SBD CAPITAL CORP.

Condensed Interim Consolidated Financial Statements

For the three and six months ended September 30, 2018 and 2017

(unaudited)

SBD CAPITAL CORP.
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
SEPTEMBER 30, 2018

The accompanying unaudited condensed interim consolidated financial statements of SBD Capital Corp. (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Notice of no auditor review of interim consolidated financial statements:

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

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

(expressed in Canadian dollars)

As at	Note		**September 30, 2018**		March 31, 2018
Assets					
Current					
Cash and cash equivalents		**$**	**18,377**	$	33,763
Accounts receivable			**17,467**		1,862
GST/HST receivable			**43,714**		18,173
Inventory			**212,550**		179,601
Prepaid expenses			**10,085**		8,921
		$	**302,194**	$	242,320
Liabilities					
Current					
Accounts payable and accrued liabilities		**$**	**109,954**	$	160,254
Loans payable	3		**63,725**		37,172
			173,680		197,426
Shareholders' equity					
Capital stock	4(a)		**35,546,225**		35,188,725
Issuable capital stock	4(a)		**-**		27,500
Contributed surplus			**10,675,675**		9,954,845
Deficit			**(46,093,386)**		(45,126,176)
			128,514		44,894
		$	**302,194**	$	242,320

Nature of Operations and Going Concern (note 1)

Condensed Interim Consolidated Statements of Loss and Comprehensive loss *(unaudited)*
(expressed in Canadian dollars)

	Note	Three months ended Sept. 30, 2018	2017	Six months ended Sept. 30, 2018	2017
Revenue					
Sales of product		**$ 75,795**	$ 27,271	**$ 104,176**	$ 27,271
Direct costs					
AGLC liquor tax		**32,393**	(8,243)	**44,523**	8,243
Cost of goods sold		**11,598**	(484)	**18,250**	484
Shipping, freight and delivery		**5,687**	(4,526)	**10,126**	4,526
		49,678	(13,253)	**72,899**	13,253
Gross margin		**125,473**	14,018	**31,277**	14,018
Expenses					
Management fees	5	**-**	19,500	**6,685**	34,500
Consulting fees		**34,536**	11,600	**72,745**	20,600
Professional fees		**530**	6,235	**49,890**	16,235
Office, general and administrative		**19,366**	19,394	**116,902**	19,795
Meals & entertainment		**438**	-	**803**	-
Transfer agent and filing fees		**24,736**	34,967	**29,679**	36,286
Interest and bank charges		**695**	402	**953**	574
Share-based payments		**-**	-	**720,830**	-
		80,301	92,098	**998,487**	127,990
Net loss and comprehensive loss for the period		**$ 45,172**	$ (78,080)	**$ (967,210)**	$ (113,973)
Net loss per share - basic and diluted	8	**$ 0.00**	$ (0.01)	**$ (0.04)**	$ (0.02)
Weighted average number of common shares outstanding - basic and diluted		**24,328,971**	8,591,749	**23,937,714**	6,385,360

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

SBD Capital Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (deficiency) *(unaudited)*
For the six months ended September 30, 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 - March 31, 2017		678,971	$34,738,846	95,000	$1,900	$9,954,845	$ (44,893,741)	$ (198,150)
Shares issued for cash		14,000,000	280,000	(95,000)	(1,900)	-	-	278,100
Shares issued for acquisition of Secret Barrel		2,000,000	40,000	-	-	-	-	40,000
Shares issued for debt settlement		6,550,000	131,000	-	-	-	-	131,000
Issuable shares		-	-	875,000	17,500	-	-	17,500
Fair value on warrants		-	(245,776)	-	-	245,776	-	-
Share issue costs		-	(1,121)	-	-	-	-	(1,121)
Net loss for the period		-	-	-	-	-	(113,973)	(113,973)
Balance - September 30, 2017		23,228,971	$ 34,942,949	875,000	$ 17,500	$ 10,200,621	$ (45,007,714)	$ 153,356
Balance - March 31, 2018		**23,228,971**	**$35,188,725**	**137,500**	**$27,500**	**$9,954,845**	**$ (45,126,176)**	**$ 44,894**
Shares issued for cash	4(a)	1,000,000	347,500	(137,500)	(27,500)	-		320,000
Shares issued on exercise of warrants	4(c)	100,000	10,000	-	-			10,000
Share based compensation	4(b)		-			720,830		720,830
Net loss for the period							(967,210)	(967,210)
Balance - September 30, 2018		**24,328,971**	**$ 35,546,225**	**0**	**$0**	**$ 10,675,675**	**$ (46,093,386)**	**$ 128,515**

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

SBD Capital Corp.

