Consolidated Financial Statements of

BLACKHAWK RESOURCE CORP.

Years ended June 30, 2019 and 2018

Independent Auditor's Report

To the Shareholders of Blackhawk Resource Corp.:

Opinion

We have audited the consolidated financial statements of Blackhawk Resource Corp. and its subsidiary (the "Corporation"), which comprise the consolidated statements of financial position as at June 30, 2019 and June 30, 2018, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at June 30, 2019 and June 30, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the consolidated financial statements, which indicates that the Corporation incurred a net loss and comprehensive loss of $2,310,615 during the year ended June 30, 2019 and has an accumulated deficit of $9,970,380 as of that date. As stated in Note 3, these events or conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Stephen Bonnell.

Calgary, Alberta

MNP LLP

October 28, 2019

Chartered Professional Accountants

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BLACKHAWK RESOURCE CORP.

Consolidated Statement of Financial Position

As at	**June 30, 2019**	**June 30, 2018**
Assets		
Cash and cash equivalents	$ 165,331	$ 88,812
Trade and other receivables (note 18(a))	42,903	8,019
Prepaid expenses and deposits	160,922	24,747
Investments at fair value – Short term loans (note 7)	290,000	375,000
Investments at fair value – Equity (note 7)	82,275	4,795,500
Investments at fair value due to shareholders (note 7)	4,089,280	–
Property, plant and equipment (note 8)	–	44,509
Lease reclamation deposits	–	124,746
	$ 4,830,711	**$ 5,461,333**
Liabilities and Shareholders' Equity		
Trade and other payables (note 18(b))	$ 115,318	$ 154,665
Note payable (note 9)	–	250,000
Due to shareholders as return of capital (note 7)	4,089,280	–
Decommissioning liabilities (note 10)	–	288,220
	4,204,598	692,885
Shareholders' equity		
Share capital (note 11)	9,749,813	7,492,253
Contributed surplus	846,680	846,680
Deficit	(9,970,380)	(3,570,485)
	626,113	4,768,448
	$ 4,830,711	**$ 5,461,333**

Going concern (note 3)
Subsequent events (note 21)

See accompanying notes to the consolidated financial statements.

Approved for issuance by the Board of Directors on October 28, 2019

Signed *"Raymond Antony"*
Director

Signed *"Mike Smith"*
Director

BLACKHAWK RESOURCE CORP.

Consolidated Statements of Loss and Comprehensive Loss

Year ended June 30,	**2019**	**2018**
Revenues		
Net investment gains (losses)		
Net realized gain on disposal of investments	$ 10,000	$ 48,956
Net change in unrealized loss on investments	(2,168,995)	(164,245)
Other income (note 9)	250,000	–
Interest revenue	7	4,471
	(1,908,988)	(110,818)
Expenses		
General and administrative	353,339	299,641
Professional fees	155,896	105,005
Transaction costs	–	560
Finance costs (note 12)	8,380	3,670
	517,615	408,876
Loss from continuing operations	(2,426,603)	(519,694)
Income (loss) from discontinued operations (note 13)	115,988	(190,632)
Net loss and comprehensive loss	**$ (2,310,615)**	**$ (710,326)**
Net loss per share (note 14):		
Continuing operations - Basic and diluted	$ (0.05)	$ (0.02)
Discontinued operations - Basic and diluted	$ 0.00	$ (0.00)
Net loss - Basic and diluted	$ (0.05)	$ (0.02)

See accompanying notes to the consolidated financial statements.

BLACKHAWK RESOURCE CORP.

Consolidated Statements of Changes in Equity

As at		June 30, 2019		June 30, 2018
Share capital				
Balance, beginning of year	$	7,492,253	$	7,492,253
Issued common shares for purchase of investment (note 11)		1,300,000		–
Issued common shares pursuant to private placement (note 11)		998,250		–
Share issue costs (note 11)		(40,690)		–
Balance, end of year		9,749,813		7,492,253
Contributed surplus				
Balance, beginning of year		846,680		846,680
Balance, end of year		846,680		846,680
Deficit				
Balance, beginning of year		(3,570,485)		(2,860,159)
Net loss and comprehensive loss		(2,310,615)		(710,326)
Return of capital declared (note 7)		(4,089,280)		–
Balance, end of year		(9,970,380)		(3,570,485)
Shareholders' equity	**$**	**626,113**	**$**	**4,768,448**

See accompanying notes to the consolidated financial statements.

