Condensed Interim Consolidated Financial Statements of

BLACKHAWK RESOURCE CORP.

For the three and nine month periods ended March 31, 2019 and 2018

(unaudited)

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statements of Financial Position

As at	March 31, 2019	June 30, 2018
	(Unaudited)	(Audited)
Assets		
Cash and cash equivalents	$ 24,957	$ 88,812
Trade and other receivables (note 13(a))	15,959	8,019
Prepaid expenses and deposits	19,480	24,747
Investments at fair value – Short term loans (note 4)	160,000	375,000
Investments at fair value – Equity (note 4)	4,845,550	4,795,500
Property, plant and equipment (note 5)	–	44,509
Lease reclamation deposits	–	124,746
	$ 5,065,946	**$ 5,461,333**
Liabilities and Shareholders' Equity		
Trade and other payables (note 13(b))	$ 126,515	$ 154,665
Note payable (note 6)	77,500	250,000
Decommissioning liabilities (note 7)	–	288,220
	204,015	692,885
Shareholders' equity		
Share capital (note 8)	7,492,253	7,492,253
Contributed surplus	846,680	846,680
Deficit	(3,477,002)	(3,570,485)
	4,861,931	4,768,448
	$ 5,065,946	**$ 5,461,333**

Commitments (note 15)
Subsequent events (note 16)

See accompanying notes to the condensed interim consolidated financial statements.

Approved for issuance by the Board of Directors on May 30, 2019

Signed *"Raymond Antony"*
Director

Signed *"Mike Smith"*
Director

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

March 31,	3 months 2019	3 months 2018	9 months 2019	9 months 2018
Revenues				
Net investment gain (losses)				
Net realized gain on disposal of investments	$ –	$ –	$ –	$ 5,992
Net change in unrealized loss on investments	–	(178,000)	–	(539,245)
Interest revenue	–	–	–	4,439
Other investment revenue (note 6)	–	–	250,000	–
	–	(178,000)	250,000	(528,814)
Expenses				
General and administrative	97,215	83,316	211,330	254,367
Professional fees	32,044	5,840	58,312	61,019
Transaction costs	–	–	–	560
Finance costs (note 9)	2,647	4,767	2,862	8,309
	131,906	93,923	272,504	324,255
Loss from continuing operations	**(131,906)**	**(271,923)**	**(22,504)**	**(853,069)**
Income (loss) from discontinued operations (note 10)	181,539	(9,147)	115,987	(70,634)
Net income (loss) and comprehensive income (loss)	**$ 49,633**	**$ (281,070)**	**$ 93,483**	**$ (923,703)**
Net income (loss) per share (note 11):				
Continuing operations - Basic and diluted	$ (0.00)	$ (0.01)	$ (0.00)	$ (0.02)
Discontinued operations - Basic and diluted	$ 0.00	$ (0.00)	$ 0.00	$ (0.00)
Net income (loss) - Basic and diluted	$ 0.00	$ (0.01)	$ 0.00	$ (0.02)

See accompanying notes to the condensed interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)

As at		March 31, 2019		March 31, 2018
Share capital				
Balance, beginning of period	$	7,492,253	$	7,492,253
Balance, end of period		7,492,253		7,492,253
Contributed surplus				
Balance, beginning of period		846,680		846,680
Balance, end of period		846,680		846,680
Deficit				
Balance, beginning of period		(3,570,485)		(2,860,159)
Net income (loss) and comprehensive income (loss)		93,483		(923,703)
Balance, end of period		(3,477,002)		(3,783,862)
Shareholders' equity	**$**	**4,861,931**	**$**	**4,555,071**

See accompanying notes to the condensed interim consolidated financial statements.

BLACKHAWK RESOURCE CORP.
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)

