SBD CAPITAL CORP.
(FORMERLY WHITE PINE RESOURCES INC.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

Independent Auditors' Report

To the Shareholders of SBD Capital Corp.

We have audited the accompanying consolidated financial statements of SBD Capital Corp., which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of SBD Capital Corp. as at March 31, 2018 and March 31, 2017 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 2 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty which may cast significant doubt about SBD Capital Corp.'s ability to continue as a going concern.

Calgary, Alberta
July 30, 2018

MNP LLP
Chartered Professional Accountants

MNP LLP

SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
MARCH 31, 2018 AND 2017
(Expressed in Canadian dollars)

	Note	*2018*	*2017*
Assets			
Current			
Cash and cash equivalents		**33,763**	9,841
Accounts receivable		**1,862**	-
GST/HST receivable		**18,173**	19,757
Inventory	**4**	**179,601**	-
Prepaid expenses		**8,921**	-
		242,320	29,598
Mineral interests	**6**	**-**	1
		242,320	29,599
Liabilities			
Current			
Accounts payable and accrued liabilities		**160,254**	198,849
Loans payable	**7**	**37,172**	28,900
		197,426	227,749
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Capital stock	**8(a)**	**35,188,725**	34,738,846
Issuable capital stock	**8(a)(vii)**	**27,500**	1,900
Contributed surplus		**9,954,845**	9,954,845
Accumulated deficit		**(45,126,176)**	(44,893,741)
		44,894	(198,150)
		242,320	29,599

NATURE OF OPERATIONS AND GOING CONCERNS, (Note 1)

SUBSEQUENT EVENTS, (Note 14)

Approved on behalf of the board:

"Brian Murray" Director
"Adam MacDonald" Director

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

SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2018 and 2017
(Expressed in Canadian dollars)

	Note		*2018*		*2017*
Revenue					
Sales of product		**$**	**26,956**	$	-
Direct costs					
AGLC liquor tax			**11,182**		-
Cost of goods sold			**14,627**		-
Shipping, freight and delivery			**719**		-
Total direct costs			**26,528**		-
Gross margin			**428**		-
Expenses					
Management fees	**9**		**44,000**		56,000
Consulting fees			**31,294**		99,000
Professional fees			**108,492**		17,384
Office, general and administrative			**27,595**		367
Label design			**15,822**		-
Amortization			**-**		591
Meals and entertainment			**276**		-
Transfer agent fees			**48,368**		30,597
Interest and bank charges			**961**		456
Impairment of fixed asset			**-**		2,700
Total expenses			**276,808**		207,095
Net loss			**(276,380)**		**(207,095)**
Loss on assignment of assets	**6**		**(1)**		**-**
Gain on acquisition	**5**		**43,946**		
Net loss and comprehensive loss		**$**	**(232,435)**	$	(207,095)
Loss per share					
Basic and fully diluted	**13**	**$**	**(0.02)**	$	(0.31)
Weighted average number of common shares outstanding, basic and diluted			**14,879,656**		678,971

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

SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY) FOR THE YEARS ENDED MARCH 31, 2018 and 2017
(Expressed in Canadian dollars)

		Capital Stock		Issuable Capital Stock				
	Note	**Number of Shares**	**Amount**	**Number of Shares**	**Amount**	**Contributed surplus**	**Deficit**	**Total**
Balance at March 31, 2016		678,971	34,738,846	-	-	9,954,845	(44,686,646)	7,045
Issuable shares		-	-	95,000	1,900	-	-	1,900
Net loss for the year		-	-	-	-	-	(207,095)	(207,095)
Balance at March 31, 2017		678,971	34,738,846	95,000	1,900	9,954,845	(44,893,741)	(198,150)
Shares issued for cash	**8(a)(iv),(v)**	14,000,000	280,000	(95,000)	(1,900)	-	-	278,100
Shares issued for acquisition of Secret Barrel	**8(a)(v), 6**	2,000,000	40,000	-	-	-	-	40,000
Shares issued for debt settlement	**8(a)(ii),(iii)**	6,550,000	131,000	-	-	-	-	131,000
Issuable shares	**8(a)(vii)**	-		137,500	27,500	-	-	27,500
Share issue costs		-	(1,121)	-	-	-	-	(1,121)
Net loss for the year		-	-	-	-	-	(232,435)	(232,435)
Balance at March 31, 2018		**23,228,971**	**35,188,725**	**137,500**	**27,500**	**9,954,845**	**(45,126,176)**	**44,894**