BLACKHAWK RESOURCE CORP.
Consolidated Statements of Cash Flows

Year ended June 30,	**2019**	**2018**
Cash provided by (used in):		
Operations:		
Net loss and comprehensive loss from operations	$ (2,310,615)	$ (710,326)
Items not affecting cash:		
Net change in unrealized (gains) loss on investments	2,168,995	164,245
Other income (note 9)	(250,000)	–
Accretion	1,159	2,304
Loss on disposal of GORR (note 8)	39,509	–
Gain on sale of subsidiary (note 13)	(182,684)	–
Change in estimate on decommissioning liabilities	810	96,449
Change in non-cash operating working capital:		
Trade and other receivables	(35,275)	3,681
Proceeds on disposal of investments, net of realized gain	375,000	218,313
Purchase of investments	(535,050)	(34,200)
Prepaid expenses and deposits	(140,760)	6,099
Trade and other payables	32,429	61,540
Decommissioning costs incurred (note 10)	(49,559)	–
Cash used for operations	**(886,041)**	**(191,895)**
Finance:		
Note payable	–	250,000
Proceeds from issuance of shares	998,250	–
Share issue costs	(40,690)	–
Cash provided by finance	**957,560**	**250,000**
Investments:		
Sale of GORR (note 8)	5,000	–
Cash used for investments	**5,000**	–
Net change in cash and cash equivalents	76,519	58,105
Cash and cash equivalents, beginning of year	88,812	30,707
Cash and cash equivalents, end of year	**$ 165,331**	**$ 88,812**
Supplemental cash flow information:		
Cash flows from discontinued operations (note 13)		
Interest paid	$ 7,500	$ 3,438

See accompanying notes to the 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 strategy until May 2019 was focused on investing mainly in the e-Sports industry throughout North America. In May 2019, the Corporation changed is strategy to investing mainly in the cannabis industry.

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

2. Basis of preparation:

Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee in effect on July 1, 2018. 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, events or actions, actual results ultimately may differ from those estimates. Areas where estimates and judgments are significant to the consolidated financial statements are disclosed in note 5.

The Corporation presents its consolidated financial position on a non-classified basis in order of liquidity.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except as disclosed in note 3. These consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

3. Going Concern:

For the year ended June 30, 2019, the Corporation reported a net loss and comprehensive loss of $2,310,615 (2018 - $710,326) and has a deficit of $9,970,380 (2018 - $3,570,485). These conditions indicate the existence of a material uncertainty that casts significant doubt about the Corporation's ability to continue as a going concern. As at June 30, 2019, the Corporation has $165,331 (2018 - $88,812) in cash available to meet its liabilities as they become due. The Corporation will manage its activity levels, expenditures and commitments based on its current cash position.

The consolidated financial statements have been prepared on the basis that the Corporation will continue to operate as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Corporation's ability to continue as a going concern is dependent on its ability to generate additional financial resources in order to meet its planned business objectives. Financial resources will come in the form of debt and/or equity financing. These consolidated financial statements do not reflect adjustments in the amounts and classifications of assets and liabilities reported that would be necessary if the going concern assumption was not appropriate. Such adjustments could be material.

4. Significant accounting policies:

These policies have been applied consistently for all periods presented in these consolidated financial statements.

a.) Basis of consolidation

These consolidated financial statements have been prepared in accordance with IFRS 10, Consolidated Financial Statements, and include the accounts of the Corporation and its former wholly owned consolidated subsidiary. As discussed under critical accounting estimates and judgements, the Corporation has determined it meets the definition of an investment entity.

4. Significant accounting policies (continued):

Consolidated subsidiary

In accordance with IFRS 10, subsidiaries are those entities that provide investments-related services and that the Corporation controls by having the power to govern the financial and operating polices of the entity. Such entities would include those who incur management and consulting fees for the Corporation's day to day operations. All intercompany amounts and transactions amongst these consolidated entities have been eliminated upon consolidation.

The Corporation's only consolidated entity was Blackhawk Resource Operating Corp., which was disposed of on January 31, 2019.

Interests in unconsolidated subsidiaries

In accordance with the amendments for investment entities under IFRS 10, interests in subsidiaries other than those that provide investment related services are accounted for at fair value through profit or loss rather than consolidating them. As discussed under critical accounting estimates and judgements, management exercised judgement when determining whether subsidiaries are investment entities.

The entity, UMG Media Corp. ("UMG") and 1202465 BC Ltd. are significant in nature, they are significantly influenced or controlled by the Corporation either directly or indirectly and are held as an investments, with UMG as an investment due to shareholders. UMG's principal place of business is in Canada, with UMG also operating out of the United States through a subsidiary. 1202465 BC Ltd.'s principal place of business is in Canada.

b.) Joint ventures

Certain of the Corporation's oil and gas activities are conducted through joint ventures. A joint venture is an arrangement that the Corporation controls jointly with one or more other investors, and over which the Corporation has rights to a share of the arrangements net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Substantially all of the Corporation's oil and gas activities are conducted jointly with others, and the consolidated financial statements reflect only the Corporation's proportionate interest in such activities. As of June 30, 2019, the Corporation no longer had any joint ventures.

c.) Cash and cash equivalents

Cash comprises cash on hand. Other investments (term deposits and certificates of deposit) with an original term to maturity at purchase of three months or less are reported as cash equivalents in the consolidated statement of financial position.

d.) Property, plant and equipment

Development and production

Property, plant and equipment is measured at cost less accumulated depletion and depreciation and impairment provisions. When significant components of an item of property, plant and equipment, including oil and natural gas interests, have different useful lives, they are accounted for separately.