Nine month period ended March 31,	**2019**	**2018**
Cash provided by (used in):		
Continuing operations:		
Loss from continuing operations	$ (22,504)	$ (853,069)
Items not affecting cash:		
Net change in unrealized gains on investments	–	539,245
Termination fee (note 6)	(250,000)	–
Change in non-cash operating working capital:		
Trade and other receivables	(13,673)	(3,601)
Proceeds on disposal of investments, net of realized gain	260,000	218,314
Purchase of investments	(95,050)	(34,200)
Prepaid expenses and deposits	(6,175)	15,470
Trade and other payables	24,237	(41,199)
Cash used for continuing operations	(103,165)	(159,040)
Discontinued operations:		
Net income (loss) from discontinued operations	115,987	(70,634)
Items not affecting cash:		
Accretion	1,159	1,728
Loss on disposal of GORR (note 5)	39,509	
Gain on sale of subsidiary (note 10)	(182,684)	
Change in estimate on decommissioning liabilities	811	1,097
Change in non-cash operating working capital:		
Assets	12,209	1,349
Liabilities	19,379	38,402
Cash provided by (used for) discontinued operations	6,370	(28,058)
Cash used for operations	**(96,795)**	**(187,098)**
Finance:		
Advances on note payable (note 6)	77,500	254,701
Cash provided by finance	**77,500**	**254,701**
Investments:		
Sale of GORR – discontinued operations (note 5)	5,000	–
Decommissioning costs incurred – discontinued operations (note 7)	(49,560)	–
Cash used for investments	**(44,560)**	–
Net change in cash and cash equivalents	(63,855)	67,603
Cash and cash equivalents, beginning of period	88,812	30,707
Cash and cash equivalents, end of period	**$ 24,957**	**$ 98,310**
Supplemental cash flow information:		
Interest received	$ –	$ 3,405

See accompanying notes to the condensed interim consolidated financial statements.

1. General information:

Blackhawk Resource Corp. (the "Corporation") was incorporated under the Business Corporations Act (Alberta) on March 25, 1986.

The Corporation invests in equity and debt instruments of companies to generate positive returns for shareholders. The Corporation's current strategy is focused on investing mainly in the e-Sports industry throughout North America.

The Corporation's registered office is located at Suite 650, 816 7th Ave SW, Calgary, Alberta, T2P 1A1.

2. Basis of preparation:

The condensed interim consolidated financial statements for the nine month periods ended March 31, 2019 and 2018 have been prepared in accordance with International accounting standard ("IAS") 34 - Interim Financial Reporting and are in accordance with International Financial Reporting Standards ("IFRS"). The condensed interim consolidated financial statements are presented in Canadian dollars. These condensed interim consolidated financial statements do not include all disclosure required for fair presentation and should be read in conjunction with the Corporation's June 30, 2018 year end consolidated financial statements.

Statement of compliance

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Areas where estimates are significant to the interim consolidated financial statements are disclosed in the Corporation's June 30, 2018 yearend consolidated financial statements.

The condensed interim consolidated financial statements have been prepared on a historical cost basis with some exceptions in accordance with IFRS, as detailed in the accounting policies set out in the Corporation's June 30, 2018 yearend financial statements. These policies have been applied consistently for all periods presented in these condensed interim consolidated financial statements with the exception for the adoption of new accounting standards described in note 3.

3. Accounting standards:

Adopted accounting standards

IFRS 9 - Financial Instruments

Effective July 1, 2018, the Corporation adopted IFRS 9, Financial Instruments. In accordance with the transitional provisions, the Company adopted the standard retrospectively without restating comparatives as the change did not impact the opening balances.

IFRS 9 replaces IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for the classification, measurement and impairment of financial assets and hedge accounting. It establishes two primary measurement categories for financial assets: (i) amortized cost and (ii) fair value either through profit or loss ("FVPL") or through other comprehensive income ("FVOCI"); establishes criteria for the classification of financial assets within each measurement category based on business model and cash flow characteristics; and eliminates the existing held for trading, held to maturity, available for sale, loans and receivable and other financial liabilities categories.

The following table shows the previous classification under IAS 39 and the new classification under IFRS 9 for the Corporation's financial instruments:

3. **Accounting standards (continued):**

The Corporation's financial instruments consist of the following:

Financial Instruments Classification	IAS 39	IFRS 9
Cash	Held to maturity	Amortized Cost
Trade and other receivables	Loans and receivables	Amortized Cost
Investments at fair value	Held for trading	FVPL
Trade and other payables	Other financial liabilities	Amortized Cost
Note payables	Other financial liabilities	Amortized Cost

The following are the Corporation's new accounting policies for financial instruments under IFRS 9:

Financial assets

Non-derivative financial assets within the IFRS 9 are classified as "financial assets at fair value (either through other comprehensive income ("FVOCI"), or through profit or loss ("FVPL"))", and "financial assets at amortized costs" as appropriate. The Company determines the classification of its financial assets at initial recognition based on the Corporation's business model and contractual terms of cash flows.