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

SBD CAPITAL CORP. (FORMERLY WHITE PINE RESOURCES INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 and 2017
(Expressed in Canadian dollars)

	2018	2017
Operating activities		
Net loss for the year	**(232,435)**	(207,095)
Adjustment not affecting cash:		
Amortization	**-**	591
Loss on assignment of asset (note 6)	**1**	-
Shares issued for acquisition of Secret Barrel	**40,000**	-
Impairment of fixed assets	**-**	2,700
Changes in non-cash working capital		
Accounts receivable	**(1,862)**	-
Prepaid expense	**(8,921)**	-
GST/HST	**1,584**	(19,034)
Inventory	**(179,601)**	-
Accounts payable and accrued liabilities	**(38,595)**	188,955
Net cash used in operating activities	**(419,829)**	(33,883)
Financing activities		
Issuance of common shares, net of issuance costs	**278,879**	-
Issuable shares	**25,600**	1,900
Shares issued on the settlement of debt	**131,000**	-
Increase in loans payable	**8,272**	28,900
Net cash provided by financing activity	**443,751**	30,800
Net increase (decrease) in cash and cash equivalents	**23,922**	(3,083)
Cash, beginning of year	**9,841**	12,924
Cash, end of year	**33,763**	9,841

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

1. NATURE OF OPERATIONS AND GOING CONCERN

SBD Capital Corp. (formerly White Pine Resources Inc., “the Company”) was incorporated under the Business Corporations Act (Ontario) on May 11, 1979. The Company was engaged in acquiring controlling interests in industrial companies in the manufacturing and distribution business. The Company's registered office is located at Suite 520, 65 Queen Street West, Toronto, Ontario, M5H 2M5.

These consolidated financial statements have been prepared on a going concern basis, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from March 31, 2018. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate.

The current market conditions and volatility increase the uncertainty of the Company’s ability to continue as a going concern given the need to both manage expenditures and to raise additional funds. The Company has negative operating cash flows of $419,829 (2017 - $33,883), has a working capital surplus of $44,894 at March 31, 2018 (March 31, 2017 - working capital deficit of $198,151), and an accumulated deficit of $45,126,176 (2017 - $44,893,741). The Company will continue to search for new or alternate sources of financing in order to continue development of its products but anticipates that the current market conditions may impact the ability to source such funds. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the consolidated statement of financial position.

On July 25, 2017, the Company entered into a share exchange agreement with Secret Barrel Distillery Corporation (“Secret Barrel”) pursuant to which the Company has acquired from the Secret Barrel shareholders all of the issued and outstanding shares of Secret Barrel in exchange for 2,000,000 common shares in the capital of the Company and a working capital advance to Secret Barrel of $175,000. Secret Barrel is a private company incorporated pursuant to the laws of Alberta. Upon completion of the acquisition, Secret Barrel became a wholly owned subsidiary of the Company, see Note 5.

2. BASIS OF PRESENTATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements of the Company for the year ended March 31, 2018 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 30, 2018.

Basis of Measurement

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

2. BASIS OF PRESENTATION *(continued from previous page)*

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Secret Barrel. All significant intercompany balances and transactions have been eliminated on consolidation.

Revenue Recognition

Revenue is recognized, net of trade discounts and allowances, when a price is agreed upon, goods are shipped to customers, all significant contractual obligations have been satisfied, and collectability is reasonably assured.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Business Combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in income. An acquisition is recorded on the date on which the Company obtains control of the acquired subsidiary or business. Acquisition related costs associated with business combinations are expensed as incurred.

Financial Instruments

(i) Non-derivative financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company's non-derivative financial assets is comprised of accounts receivable and financial assets at fair value through profit and loss.

2. BASIS OF PRESENTATION *(continued from previous page)*

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

Financial assets classified as fair value through profit or loss consist of cash and cash equivalents.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Financial assets classified as loans and receivables consists of accounts receivable.

(i) Non-derivative financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Non-derivative financial liabilities comprise accounts payable and accrued liabilities and loans payable.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method.

Cash and cash equivalents

Cash includes balances held with a Canadian chartered bank which are redeemable upon demand.