The cost of an asset comprises its purchase price, construction and development costs, costs directly attributable to bringing the asset into operation, the estimate of any asset retirement costs, and applicable borrowing costs. Property acquisition costs are comprised of the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

Oil and natural gas properties within each cost generating unit ("CGU") are depleted using the unit-of-production method over proved reserves. The unit of- production rate takes into account expenditures incurred to date, together with future development expenditures required to develop proved reserves.

Derecognition

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in the consolidated statement of comprehensive loss.

4. Significant accounting policies (continued):

Impairment

The Corporation assesses property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset or CGU may not be recoverable. Indications of impairment include the existence of low benchmark commodity prices for an extended period of time, significant downward revisions of estimated reserves, or increases in estimated future development expenditures. If any such indication of impairment exists, the Corporation performs an impairment test related to the assets or CGU.

Individual assets are grouped for impairment assessment purposes into CGU's, which are the lowest level at which there are identifiable cash inflows that are largely independent of the cash inflows of other groups of assets. A CGU's recoverable amount is the higher of its fair value less costs of disposal ("FVLCOD") and its value in use ("VIU"). FVLCOD is determined to be the amount the asset could be sold in an orderly transaction between market participants at the measurement date.

VIU is based upon the estimated before tax net present value of the Corporation's proved plus probable reserves, as prepared by independent reserve evaluators. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount.

In subsequent periods, an assessment is made at each reporting date to determine whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is re-estimated and the net carrying amount of the asset or CGU is increased to its revised recoverable amount. The revised recoverable amount cannot exceed the carrying amount that would have been determined, net of depletion, had no impairment loss been recognized for the asset in prior periods. Such reversal is recognized in the consolidated statement of comprehensive loss. After a reversal, the depletion charge is adjusted in future periods to allocate the asset's revised carrying amount over its remaining useful life.

e.) Decommissioning liabilities

A provision is recognized for the present value of the future cost of abandonment of oil and gas wells and related facilities. This provision is recognized when a legal or constructive obligation arises. The estimated costs, based on engineering cost levels prevailing at the reporting date, are computed on the basis of the latest assumptions as to the scope and method of abandonment. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a risk free rate, updated at each reporting date that reflects current market assessments of the time value of money and the risks specific to the obligation. The corresponding amount is capitalized as part of exploration and evaluation expenditure or property, plant and equipment and is amortized on a unit-of-production basis as part of the depreciation, depletion and amortization charge. Any adjustment arising from the reassessment of estimated cost of decommissioning liabilities is capitalized, whilst the charge arising from the accretion of the discount applied to the decommissioning liabilities is treated as a component of finance costs.

f.) Foreign currency translation

The Corporation's former consolidated subsidiary had the same functional currency as that of the Corporation and translates foreign denominated monetary assets and liabilities at the exchange rate prevailing at period end; non-monetary assets, liabilities and related depreciation at historic rates; revenues and expenses at the average rate of exchange for the period; and any resulting foreign exchange gains or losses are included in the consolidated statement of comprehensive loss.

g.) Taxes

The Corporation follows the liability method of accounting for taxes. Under this method, deferred tax assets and liabilities are recognized based on the estimated tax effects of temporary differences in the carrying amount of assets and liabilities in the consolidated financial statements and their respective tax bases.

Deferred tax assets and liabilities are calculated using the enacted or substantively enacted income tax rates that are expected to apply when the asset is recovered or the liability is settled. Deferred tax assets or liabilities are not recognized when they arise on the initial recognition of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit.

4. Significant accounting policies (continued):

Deferred tax assets for deductible temporary differences and tax loss carryforwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date, and is reduced if it is no longer probable that sufficient future taxable profits will be available against which the temporary differences or tax loss carryforwards can be utilized.

Current tax is calculated based on net earnings for the year, adjusted for items that are non-taxable or taxed in different periods, using income tax rates that are enacted or substantively enacted at each reporting date.

Income taxes are recognized in equity or other comprehensive income, consistent with the items to which they relate.

h.) Revenue recognition

Purchases and sales of investments are recognized on the trade date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of loss and comprehensive loss. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize the full realized gain or loss in the period of disposition.

The Corporation recognizes interest income as the interest is earned using the accrual method.