All financial assets are recognized initially at fair value plus, in the case of investments not at FVPL, directly attributable transaction costs on the trade date at which the Corporation becomes a party to the contractual provisions of the instrument.

Where the fair values of financial assets recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values.

Financial assets at FVPL

Financial assets measured at FVPL include financial assets management intends to sell and any derivative financial instrument that is not designated as a hedging instrument in a hedge relationship. Financial assets measured at FVPL are carried at fair value in the consolidated statements of financial position with changes in fair value recognized in other income or expense in the interim condensed consolidated statements of loss and comprehensive loss.

Financial assets at FVOCI

Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Corporation has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI. The Corporation does not have any financial assets classified as at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the consolidated statements of comprehensive income (loss). When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss.

Financial Assets at Amortized Cost

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Derecognition

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Corporation transfers substantially all the risks and rewards of ownership of the asset.

3. Accounting standards (continued):

Impairment of financial assets

The Corporation's only financial assets subject to impairment are trade and other receivables, which are measured at amortized cost. The Corporation has elected to apply the simplified approach to impairment as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

The expected lifetime loss of a financial asset at amortized cost, is estimated based on the expected credit loss ("ECL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Financial liabilities

Non-derivative financial liabilities are measured at amortized cost, unless they are required to be measured at FVPL as is the case for held for trading or derivative instruments, or the Corporation has opted to measure the financial liability at FVPL. The Corporation's financial liabilities include trade payable and accrued liabilities and note payables, which is measured at amortized cost.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities at amortized cost

After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost, in the consolidated statements of loss and comprehensive loss.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires with any associated gains or losses reported in other income or expense in the consolidated statements of loss and comprehensive loss.

IFRS 15 – Revenue from Contracts with Customers

The Corporation elected to adopt IFRS 15 using the modified retrospective method, with recognition of transitional adjustments in opening retained earnings on the date of initial application (July 1, 2018), without restatement of comparative figures. The adoption of IFRS 15 did not result in any changes in the timing of revenue recognition for the Corporation's goods and services.

Accounting Policy for Revenue Recognition

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Future accounting standards

IFRS 16 – Accounting for Leases

IFRS 16 replaces IAS 17, Leases was released in January 2016. This standard will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting remains largely unchanged and the distinction between operating and finance leases is retained. Adoption of IFRS 16 is mandatory and will be effective for annual periods beginning on or after January 1, 2019 with earlier adoption permitted. The Corporation is currently evaluating the impact the final standard is expected to have on its consolidated financial statements.

4. Investments at fair value and financial instruments hierarchy:

Financial hierarchy:

Fair value measurements use a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Equity investments by sector consist of the following as at March 31, 2019:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	$508,166	$ –	$ –	$ –	$ –	0%
Technology and other	1,863,318	–	–	4,845,550	4,845,550	100%
Total	**$2,371,484**	**$ –**	**$ –**	**$4,845,550**	**$4,845,550**	**100%**

Equity investments by sector consist of the following as at June 30, 2018:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	$508,166	$ –	$ –	$ –	$ –	0%
Technology and other	1,813,268	–	–	4,795,500	4,795,500	100%
Total	**$2,321,434**	**$ –**	**$ –**	**$4,795,500**	**$4,795,500**	**100%**

Level 1 instruments include shares and warrants actively traded in an active market, level 2 instruments include warrants held in public companies and, level 3 instruments include common shares held in private companies.

The fair value of the level 3 investments of $4,845,550 (June 30, 2018 - $4,795,500), which is composed of two separate investments, are subject to market risk, and change in demand in the technology and cannabis industry. A 5% change in the stock price used to fair value these instruments will result in a corresponding $242,278 (June 30, 2018 - $239,775) change in the value of the investment.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions. The analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

The fair value of the UMG Media Corp. ("UMG") common shares included in level 3 of $4,795,500 (June 30, 2018 - $4,795,500) consists of a related party investment in UMG (a related party with two directors and two officers in common). The investment has been evaluated based on available data from UMG, including prior private placements and present financial information. As at March 31, 2019, the Corporation owned 19.8% of UMG outstanding common shares.

The other investment included in level 3, with a fair value of $50,050 is in Noble Line Inc. ("Noble"), a related party (with one common director) that is active in the online hemp and CBD products. The investment has been evaluated based on available data from Noble. As at March 31, 2019, the Corporation owned 71,500 common shares with a value of $0.70 per share, representing 13.5% ownership.