Impairment

(ii) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

2. BASIS OF PRESENTATION *(continued from previous page)*

Impairment *(continued from previous page)*

(ii) Financial assets *(continued from previous page)*

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for- sale financial asset recognized previously in other comprehensive income is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

(iii) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Stock-based Compensation Transactions

The grant date fair value of stock-based compensation awards granted to employees is recognized as an employee expense or capitalized to exploration and evaluation assets for grants to individuals working directly on exploration and evaluation assets, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For stock-based compensation awards with no-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes. Fair values of stock-based compensation payments (including stock options and warrants) are determined based on estimated fair values at the time of grant using the Black-Scholes option pricing model using management's assumptions for warrants and stock options, respectively.

2. BASIS OF PRESENTATION *(continued from previous page)*

Stock-based Compensation Transactions *(continued from previous page)*

Stock-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled stock-based compensation transactions.

Where equity instruments are granted to non-employees, they are recorded in the statement of comprehensive loss, unless the services related to the issuance of shares, at the fair value of the goods or services received. Amounts related to the issuance of shares are recorded as a reduction of share capital. If the fair value of the goods or services received cannot be reliably measured, the fair value of the equity instrument is used.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. BASIS OF PRESENTATION *(continued from previous page)*

Capital Stock

Loss Per Share

The Company presents basic and fully diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to the Company's common shareholders by the weighted average number of common shares outstanding during the year, adjusted for own shares held. Fully diluted loss per share is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding, adjusted for own shares held, for the effects of all dilutive potential common shares, which comprise warrants and stock options granted.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after March 31, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine the impact on the Company.

a) IFRS 9, Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

b) IFRS 15 Revenue from Contracts with Customers - In May 2014, the IASB issued IFRS 15 “Revenue from Contracts with Customers” which replaces IAS 18 “Revenue,” IAS 11 “Construction Contracts,” and related interpretations. The standard is required to be adopted for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. IFRS 15 will be applied by the Corporation on April 1, 2018.

c) IFRS 16 Leases - In January 2016, the IASB issued IFRS 16 “Leases”, which replaces IAS 17 “Leases”. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS *(continued from previous page)*

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the consolidated statement of financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) In a business combination, management makes estimates of the fair value of the assets acquired, equity instruments issued and liabilities assumed;

b) Due to the nature of the Company's operations, various legal and tax matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events. In the opinion of management, these matters did not have a material effect on the Company's consolidated financial position or consolidated results of operations as at and for the year ended March 31, 2018; and,

c) Management's assessment of the going concern assumption requires judgment with respect to the funds to be available over the next twelve months.

4. INVENTORY

The major components of inventory are classified as follows:

		March 31, 2018		March 31, 2017
Finished goods	**$**	**175,580**	$	-
Promotional items		**4,021**		-
Total	**$**	**179,601**	$	-

5. ACQUISITIONS

On July 25, 2017, the Company acquired all of the issued and outstanding shares of Secret Barrel. The acquired business was purchased for $40,000, paid by the issuance of 2,000,000 common shares $0.02 per share. The transaction was accounted for as business combination under IFRS 3 - "Business Combinations" as the transaction met the definition of a business acquisition.

The following table summarizes the transaction and the purchase price allocation:

Consideration paid	$	40,000
Net assets acquired, at fair value		
Cash	$	12,263
Net working capital items		7,758
Inventory		95,425
Net assets acquired	$	115,446
Consideration paid	$	40,000
Intercompany liability		31,500
Gain on acquisition	$	(43,946)

(Expressed in Canadian dollars)

5. ACQUISITIONS *(continued from previous page)*

During the period from July 25, 2017 to March 31, 2018, the acquisition attributed approximately $26,956 of revenue and operating loss of $42,414 for the period, which is included in the consolidated statement of loss and comprehensive loss.

If the business combination, as described above, had occurred on April 1, 2017, the Company estimates that revenue would have increased by approximately $7,310 and the operating loss would have increased by approximately $9,223. The pro forma information is not necessarily indicative of the results had the acquisition occurred on April 1, 2017.

6. EXPLORATION AND EVALUATION ASSETS

The Company held an option agreement to earn up to 70% in a property. However, the Company had decided to let those claims lapse in 2012 as it was their decision not to further pursue the property and as a result, all costs associated with the property were written off to operations in fiscal 2012.