Revenue from the sale of petroleum and natural gas products is recognized when performance obligations in the sales contract are satisfied and it is probable that the Corporation will collect the consideration to which it is entitled. Performance obligations are generally satisfied at the point in time when the product is delivered to a location specified in a contract and control passes to the customer.

Contracts for sale of the Corporation's products generally have terms of a year at a time, and generally specify delivery of petroleum and natural gas throughout the term of the contract.

Sales of the Corporation's petroleum and natural gas products to customers are made pursuant to contracts based on prevailing commodity pricing at or near the time of delivery and volumes of product delivered. Revenues are typically collected in the month following delivery.

The Corporation collects royalties on production from gross overriding royalty interests ("GORR") that are tied to an underlying third-party mineral lease. The continuation of a lease is typically dependent on the holder thereof continuing to produce hydrocarbons and maintaining the lease in good standing. Accordingly, Corporation's performance obligations with respect to production royalties are satisfied over time, as petroleum and natural gas are produced. Royalty revenue from the sale of crude oil, natural gas liquids ("NGL") and natural gas is recognized as it accrues in accordance with the terms of the royalty agreement, which is generally in the month when the product is produced with production volumes primarily marketed with lessees' production.

Royalty revenue is measured at fair value of the consideration received or receivable when management can reliably estimate the amount, pursuant to the terms of the royalty agreements. An accrual is included in revenue and accounts receivable for amounts not received at the reporting date based on historical trends, new wells on stream and current market prices. Differences between the estimates and actual amounts received are adjusted and recorded in the period when the actual amounts are received.

i.) Stock based compensation

The Corporation's Stock Option Plan (the "Option Plan") provides current employees with the right to elect to receive common shares in exchange for options surrendered. The Corporation records compensation expense over the graded vesting period based on the fair value of options granted. Compensation expense is recorded in the consolidated statement of comprehensive loss as stock based compensation expense with a corresponding credit to contributed surplus. When stock options are exercised, the proceeds, together with the amount recorded in contributed surplus, are recorded in share capital. The fair value of stock options granted is estimated using the Black-Scholes option pricing model, taking into account amounts that are believed to approximate the forfeiture rate, volatility of the trading price of the Corporation's shares, the expected lives of the awards of stock based compensation, the fair value of the Corporation's stock and the risk-free interest rate, as determined at the grant date. Forfeitures are estimated through the vesting period based on past experience and future expectations, and adjusted upon actual vesting.

4. Significant accounting policies (continued):

j.) Financial instruments (investments at fair value)

Classification

All investments at fair value are classified upon initial recognition and are designated as fair value through profit or loss with changes in fair value reported in the consolidated statement of loss and comprehensive loss.

Recognition, derecognition and measurement

Purchases and sales of investments are recognized on the trade date.

Equity investments and loan investments are designated at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statement of loss and comprehensive loss. Investments are derecognized when the rights to receive cash flow from the investment has expired or the Corporation has transferred the financial asset and the transfer qualifies for derecognition.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented in the consolidated statement of comprehensive loss within net change in unrealized and realized gains or losses on investments in the period in which they arise.

Determination of fair values

The determination of fair value requires judgment and is based on market information, where available and appropriate. At the end of each financial reporting period, the Corporation's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

The Corporation is also required to disclose details of its investments within three hierarchy levels (Level 1, 2, or 3) as defined in note 7, based on the transparency of inputs used in measuring or disclosing the fair value, and to provide additional disclosure in connection therewith.

Equity investments

Securities including shares, and warrants which are traded in an active market, such as on a recognized securities exchange and for which no sales restrictions apply, are presented at fair value based on quoted closing trade prices at the consolidated statement of financial position date or the closing trade price on the last day the security traded if there were no trades at the consolidated statement of financial position date. These are included in Level 1 in note 7.

For warrants not traded in an active market, no market value is readily available. When there are sufficient and reliable observable market inputs, the Black-Scholes valuation technique is used. These are included in Level 2 in note 7. When no sufficient and reliable observable market inputs are available the warrants would be carried at a Nil value, until a market value can be determined or the Black-Sholes technique can be used.

The determinations of fair value of the Corporation's privately-held investments are evaluated based on the financial information available from the private company, including financial statements, cash forecasts, and other completed private placements as well as comparative other companies in the same industry. These are included in Level 3 in note 7.

Loan investments

When determining the fair value of short term loans, the Corporation considers the nature and length of the loan, interest on the loan, business risk of the investee company and any other factors that may be relevant to the ongoing and realizable value of the loan investments. The short term loans would be included in Level 3.

k.) Financial instruments other than investments held at fair value

The Corporation classifies its financial instruments into one of the following categories: fair value through profit or loss, and financial assets or liabilities measured at amortized cost. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods is dependent on the classification of the respective financial instrument.