Condensed Interim Consolidated Statements of Cash Flows *(unaudited)*
For the six months ended September 30, 2018 and 2017
(expressed in Canadian dollars)

	2018	2017
Operating activities		
Net loss for the period	**$ (967,210)**	$ (113,973)
Adjustments not affecting cash:		
Assignment of asset	**-**	1
Share based compensation	**720,830**	-
Working capital on acquisition of Secet Barrel	**-**	15,341
Changes in non-cash working capital		
Accounts receivable	**(15,605)**	(8,221)
Prepaid expense	**(1,164)**	-
GST/HST receivable	**(25,541)**	(23,336)
Inventory	**(32,949)**	8,384
Accounts payable and accrued liabilities	**(50,301)**	(66,249)
Net cash used in operating activities	**(371,939)**	(188,053)
Financing activities		
Issuance of common shares, net of issuance costs	**320,000**	278,880
Cash on acquisition of Secret Barrel	**-**	12,263
Issuance of common shares on acquisition of Secret Barrel	**-**	40,000
Cash received from issuable shares	**-**	15,600
Shares issued on the exercise of warrants	**10,000**	-
Advances from related party	**26,553**	-
Increase in loan payable	**-**	(30,178)
Net cash provided by financing activities	**356,553**	316,565
Net increase (decrease) in cash	**(15,386)**	128,512
Cash - beginning of period	**33,763**	9,841
Cash - end of period	**$ 18,377**	$ 138,353

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

1. NATURE OF OPERATIONS AND GOING CONCERN

SBD Capital Corp. (“the Company” or “SBD”) was incorporated under the Business Corporations Act (Ontario) on May 11, 1979 and was a company with exploration and evaluation assets in Canada. The Company was engaged in the identification, acquisition, exploration and evaluation of gold, nickel, copper, zinc, silver and other base metal properties. The Company's registered office is located at Suite 520, 65 Queen Street West, Toronto, Ontario, M5H 2M5.

These unaudited condensed interim 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 September 30, 2018. However, The Company is in the exploration stage and is subject to risks and challenges similar to companies in a comparable stage. These risks include, but are not limited to, the challenges of securing adequate capital in view of exploration, development and operational risks inherent in the mining industry; changes in government policies and regulations; the ability to obtain the necessary environmental permitting; challenges in future profitable production or, alternatively the Company's ability to dispose of its exploration and evaluation assets on an advantageous basis; as well as global economic, precious and base metal price volatility; all of which are uncertain. As a result of these risks, there is no assurance that the Company's funding initiatives will continue to be successful and these condensed interim 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 is experiencing, and has experienced, negative operating cash flows but has a working capital surplus of $128,514 as at September 30, 2018 (March 31, 2018 - working capital surplus of $44,894). 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 condensed interim consolidated statements of financial position.

2. BASIS OF PRESENTATION

Statement of Compliance

These condensed interim unaudited consolidated financial statements have been prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”) and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements.

The policies applied in these condensed interim unaudited consolidated financial statements are consistent with the policies disclosed in Notes 2 and 3 of the audited annual consolidated financial statements for the year ended March 31, 2018.

Theses unaudited condensed interim consolidated financial statements of the Company for the three and six months ended September 30, 2018, were approved and authorized for issue by the Board of Directors on November 28, 2018.

Recent Accounting Pronouncements

The following is a future change in accounting policy not yet effective as at September 30, 2018

IFRS 16 – Leases – The standard was issued by the IASB on January 13, 2016, and will replace IAS 17, "Leases". IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and financing leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. The new standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15 has also been applied. The Company is assessing the impact of this standard.