Property	**Balance March 31, 2017 and 2016**	**Options & acquisition costs**	**Exploration**	Disposition (Assignment)	Balance March 31, 2018
Lowland	**$ 1**	$ -	**$ -**	$ (1)	$ -

During the year, the Company assigned its interest in the Lowland property to a non-related party for proceeds of $nil.

7. LOANS PAYABLE

As at March 31, 2018, the loans payable balance is $37,172 (2017 - $28,900). The loans are due on demand and non-interest bearing. $32,172 (2017 - $12,900) of the loans are payable to directors and officers of the Company (Note 9).

8. CAPITAL STOCK

(a) Common shares
Authorized capital:

- Unlimited number of common shares
- Unlimited number of special shares
- 500,000 preference shares

	Number of shares		**Amount**
Balance, March 31, 2017 and March 31, 2016 (i)	678,971	$	34,738,846
Shares issued for debt settlement (ii), (iii)	6,550,000		131,000
Shares issued for cash (iv), (v)	14,000,000		280,000
Shares issued for acquisition of Secret Barrel (vi)	2,000,000		40,000
Share issuance costs (v)	-		(1,121)
Balance, March 31, 2018	23,228,971	$	35,188,725

8. CAPITAL STOCK *(continued from previous page)*

(i) On January 25, 2017, the Company executed the consolidation of the outstanding common shares on the basis of 50 existing common shares for one new common share. This resulted in a reduction of outstanding shares from 33,966,533 to 678,971. The 50 to 1 consolidation affected all of the Company's outstanding common shares as at the effective date; as a result, the prior year presentation in the consolidated financial statements has been restated.

(ii) In July 2017, the Company settled an aggregate of $8,000 of indebtedness through the issuance of 400,000 shares at a price of $0.02 per share.

(iii) In August 2017, the Company settled an aggregate of $123,000 of indebtedness through the issuance of an aggregate of 6,150,000 units of the Company. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per a common share for a period of 36 months from the date of issuance.

(iv) In August 2017, the Company completed a non-brokered private placement through the issuance of 150,000 common shares at a price of $0.02 per common share for gross proceeds of $3,000.

(v) In August 2017, the Company completed a non-brokered private placement through the issuance of 13,850,000 units at a price of $0.02 per unit for aggregate gross proceeds of $277,000. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 per a common share for a period of 36 months from the date of issuance. In connection with this financing, the Company paid cash commissions of $1,121.

(vi) In August 2017, the Company issued 2,000,000 common shares at a price of $0.02 per common share for the acquisition of Secret Barrel (Note 5).

(vii) Issuable shares are for $27,500 of funds received for 1,375,000 shares that have yet to be issued.

(b) Stock option plan and share-based compensation

The Company has a stock option plan (the "Plan") under which it is authorized to grant stock options to acquire common shares to Directors, officers, employees and consultants. The aggregate number of common shares which may be issued and sold under the Plan will not exceed 10% of the aggregate number of common shares issued and outstanding from time to time. The current number of common shares reserved for issuance upon the exercise of options granted pursuant to the Plan is 2,322,897. The number of common shares which may be reserved for issue to any one individual under the Plan within any one year period shall not exceed 5% of the outstanding issue. The Board of Directors shall determine the exercise price of stock options issued, as applicable, based on the market price. The stock options are non-assignable and may be granted for a term not exceeding five years. Stock options issued under the Plan may vest at the discretion of the Board of Directors.

The Company has no outstanding stock options at March 31, 2018 or 2017.

(Expressed in Canadian dollars)

8. CAPITAL STOCK *(continued from previous page)*

(c) Warrants

The following table summarizes warrants that have been issued, exercised or have expired during the year ended March 31, 2018:

	Number of Warrants		Value		Weighted average exercise price
Balance, beginning of year	-		-		-
Issued Note 8(a)(ii),(iv)	20,000,000	$	-	$	0.10
Balance, March 31, 2018	20,000,000	$	-	$	0.10

There were 20,000,000 warrants issued in the year ended March 31, 2018 (2017 – nil) as part of the issuance of units. The fair value of the warrant issued was based on the residual method. The fair value of the common shares associated with the unit issued was $0.02 resulting in residual value of $nil for the warrant component.