4. Investments at fair value and financial instruments hierarchy (continued):

Short term loan investments consist of the following:

	March 31, 2019	June 30, 2018
Short term loans	$160,000	$375,000
Total loan investments	**$160,000**	**$375,000**

In June, 2017, the Corporation settled one of its short term loans for shares of Redwing, a related party with a director and officer in common, in the amount of $508,166 for 400 common shares, which gave the Corporation 50% ownership in Redwing. During 2017, the Corporation had taken settlement of the debt through the obtaining the shares of Redwing, during 2018 the Corporation had determined the fair value of the investment in Redwing at June 30, 2018, was $Nil. On June 20, 2018, the Corporation was able to negotiate new agreement with the original debtor to the Corporation due to the situation with Redwing. The original debtor has agreed to pay the Corporation a total of $450,000. The $450,000 has been moved to short terms loans. The balance at March 31, 2019 of $115,000 is non-interest bearing and will be repaid with a minimum of $20,000 per month.

In February 2019, the Corporation entered into a short term loan agreement with Noble Line Inc. for an aggregate principal of up to $60,000, with a maturity date of June 30, 2019. Interest will accrue on the total amount outstanding as of the maturity date at a rate of 24% per annum, calculated daily and compounded monthly and shall be payable by Noble Line Inc. monthly on the last business day of the month. As at March 31, 2019, the total payments made under this loan agreement to the borrower totaled $45,000.

The carrying value of the Corporation's short term loans approximates their fair value due to the short term nature of these loans and would be included in level 3 of the financial instruments hierarchy. Short term loans include loans issued for a period of 16 months or less at an average interest rate of Nil (June 30, 2018 – Nil).

5. Property, plant and equipment:

The Corporation's property, plant and equipment are composed of the following:

	June 30, 2018
Provost Area GORR	$44,509
Total property, plant and equipment	**$44,509**

On November 20, 2018, the Corporation sold its GORR interest in the Provost area with a carrying value of $44,509 for $5,000 cash, resulting in a loss on sale of $39,509.

In addition to the Provost Area GORR the Corporation's oil and gas properties at January 31, 2019 and June 30, 2018 consisted of 2 CGUs, the Greencourt Area and the Wood River Area. These CGUs have a total cost of $518,740 and accumulated depletion and impairment of $518,740.

The remaining property, plant and equipment were part of the subsidiary Blackhawk Resource Operating Corp., sold on January 31, 2019.

6. Note payable:

On January 22, 2018, the Corporation entered into a note payable with UMG in the amount of $250,000. The initial agreement included an interest rate of 10% per annum to be accrued on the loan and be payable quarterly. With signing the letter of intent with UMG, the interest payment was waived. On July 12, 2018, with the termination of the transaction, the Corporation allocated the note payable to the termination fee due from UMG and included it in other investment revenue.

On January 31, 2019, the Corporation entered into a note payable with a company, that subsequent to the issuance was owned by a director of the Corporation in the amount of $50,000. The note payable includes a fee of $5,000 and is due on or before August 31, 2019. In the event the note payable is not repaid by July 31, 2019, all outstanding amounts will bear interest at a rate of 2% per month, compounding monthly.

6. Note payable (continued):

On January 31, 2019, the Corporation entered into a note payable in the amount of $25,000. The note payable includes a fee of $2,500 and is due on or before August 31, 2019. In the event the note payable is not repaid by July 31, 2019, all outstanding amounts will bear interest at a rate of 2% per month, compounding monthly.

As at March 31, 2019, unamortized deferred financing fees of $5,000 have been offset against the total note payable due.

7. Decommissioning liabilities:

	March 31, 2019	June 30, 2018
Balance, beginning of period	$288,220	$189,467
Accretion	1,159	2,304
Decommissioning costs incurred	(49,560)	–
Revision of estimates	811	96,449
Sale of subsidiary	(240,630)	
Balance, end of period	**$ –**	**$288,220**

The Corporation estimated the total undiscounted amount of cash flow required to settle its decommissioning liabilities as at January 31, 2019 was approximately $249,210 (June 30, 2018 - $299,118) expected to be incurred over the next year to 9 years. An inflation factor of 3% per annum was applied to determine the expected future costs and an average risk free rate of 1.91% (June 30, 2018 - 1.79%) was used to calculate the present value of the estimated future decommissioning liabilities.

