ -
Marketable securities	36,000	-	-
	$ 65,389	$ -	$ -

16. Segmented information

Operating segments

The Company operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties.

Geographic segments

At June 30, 2018 all of the Company's assets are located in Canada.

17. Subsequent events

No events or transactions have occurred since the balance sheet date, which could have a material effect upon the financial statements at that date, or which need to be mentioned in the financial statements in order to make them not misleading as to the financial position, or result of operations at the balance sheet date.