4. Significant accounting policies (continued):

Fair value through profit or loss financial instruments are subsequently measured at fair value with changes in fair value recognized in the statement of comprehensive loss. Financial instruments classified as amortized cost are measured at amortized cost using the effective interest method.

Cash and cash equivalents, and trade and other receivables and trade and other payables are classified as assets or liabilities measured at amortized cost.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized immediately in the consolidated statement of loss and comprehensive loss. Transaction costs in respect of financial instruments classified at amortized cost are included in the initial measurement of the financial instrument and amortized to the consolidated statement of comprehensive loss using the effective interest method.

l.) Per common share amounts

Basic per share amounts are calculated by dividing the net earnings or loss by the weighted average number of shares outstanding during the year. Diluted per share amounts are calculated by using the treasury stock method, by adjusting the weighted average number of shares outstanding for the potential number of issued instruments which may have a dilutive effect on net earnings or loss. This method assumes that proceeds received from the exercise of in-the-money instruments are used to repurchase common shares at the average market price for the year.

5. Critical accounting estimates and judgments:

The Corporation has made estimates and assumptions regarding certain assets, liabilities, revenues and expenses in the preparation of the consolidated financial statements. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, actual results may differ from estimated amounts. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Accounting Estimates:

a.) Stock based compensation

The Corporation measures the cost of share-based compensation transactions with employees by reference to the fair value of the equity instruments. Estimating fair value for share-based compensation transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining and making assumptions about the most appropriate inputs to the valuation model including the expected life, forfeiture rate, volatility and dividend yield of the share option. The Corporation measures the cost of share-based compensation transactions with consultants by reference to the fair value of the services to be performed.

b.) Taxes

Tax interpretations, regulations and legislation are subject to change and as such, income taxes are subject to measurement uncertainty. Deferred tax assets are assessed by management at the end of the reporting period to determine the probability that they will be realized from future taxable earnings.

c.) Fair value of investments in securities not quoted in an active market or private company investments:

Where the fair value 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, judgement is required to establish fair values. The Corporation will look at the financial information provided by the investee, as well as comparative company information available to determine a fair value.

5. Critical accounting estimates and judgments (continued):

Accounting Judgments:

a.) Determination of investment entity

Judgement is required when making the determination that the Corporation or its subsidiaries meet the definition of an investment entity under IFRS. In accordance with IFRS 10, an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment related services to external parties. In determining its status as an investment entity, the Corporation has determined that fair value is the primary measurement attribute used to monitor and evaluate its investments.

b.) Going concern

The Corporation has experienced lower than planned revenue combined with operating losses. Management has assessed and concluded that the going concern assumption is appropriate for a period of at least twelve months following the end of the reporting period. Management applied significant judgement in arriving at this conclusion including the amount of new investments and total realized gain on investments to be generated to provide sufficient cash flow to continue to fund operations and other committed expenditures; the timing of generating those cash inflows and the timing of the related expenditures; the ability to raise additional capital to support ongoing operations; and the assessment of potentially discretionary expenditures that could be delayed in order to manage cash flows. Given the judgement involved, actual results may lead to a materially different outcome.

6. Adopted and future accounting standards:

Adopted accounting standards

IFRS 9 - Financial Instruments

Effective July 1, 2018, the Corporation adopted IFRS 9, Financial Instruments on a retrospective basis. The adoption of IFRS 9 did not result in any adjustments to the amounts recognized in the Corporations consolidated financial statements for the year ended June 30, 2019.

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 ("FVTPL") 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:

The Corporation's financial instrument classifications under IAS 39 and IFRS are as follows:

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	FVTPL
Trade and other payables	Other financial liabilities	Amortized Cost
Note payables	Other financial liabilities	Amortized Cost

6. Adopted and future accounting standards (continued):

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 (“FVTPL”))”, 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 FVTPL, 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 FVTPL

Financial assets measured at FVTPL 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 FVTPL 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 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.

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.

6. Adopted and future accounting standards (continued):

Financial liabilities

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

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 does not expect material changes on its consolidated financial statements as it currently has no leases with terms greater than 12 months.

7. 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).

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

Equity investments by sector consist of the following as at June 30, 2019:

Sector	Cost	Level 1	Level 2	Level 3	Total fair value	% of total fair value
Mining	$508,166	$ −	$ −	$ −	$ −	0%
Cannabis	1,350,050	−	−	$42,113	42,113	51%
Technology and Esports	455,268	−	40,162	−	40,162	49%
Total Investments at Fair Value	**$2,313,484**	**$ −**	**$40,162**	**$42,113**	**$82,275**	**100%**
Investments due to shareholders	**$1,358,000**	**$ −**	**$ −**	**$4,089,280**	**$4,089,280**	

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 Esports	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 warrants granted was determined to be $40,162 and was estimated using the Black-Scholes pricing model, taking into account amounts that are believed to approximate the volatility of the trading price of the company's shares, the expected lives of the warrants, the fair value of the company's stock and the risk-free interest rate, as determined at the grant date. A 25% change in the volatility used to measure these instruments will result in a corresponding $6,300 (2018 - $Nil) change in the value of the investment.