The decommissioning liabilities were part of the subsidiary Blackhawk Resource Operating Corp., sold on January 31, 2019.

8. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares

b.) Issued:

	Number of Shares	Amount
Balance, June 30, 2018 and March 31, 2019	**41,196,374**	**$7,492,253**

c.) Stock options:

The Corporation has implemented a stock option plan for Directors, Officers, employees, and consultants. The exercise price of each option approximates the market price for the common shares on the date the option was granted. Options granted under the plan generally vest over an eighteen month period from the date of the grant and expire five years after the grant date. The maximum number of common shares to be issued upon the exercise of options granted under the plan is 4,119,637 (June 30, 2018 – 4,119,637) common shares. The details of this plan are as follows:

8. Share capital (continued):

	March 31, 2019		June 30, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period	2,400,000	$0.10	2,400,000	$0.10
Expired	(900,000)	$0.10	–	–
Options outstanding and exercisable, end of period	**1,500,000**	**$0.10**	**2,400,000**	**$0.10**

The following table summarizes information about stock options outstanding and exercisable at March 31, 2019:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.10	1,500,000	1.35 years	$0.10
	1,500,000	**1.35 years**	**$0.10**

The following table summarizes information about stock options outstanding and exercisable at June 30, 2018:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.10	600,000	0.47 years	$0.10
$0.10	300,000	0.67 years	$0.10
$0.10	1,500,000	2.10 years	$0.10
	2,400,000	**1.51 years**	**$0.10**

9. Finance costs:

The Corporation's finance costs consist of the following:

Three month period ended March 31,	**2019**	**2018**
Bank fees	$147	$65
Interest and finance fee	2,500	4,702
Finance costs	**$2,647**	**$4,767**

Nine month period ended March 31,	**2019**	**2018**
Bank fees	$362	$224
Interest and finance fee	2,500	8,085
Finance costs	**$2,862**	**$8,309**

10. Loss from discontinued operations:

The Corporation's loss from discontinued operations consist of the following:

Three month period ended March 31,	2019	2018
Revenue:		
Oil and natural gas revenue, net of royalties	$ –	$10,896
Interest	–	444
Total revenue	–	**11,340**
Expenses:		
Accretion	–	569
Field operating costs	–	15,016
General and administrative	1,145	4,819
Finance costs	–	83
Gain on sale of subsidiary	(182,684)	–
Total expenses	**(181,539)**	**20,487**
Total discontinued operations	**$181,539**	**$(9,147)**

Nine month period ended March 31,	2019	2018
Revenue:		
Oil and natural gas revenue, net of royalties	$12,185	$37,466
Interest	1,153	1,154
Total revenue	**13,338**	**38,620**
Expenses:		
Accretion	1,159	1,728
Field operating costs	26,016	90,505
General and administrative	13,260	16,842
Finance costs	91	179
Loss on sale of property, plant and equipment	39,509	–
Gain on sale of subsidiary	(182,684)	–
Total expenses	**(102,649)**	**109,254**
Total discontinued operations	**$115,987**	**$(70,634)**

On November 20, 2018, the Corporation sold its GORR interest in the Provost area with a carrying value of $44,509 for $5,000 cash, resulting in a loss on sale of $39,509.

10. Loss from discontinued operations (continued):

As at January 31, 2019, the Corporation sold its 100% owned subsidiary, Blackhawk Resource Operating Corp. with total assets of $129,805 and total liabilities of $312,489 resulting in a gain on sale of $182,684.

Operating results related to discontinued operations have been included in net income (loss) from discontinued operations on the consolidated statements of loss. Comparative period results have been reclassified.

11. Per share amounts:

Net income (loss) per share on a diluted weighted average basis is the same as that presented for basic as all factors are anti-dilutive. The number of shares that have been included in the computation of basic and diluted loss per share are as follows:

March 31,	2019	2018
Weighted average shares outstanding, basic and diluted	41,196,374	41,196,374

12. Key management compensation and related party transactions:

a.) Key management compensation

Key management personnel are composed of the Corporation's Directors and Officers.

For the three month period ended March 31, 2019, the Corporation incurred consulting fees of $24,000 (2018 – $52,500), and directors fees of $6,250 (2018 - $6,250), paid to companies which are controlled by key management of the Corporation, which are included in general and administrative expenses on the consolidated statement of comprehensive income (loss) and consulting fees of $Nil (2018 - $1,800) paid to companies which are controlled by key management of the Corporation, which are included in discontinued operations on the consolidated statement of comprehensive income (loss). At March 31, 2019, $6,250 remained outstanding (2018 - $8,050).