3. LOANS PAYABLE

As at September 30, 2018, the loans payable balance is $63,725 (March 31, 2018 - $37,172). The loans are due on demand and are non-interest bearing.

4. CAPITAL STOCK

(a) **Common shares**
Authorized capital - Unlimited number of common shares
- Unlimited number of special shares
- 500,000 preference shares

During the six months ended September 30, 2018, 1,000,000 units were issued at $0.32 per unit for gross proceeds of $320,000. Each Unit is comprised of one common share (a "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 (1) year from the closing of the Offering at a price of $0.50 per Common Share.

In addition, 100,000 shares were issued on the exercise of warrants.

(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 67,897. 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.

(expressed - in Canadian dollars)

The following table summarizes information concerning the Company's stock options outstanding as at September 30, 2018:

	Number of Options Outstanding		Black-Scholes Value		Weighted Average Exercise Price
Balance - March 31, 2018	-		-		-
Granted	2,400,000	$	720,830	$	0.32
Exercised	-		-		-
Expired or cancelled	-		-		-
Balance - September 30, 2018	**2,400,000**	**$**	**720,830**	**$**	**0.32**

The following common share purchase options are outstanding at September 30, 2018:

Date of Grant	Number of Options Outstanding		Exercise Price	Weighted Average remaining life in years	Expiry Date	Number of Options exercisable
June 6, 2018	2,400,000	$	0.32	2.94	June 6, 2021	2,400,000
	2,400,000	**$**	**0.32**	**2.94**		**2,400,000**

The fair value of options granted during the six months ended September 30, 2018 was estimated at the date of grant using a Black Scholes Option Pricing Model with the following assumptions: Share price $0.32, Risk-free interest rate 1.22%, Expected life of options 3 years, Annualized volatility 215%, Dividend rate Nil.

In the condensed interim consolidated statements of loss and comprehensive loss, the Company recorded a share-based payments expense of $720,830 for the six months ended September 30, 2018 (2017 - $NIL).

(c) **Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the six months ended September 30, 2018:

	Number of Warrants Outstanding		Black-Scholes Value		Weighted Average Exercise Price
Balance - March 31, 2018	20,000,000		-	$	0.10
Granted	1,000,000		-		0.50
Exercised	(100,000)		-		(0.10)
Balance - September 30, 2018	**20,900,000**	**$**	**-**	**$**	**0.12**

There were 1,000,000 warrants issued in the six months ended September 30, 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.

(expressed - in Canadian dollars)

At September 30, 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:

Number of Warrants Outstanding		Exercise Price	Fair Value	Expiry Date
19,900,000	$	0.10	-	August 16, 2020
1,000,000		0.50	-	June 6, 2018
20,900,000	**$**	**0.12**	**-**	

5. KEY MANAGEMENT PERSONNEL

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors as well as corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer and/or their companies.

Key management personnel compensation is as follows:

	September 30, 2018	September 30, 2017
Compensation	$ 6,685	$ 15,000

As at September 30, 2018, loans payable consists of $24,306 (March 31, 2018 - $37,172) to a director of the Company. The loans are due on demand and are non-interest bearing.

6. 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, amounts receivable, due from related party, reclamation bonds, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of the Company's receivables, due from related party, accounts payable and accrued liabilities, and amounts due to related parties 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's other financial instrument, being reclamation bonds, are measured at amortized cost.

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

The Company has cash balances, and as such is not at a significant risk to fluctuating 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 September 30, 2018, the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

As at September 30, 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 and cash equivalents.

As at September 30, 2018, the Company held cash of $18,377 (March 31, 2018 - $33,763) to settle current liabilities of $173,680 (March 31, 2018 - $197,426). All of the Company's non-provision liabilities are due with 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. The Company has reduced its credit risk by investing its cash equivalents with a Canadian chartered bank.

7. CAPITAL MANAGEMENT

The Company defines capital management in the manner it manages its capital stock. As at September 30, 2018 the Company's capital stock was $35,546,225 (March 31, 2018 - $35,188,725).

There were no changes in the Company's approach to capital management during the period ended September 30, 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.

8. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share has been calculated by dividing the net loss per the financial statements 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 six and three months ended September 30, 2018, this would be anti-dilutive.