The investments due to shareholders of $4,089,280 was declared as a return of capital on April 8, 2019 and would be categorized as a level 3 investment. The shares were distributed to the shareholders of the Corporation after year end.

The fair value of the level 3 investments of $42,113 and $4,089,280 (June 30, 2018 - $4,795,500) are subject to market risk, commodity risk and change in demand in the mining, technology and cannabis industry. A 5% change in the stock price used to fair value these instruments will result in a corresponding $204,464 (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.

In accordance with IFRS 10, the fair value of the Corporations investments includes the fair value of entities that are controlled by the Corporation.

The fair value of the common shares included in level 3 of $42,113 and $4,089,280 (June 30, 2018 - $4,795,500) have been evaluated based on available data from the corporations involved.

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

The fair value of Redwing Energy Services, a related party (with one common officer and director), was determined to be $Nil as at June 30, 2019 (June 30, 2018- $Nil) due to the company ceasing to have any operations back in October 2017.

The fair value of Noble Line Inc. ("Noble"), a related party (with one common director) that is active in the online hemp and CBD products was determined to be $Nil and is included in level 3. As at June 30, 2019, the Corporation owned 71,500 common shares with an initial value of $0.70 per share, representing 13.5% ownership. The investment has been evaluated based on available data from Noble, and given the need for Noble to find additional capital funding, the higher than expected costs of startup and the increased competition in the industry, the Corporation has taken a write down of this investment of $50,050.

The fair value of 1202465 BC Ltd., a company that has applied for a retail cannabis license at a leased location in BC, which was acquired on May 17, 2019 is $42,113 with a cost of $1,300,000 and is included in level 3. The investment is comprised of 100% of the common shares of 1202465 BC Ltd. Due to the lack of additional information to support the initial purchase price, the investment was evaluated based on the present value of the future lease payments resulting in a write down of this investment of $1,257,887.

The fair value of the UMG Media Corp. ("UMG") common shares included in level 3 of $4,089,280 is due to shareholders (June 30, 2018 - $4,795,500) and is a related party investment (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. During the year ended June 30, 2019, the Corporation recorded a negative fair value change of $706,220 on its investment in UMG. As at June 30, 2019, the Corporation owned 3,197,000 common shares, representing a 19.2% ownership, with all of the shares to be distributed to the Corporations shareholders as a return of capital subsequent to year end (see note 21).

Short term loan investments consist of the following:

	June 30, 2019	June 30, 2018
Short term loans	$290,000	$375,000
Total loan investments	**$290,000**	**$375,000**

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 12 months or less at an average interest rate of 17% (June 30, 2018 – Nil%) starting July 1, 2019.

On June 30, 2019, the Corporation evaluated the value of a loan to Noble of $195,000 and determined that based on the need for the company to secure additional capital funding, that the collectability of the loan was uncertain. The Corporation has taken a write down of the loan of $195,000 as at June 30, 2019 and will continue to re-evaluate the collectability on a month by month basis.

As at June 30, 2019, the Corporations short term loans included 2 related party agreements. The Noble loan for $Nil and a loan to UMG for $90,000.

8. Property, plant and equipment:

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

	Provost Area GORR
Net book value, June 30, 2017 and 2018	$44,509
Disposal	(44,509)
Total property, plant and equipment	**$ –**

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 (note 13). In addition to the Provost Area GORR the Corporation's oil and gas properties were disposed of during the year ended June 30, 2019. These properties had 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., disposed of on January 31, 2019.

9. Note payable:

On January 21, 2018, the Corporation entered into a letter of intent with respect to a business combination with UMG, whereby the Corporation would acquire all of the issued and outstanding common shares of UMG. On July 12, 2018 the letter of intent was terminated, and the Corporation received a $250,000 termination fee from UMG.

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 the transaction as detailed above, in regard to 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.

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.

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 June 30, 2019, all note payables have been settled and no additional amounts are outstanding.

10. Decommissioning liabilities:

	June 30, 2019	**June 30, 2018**
Balance, beginning of year	$288,220	$189,467
Accretion	1,159	2,304
Decommissioning costs incurred	(49,560)	–
Disposal	(239,819)	–
Revision of estimates	–	96,449
Balance, end of year	**$ –**	**$288,220**

The Corporation estimated the total undiscounted amount of cash flow required to settle its decommissioning liabilities of 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., disposed of on January 31, 2019.