For the nine month period ended March 31, 2019, the Corporation incurred consulting fees of $72,000 (2018 – $157,500), and directors fees of $18,750 (2018 - $12,500), paid to companies which are controlled by key management of the Corporation, which are included in general and administrative expenses on the consolidated statement of comprehensive income (loss) and consulting fees of $5,250 (2018 - $5,550) paid to companies which are controlled by key management of the Corporation, which are included in discontinued operations on the consolidated statement of comprehensive income (loss). At March 31, 2019, $6,250 remained outstanding (2018 - $8,050).

b.) Related party transactions (not mentioned elsewhere in the financial statements – see Note 4 and 5)

During the three month period ended March 31, 2019, the Corporation incurred legal costs of $16,349 (2018 - $1,997) with a law firm in which the Corporate secretary is a Partner. The legal costs incurred were in the normal course of operations and were based on the exchange value of the service provided. Of the legal services provided, $17,163 was included in trade and other payables at March 31, 2019 (2018 - $Nil).

During the nine month period ended March 31, 2019, the Corporation incurred legal costs of $27,196 (2018 - $16,565) with a law firm in which the Corporate secretary is a Partner. The legal costs incurred were in the normal course of operations and were based on the exchange value of the service provided. Of the legal services provided, $17,163 was included in trade and other payables at March 31, 2019 (2018 - $Nil).

13. Financial instruments and risk management:

Financial instruments risks:

The use of financial instruments can expose the Corporation to several risks including credit, liquidity, and market risks. A discussion of the Corporation's use of financial instruments and their associated risks is provided below.

a.) Credit risk:

The Corporation is subject to credit risk on its cash and cash equivalents, trade and other receivables, short term loans at fair value and equity investments at fair value.

Cash and cash equivalents, when outstanding, consist of cash bank balances and short-term deposits maturing in 90 days or less. The Corporation manages the credit exposure related to short term investments by selecting counter parties based on credit ratings and monitors all investments to ensure a stable return. The maximum credit risk exposure associated with the Corporation's financial assets is the carrying value.

At March 31, 2019, the Corporation's trade and other receivables of $15,959 (June 30, 2018 - $8,019) consisted of $5,964 (June 30, 2018 - $8,019) due from government remittances and $9,995 (June 30, 2018 - $Nil) due for the sublet of office rent to other tenants.

The Corporation's receivables are normally collected within a 60-90 day period. Management believes that the credit risk with respect to trade and other receivables is minimal.

After initial recognition, trade and other receivables are allocated to one of three stages of the expected loss model to determine the expected credit loss ("ECL") as follows:

- Stage 1: Credit risk has not increased significantly since initial recognition
- Stage 2: Credit risk has increased significantly since initial recognition
- Stage 3: There is objective evidence of impairment as at the reporting date

As at March 31, 2019, the Corporation assessed its trade and other receivables for impairment. The Corporation's trade and other receivables are composed entirely of stage 1 of the expected loss model. The ECL determined by the Corporation is less than 1.0% of the Corporations trade and other receivables and is therefore considered not material.

The Corporation manages its credit risk on equity investments through thoughtful planning, significant due diligence of investment opportunities and by conducting activities in accordance with the investment policies that are approved by the Board of Directors. Management review the financial conditions of its investee companies regularly.

b.) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking harm to the Corporation's reputation.

The following are the contractual maturities of financial liabilities as at March 31, 2019:

Financial Liabilities	**< One Year**	**> One Year**
Trade and other payables	$126,515	$ –
Note payable	77,500	–
Total	**$204,015**	**$ –**

The following are the contractual maturities of financial liabilities as at June 30, 2018:

Financial Liabilities	**< One Year**	**> One Year**
Trade and other payables	$154,665	$ –
Note payable	250,000	
Total	**$404,665**	**$ –**

13. Financial instruments and risk management (continued):

c.) Market risk:

Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate due to changes in market prices. The value of the financial instruments can be affected by changes in equity and commodity prices. The Corporation is exposed to market risk in trading its investments and unfavourable market conditions could result in dispositions of investments at less than favourable prices.