At March 31, 2018, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Warrants	Exercise Price	Fair value	Expiry date
20,000,000	$ 0 .10	$ nil	August 16, 2020

9. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying consolidated financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

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

Remuneration attributed to key management personnel can be summarized as follows:

	March 31, 2018	March 31, 2017
Short-term benefits*	$ 44,000	$ 56,000

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in consulting fees and management fees.

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS *(continued from previous page)*

As at March 31, 2018, loans payable consists of $32,172 (March 31, 2017 - $12,900) to a director of the Company. The loans are due on demand and non-interest bearing.

As at March 31, 2018, the Company owes a director $10,170 included in accounts payable (March 31, 2017 - $40,000). Also included in accounts payable is $nil (March 31, 2017 - $18,080) to companies controlled by officers and directors of the Company.

10. INCOME TAXES

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

		2018		2017
Net loss before taxes	**$**	**232,435**	$	207,095
Combined Canadian federal and provincial tax rate		**26.5%**		26.5%
Expected income tax recovery at statutory tax rate		**61,596**		54,880
Non-deductible expenses		**(933)**		-
Change in unrecognized deferred tax assets		**(60,663)**		(54,880)
Total tax	**$**	**-**	$	-

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities.

Details of the deferred tax assets (liabilities) are as follows:

		2018		2017
Inventory	**$**	**(9,700)**	$	-
Losses carried forward		**9,700**		-
	$	**-**	$	-

Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

		2018		2017
Exploration and evaluation assets	**$**	**18,790,000**	$	22,654,250
Losses carried forward		**4,946,000**		4,753,000
Financing costs		**1,000**		-
Property, plant and equipment		**-**		17,240
Non-deductible salaries		**-**		40,000
Unrecognized deductible temporary differences		**23,737,000**		27,464,490
	$	**-**	$	-

(Expressed in Canadian dollars)

10. INCOME TAXES *(continued from previous page)*

As at March 31, 2018 the Company has non-capital losses of $5,035,171 (2017 - $4,753,000) that can be used to reduce future taxable income. These losses expire as follows:

2025	53,000
2026	452,000
2027	892,000
2028	555,000
2030	632,000
2031	628,000
2032	692,000
2033	436,000
2034	176,000
2035	68,000
2036	9,000
2037	221,000
2038	221,000
	5,043,000

11. FINANCIAL RISK FACTORS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and loans payable. The fair value of the Company’s accounts receivable, accounts payable and accrued liabilities, and loans payable approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company’s cash and cash equivalents are recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets or liabilities.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

11. FINANCIAL RISK FACTORS *(continued from previous page)*

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

a) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of March 31, 2018, the Company did not have any investments in investment-grade short-term deposit certificates and is not exposed to interest rate risk.

b) Foreign Currency Risk

As at March 31, 2018, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars and therefore is not at a significant risk to fluctuating exchange risks.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These funds are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash.

As at March 31, 2018, the Company held cash of $33,763 (March 31, 2017 - $9,841) to settle current liabilities of $197,426 (March 31, 2017 - $227,749). All of the Company's non-provision liabilities are due within the next fiscal year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and accounts receivable. The Company has reduced its credit risk by investing its cash with a Canadian chartered bank and receivables to government agencies.

12. CAPITAL MANAGEMENT

The Company defines capital management in the manner it manages its capital stock. As at March 31, 2018 the Company's capital stock was $35,188,725 (2017 - $34,738,846).

There were no changes in the Company's approach to capital management during the year ended March 31, 2018 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

a. To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;

b. To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and,

c. To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company's capital structure includes components of shareholders' equity.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company 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 Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

13. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share has been calculated by dividing the net loss per the consolidated statements of loss and comprehensive loss by the weighted average number of shares outstanding during the year. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the year ended March 31, 2018, this would be anti-dilutive.

14. SUBSEQUENT EVENTS

On June 6, 2018, the Company announced that it completed a non-brokered private placement through the issuance of 1,000,000 units at a price of $0.32 per unit for aggregate gross proceeds of $320,000. Each unit is comprised of one common share of the Company and one Common Share purchase warrant. Each warrant entitles the holder thereof to purchase one common share for a period of one year from the closing of the Offering at a price of $0.50 per common share.

On June 6, 2018, the Company granted 2,400,000 stock options to certain officers, directors and consultants at an exercise price of $0.32 for a term of 3 years.