11. Share capital:

a.) Authorized:

Unlimited number of common voting shares and preferred shares

b.) Issued:

	Number of Shares	Amount
Balance, June 30, 2017 and 2018	41,196,374	$7,492,253
Shares issued for acquisition of investments at fair value	20,000,000	1,300,000
Shares issued pursuant to private placement	19,965,000	998,250
Share issued costs	–	(40,690)
Balance, June 30, 2019	**81,161,374**	**$9,749,813**

On May 17, 2019, the Corporation issued 20,000,000 common shares for the purchase of 100% of the common shares of 1202465 BC Ltd., a company that has applied for a retail cannabis license at a leased location in BC.

On May 28, 2019, the Corporation completed a private placement of 19,965,000 common shares at a price of $0.05 per share for gross proceeds of $998,250. The Corporation incurred a total of $40,690 in share issue costs composed of $30,300 in finders fees and $10,390 in legal fees.

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 8,116,137 (June 30, 2018 – 4,119,637) common shares. The details of this plan are as follows:

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

The following table summarizes information about stock options outstanding and exercisable at June 30, 2019:

Exercise Prices	Number	Weighted Average Remaining Life	Weighted Average Exercise Price
$0.10	1,500,000	1.10 years	$0.10
	1,500,000	**1.10 years**	**$0.10**

11. Share capital (continued):

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**

12. Finance costs:

The Corporation's finance costs consist of the following:

June 30,	**2019**	**2018**
Bank fees	$880	$446
Interest expenses	7,500	3,437
Finance costs	**$8,380**	**$3,883**

13. Discontinued operations:

As at January 31, 2019, the Corporation disposed of 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 disposal of $182,684, with net proceeds of $Nil.

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.

The Corporation's net income (loss) from discontinued operations consist of the following:

June 30,	**2019**	**2018**
Revenue:		
Oil and natural gas revenue, net of royalties	$12,185	$42,390
Interest	1,153	1,619
Total revenue	**13,338**	**44,009**
Expenses:		
Accretion	1,159	2,304
Field operating costs	26,016	108,665
General and administrative	13,259	27,010
Finance costs	91	213
Revision of estimates in decommissioning liabilities	–	96,449
Loss on sale of property, plant and equipment	39,509	–
Gain on sale of subsidiary	(182,684)	–
Total expenses	**(102,650)**	**234,641**
Net income (loss) from discontinued operations	**$115,988**	**$(190,632)**

13. Discontinued operations (continued):

The cash flows from discontinued operations for the years presented are set out below:

Operations:		
Income (loss) from discontinued operations	$115,988	$(190,632)
Items not affecting cash:		
Accretion	1,159	2,304
Loss on disposal of GORR (note 8)	39,509	–
Gain on sale of subsidiary	(182,684)	–
Change in estimate on decommissioning liabilities	810	96,449
Change in non-cash operating working capital:		
Trade and other receivables	5,341	7
Prepaid expenses and deposits	6,857	(5,900)
Trade and other payables	19,389	21,721
Decommissioning costs incurred	(49,559)	–
Cash used for discontinued operation activities	**$(43,190)**	**$(76,051)**
Investments:		
Sale of GORR (note 8)	$5,000	$ –
Cash provided by discontinued investment activities	**$5,000**	**$ –**

14. Per share amounts:

Net 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:

June 30,	2019	2018
Weighted average shares outstanding, basic and diluted	45,412,881	41,196,374

15. Income taxes:

The income tax provision differs from income taxes, which would result from applying the expected tax rate to net income (loss) before income taxes. The differences between the "expected" income tax expenses and the actual income tax provision are summarized as follows:

Continuing operations:

	June 30, 2019	June 30, 2018
Loss from continuing operations	$(2,243,920)	$(519,697)
Expected income tax recovery at 27.00% (2018 – 27.00%)	(605,858)	(140,318)
Stock based compensation and other	7,852	22,173
Change in deferred tax assets not recognized	598,006	118,145
Total income taxes (recovery)	$ –	$ –

Discontinued operations:

	June 30, 2019	June 30, 2018
Loss from discontinued operations	$(66,696)	$(190,629)
Expected income tax recovery at 27.00% (2018 – 27.00%)	(18,008)	(51,470)
Change in deferred tax assets not recognized	18,008	51,470
Total income taxes (recovery)	$ –	$ –

The deferred tax assets (liabilities) are comprised of:

	June 30, 2019	June 30, 2018
Investments at fair value	$(107,322)	$(392,476)
Non-capital losses available for future periods	107,322	218,054
Net capital losses available for future periods	-	174,422
	$ –	$ –

The components of the Corporation's unrecognized deductible temporary differences are as follows:

	June 30, 2019	June 30, 2018
Petroleum and natural gas properties	$47,409	$296,389
Investments at fair value	195,000	-
Capital losses available for future periods	150,308	-
Non-capital losses available for future periods	2,789,743	4,224,694
	$3,182,460	$4,521,083

A deferred tax asset has not been recognized as it is not probable that the assets will be realized.