Additionally the Corporation is required to fair value its investments held for trading at the end of each reporting period. This process could result in significant write-downs of the Corporation's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Corporation's financial position.

- Equity price risk is defined as the potential adverse impact on the Corporation's loss due to movements in individual equity prices or general movements in the level of stock market on traded investments. The Corporation has a concentration of equity price risk due to one of its investments being worth 98.9% of its portfolio. The Corporation sets thresholds on purchases of investments over which approval of the Board of Directors is required.

  During periods of significant broader market volatility or volatility experienced by the resource or commodity markets, the value of the Corporation's investment portfolio can be quite vulnerable to market fluctuations. A 5% change in the closing trade price of the Corporation's equity investments would result in a $242,278 (June 30, 2018 - $239,775) change in unrealized gain (loss) on investments.

14. Capital disclosures:

As at March 31, 2019, in the definition of capital, the Corporation includes shareholders' equity of $4,861,931 (June 30, 2018 - $4,768,448). The Corporation`s objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Corporation sets the amount of capital in proportion to risk. The Corporation manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue new shares, or engage in debt financing. The Corporation is not exposed to externally imposed capital requirements.

15. Commitments:

As at March 31, 2019, the Corporation had the following outstanding commitments:

March 31,	**2019**	**2020**	**Total**
Office lease	$15,813	$47,440	**$63,253**
Number of months	3	9	**12**

16. Subsequent events:

On March 25, 2019, the Corporation announced that a binding transaction between UMG and Gegs Capital Corp. ("Gegs") whereby UMG will complete a reverse takeover transaction with the resulting issuer being renamed UMG Media Ltd. The Corporation holds 3,197,000 Common Shares of UMG which are expected to be exchanged for 11,612,783 Common Shares of Gegs (each, a "Resulting Issuer Share") upon closing of the UMG/Gegs transaction.

On April 8, 2019, the Corporation announced a record date for the distribution of the shares received on the UMG/Gegs transaction to its shareholders of record on April 15, 2019. The Board of Directors have approved the distribution to shareholders of the Corporation ("Shareholders") of a return of capital (the "Return of Capital") consisting of a total of 11,612,783 Resulting Issuer Shares. Through the Return of Capital, Shareholders will receive approximately 0.28 Resulting Issuer Shares for each share of the Corporation. No fractional shares will be distributed. The Return of Capital will be paid to all registered shareholders of record as at the close of business on April 15, 2019.

On April 11, 2019, and with an update on May 14, 2019, the Corporation announced two potential acquisitions in the cannabis and CBD industries.

16. Subsequent events (continued):

The Corporation and The Green Room have entered into a revised letter of intent dated May 13, 2019 to restructure the proposed transaction, such that Blackhawk now proposes to acquire the rights to a lease for a retail cannabis location in Nelson, British Columbia, as well as a database of potential retail cannabis customers. In order to facilitate the transaction, Blackhawk will acquire 1202465 B.C. Ltd. which is owned by the existing shareholders of CFPM Management Services Ltd. Blackhawk has entered into a letter of intent, dated effective May 13, 2019, pursuant to which Blackhawk proposes to acquire all the shares of 1202465 B.C. Ltd. for the issuance of 20,000,000 common shares of Blackhawk. This transaction closed on May 17, 2019, with the issuance of 20,000,000 common shares of the Corporation, bringing the total outstanding shares of the Corporation to 61,196,374.

The Corporation and Noble have entered into a letter of intent dated April 10, 2019 with respect to a business combination (whereby the Corporation will acquire all of the issued and outstanding common shares of Noble. The Corporation currently owns 13.5% of the outstanding Noble common shares acquired through a previously completed transaction. The purchase price will be paid through the issuance of 40,000,000 Blackhawk Shares based upon a value of $0.05 per Blackhawk Share. This purchase price includes common shares of Noble which are currently owned by the Corporation. Noble shareholders, other than the Corporation, will receive 34,680,000 Blackhawk Shares. In addition the current shareholders of Noble will be able to acquire an additional 43,000,000 Blackhawk Shares at a price of $0.05 per share if certain revenue targets for Noble are met.

Scott Seguin, a director of the Corporation, is also a director and shareholder of Noble.

On May 28, 2019, the Corporation announced that it has closed a non-brokered private placement for 19,765,000 common shares at a price of $0.05 per commons share for gross proceeds of $998,250. Commissions totaling $30,800 were paid in relation to the financing.