As at June 30, 2019, the Corporation has not recognized a deferred tax asset in respect of non-capital losses available to carry forward to future years totaling approximately $2,789,743 (2018 - $4,213,931). In addition, the Corporation has not recognized a deferred tax asset in respect of net capital losses available to carry forward to future years totaling approximately $Nil (2018 - $Nil).

15. Income taxes (continued):

The net operating loss carryforwards reflected above expire as follows (capital losses do not expire):

Year of Expiry	Total
2039	$91,455
2038	372,068
2037	49,406
2035	88,142
2034	74,889
2033	203,645
2032	272,478
2031	702,801
2030	238,668
2029	696,191
Total	**$2,789,743**

16. 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 year ended June 30, 2019, the Corporation incurred consulting fees of $101,250 (2018– $193,050), and directors fees of $26,250 (2018 - $25,000), paid to companies which are controlled by key management of the Corporation, which are included in general and administrative on the consolidated statement of loss and comprehensive loss. At June 30, 2019, $Nil in consulting fees remained outstanding (2018 – $6,300) and $9,000 in directors fees remained outstanding (2018 - $7,312).

b.) Related party transactions (not mentioned elsewhere in the financial statements – see Note 7 and Note 9)

During the year ended June 30, 2019, the Corporation incurred legal costs of $62,637 (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 fair value of the service provided. Of the legal services provided, $40,674 was included in trade and other payables at June 30, 2019 (2018 - $Nil).

17. Financial instruments:

The carrying values of the Corporation's financial instruments by category were as follows:

June 30, 2019			
Asset (liability)	**Fair value through profit or loss**	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**
Cash and cash equivalents	$ –	$165,331	$ –
Trade and other receivables	–	42,903	–
Investments at fair value – Equity	82,275	–	–
Investments at fair value – Short term loans	290,000	–	–
Investments due to shareholders	4,089,280		
Trade and other payables	–	–	(115,318)
Due to shareholders as return of capital	(4,089,280)	–	–
	$372,275	**$208,234**	**$(115,318)**

17. Financial instruments (continued):

June 30, 2018			
Asset (liability)	**Fair value through profit or loss**	**Financial assets at amortized cost**	**Financial liabilities at amortized cost**
Cash and cash equivalents	$ –	$88,812	$ –
Trade and other receivables	–	8,019	–
Investments at fair value – Equity	4,795,500	–	–
Investments at fair value – Short term loans	375,000	–	–
Trade and other payables	–	–	(154,665)
Note payable	–	–	(250,000)
	$5,170,500	**$96,831**	**$(404,665)**

The carrying value of the Corporation's financial instruments, excluding investments at fair value (note 6), approximate their fair value due to the short term nature of these instruments.

18. 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 June 30, 2019, the Corporation's trade and other receivables of $42,903 (2018 - $8,019) consisted of $Nil (2018 - $4,944) due from joint venture partners, $21,632 (2018 - $3,075) due from the government in relation to GST returns, and $21,000 (2018 - $Nil) of other receivables.

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 credit 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 June 30, 2019, the Corporation assessed its trade and other receivables for impairment. The ECL determined by the Corporation is not significant.

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.

18. Risk Management (continued):

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 June 30, 2019:

Financial Liabilities	< One Year	> One Year
Trade and other payables	$115,318	$ –
Total	**$115,318**	**$ –**

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	**$404,665**	**$ –**

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 equity investments 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 a significant amount 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 $204,464 (2018 - $239,775) change in unrealized gain (loss) on investments.

- Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted by not only the relationship between the Canadian and United States dollar, but also world economic events that dictate the levels of supply and demand.

19. Capital disclosures:

As at June 30, 2019, in the definition of capital, the Corporation includes shareholders' equity of $626,113 (2018 - $4,768,447). 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.

20. Commitments:

As at June 30, 2019, the Corporation had the following outstanding commitments:

June 30,	**2020**	**Total**
Office lease	$66,487	**$66,487**
Number of months	9	**9**

21. Subsequent event:

On July 29, 2019, the Corporation granted stock options to acquire 3,600,000 to various directors, officers and consultants of the Corporation.

On July 29, 2019, the Corporation acquired 100% of the common shares of 1216372 BC Ltd. for the issuance of 20,000,000 common shares of the Corporation. 1216372 BC Ltd. has applied for two retail cannabis licenses at leased locations in British Columbia.

On August 12, 2019, the Corporation completed the distribution of the UMG shares to its shareholders.

On August 27, 2019, the Corporation, through its wholly-owned Delaware subsidiary, incorporated after year end, and KO Logistics LLC Brands entered into a term sheet dated August 21, 2019, to review a potential acquisition.