Lakeside™
MINERALS INC

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Lakeside Minerals Inc., are the responsibility of the management and Board of Directors of the Company.

The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the 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 reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company 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.

"David Drutz"	*"Amy Stephenson"*
David Drutz	Amy Stephenson
Chief Executive Officer	Chief Financial Officer

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lakeside Minerals Inc.

We have audited the accompanying consolidated financial statements of Lakeside Minerals Inc. and its subsidiaries, which comprise the consolidated statement of financial position as at January 31, 2017 and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 auditor's 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 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 financial position of Lakeside Minerals Inc. and its subsidiaries as at January 31, 2017 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

The consolidated financial statements of Lakeside Minerals Inc. for the year ended January 31, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on May 30, 2016.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that Lakeside Minerals Inc. had continuing losses during the year ended January 31, 2017, limited working capital and a cumulative deficit as at January 31, 2017. These conditions along with other matters set forth in Note 1 indicate the existence of material uncertainties which cast significant doubt about the ability of Lakeside Minerals Inc. to continue as a going concern.

UHY McGovern Hurley LLP

UHY McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 24, 2017

LAKESIDE MINERALS INC.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	**January 31, 2017**	January 31, 2016
Assets		$	$
Current			
Cash		**606,695**	1,261
HST receivable and other receivables	7	**14,806**	27,640
Prepaid expenses		**833**	-
Total assets		**622,334**	28,901
Liabilities			
Current			
Accounts payable and accrued liabilities	8	**113,190**	446,682
Convertible debentures	12	**52,316**	39,196
Total liabilities		**165,506**	485,878
Shareholders' Equity (Deficiency)			
Share capital	9	**4,838,430**	3,720,304
Conversion component of convertible debentures	12	**8,824**	6,002
Reserve for warrants	10	**907,414**	712,901
Reserve for options	11	**31,175**	160,374
Accumulated deficit		**(5,329,018)**	(5,056,558)
Total shareholder's equity (deficiency)		**456,828**	(456,977)
Total liabilities and shareholder's equity (deficiency)		**622,334**	28,901
Nature of operations and going concern	1		
Commitments and contingencies	16		
Subsequent events	17		

APPROVED ON BEHALF OF THE BOARD

"David Drutz" (CEO) **"Hamish Sutherland"** (Director)

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

LAKESIDE MINERALS INC.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Notes	Years ended January 31, **2017** $	2016 $
Expenses			
Management, consulting fees and salaries	13	**87,804**	125,350
Professional fees		**31,170**	39,687
Share based payments		**31,175**	-
Office and general		**52,564**	58,229
Exploration and evaluation expenditures	6	**53,858**	4,608
Total expenses		**(256,571)**	(227,874)
Other income (expense)			
Interest income and other income		**53**	-
Gain on settlement of debt	12	**-**	4,800
Net gain on extension of convertible debenture		**6,007**	-
Finance cost	12	**(21,949)**	(19,555)
		(15,889)	(14,755)
Loss before income taxes		**(272,460)**	(242,629)
Deferred income tax recovery	15	**-**	-
Net loss and comprehensive loss		**(272,460)**	(242,629)
Weighted Average shares outstanding – basic and diluted	9	**10,537,500**	8,233,418
Loss per share – basic and diluted	9	**(0.026)**	(0.029)

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

LAKESIDE MINERALS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

		Years ended January 31,	
		2017	2016
	Notes	**$**	$
Operating Activities			
Net loss for the year		**(272,460)**	(242,629)
Items not affecting cash:			
Shares issued for debenture interest		**-**	6,000
Accrued interest on convertible debenture		**6,033**	-
Stock-based compensation		**31,175**	-
Gain on settlement of debt		**-**	(4,800)
Gain on extension of convertible debenture		**(6,007)**	-
Accretion expense		**15,916**	13,555
		(225,343)	(227,874)
Change in non-cash working capital items:			
HST receivable and other receivables		**12,834**	(3,145)
Accounts payable and accrued liabilities		**(253,651)**	177,213
Prepaid expenses		**(833)**	1,250
Net change in non-cash working capital items		**(241,650)**	175,318
Cash flows (used in) operating activities		**(466,993)**	(52,556)
Financing Activities			
Private placements		**1,100,000**	-
Share issuance cost		**(27,842)**	(1,030)
Exercise of warrants		**269**	**-**
Cash flows from financing activities		**1,072,427**	(1,030)
Increase (decrease) in cash		**605,434**	(53,586)
Cash, beginning of year		**1,261**	54,847
Cash, end of year		**606,695**	1,261

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

LAKESIDE MINERALS INC.
Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)

		Share Capital		Reserves				
	Note	**Number of Shares**	**Amount**	**Share based payments**	**Conversion Component of convertible debentures**	**Warrants**	**Accumulated Deficit**	**Total**
Balance at January 31, 2015		8,208,405	3,717,179	163,329	6,002	712,901	(4,813,929)	(214,518)
Issued for non-cash consideration:								
Issued for debenture interest	9	40,000	1,200	-	-	-	-	1,200
Share issuance costs	9	-	(1,030)	-	-	-	-	(1,030)
Stock options expired and unexercised	11	-	2,955	(2,955)	-	-	-	-
Net loss for the year		-	-	-	-	-	(242,629)	(242,629)
Balance at January 31, 2016		**8,248,405**	**3,720,304**	**160,374**	**6,002**	**712,901**	**- (5,056,558)**	**(456,977)**
Issued for cash consideration:								
Private placement	9	22,000,000	1,100,000	-	-	-	-	1,100,000
Warrants issued on private placement	10	-	(220,000)	-	-	220,000	-	-
Share issuance costs	9	-	(21,655)	-	-	(6,187)	-	(27,842)
Issued for non-cash consideration:								
Issued for settlement of debt	9	1,596,818	79,841	-	-	(15,968)	-	63,873
Warrants issued for debt settlements	9	-	-	-	-	15,968	-	15,968
Equity component of convertible debentures		-	-	-	2,822	-	-	2,822
Warrants exercised	10	895	273	-	-	(4)	-	269
Warrants expired		-	19,293	-	-	(19,293)	-	-
Stock options exercised	10	-	-	31,175	-	-	-	31,175
Stock options expired	10	-	106,374	(160,374)	-	-	-	-
Net loss for the year		-	-	-	-	-	(272,460)	(272,460)
Balance at January 31, 2017		**31,846,118**	**4,838,430**	**31,175**	**8,824**	**907,417**	**(5,329,018)**	**456,828**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Lakeside Minerals Inc. and its subsidiaries (the "Company") are engaged in the acquisition, exploration and development of mineral resource properties in Canada. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. The address of the Company's registered office is 77 King Street West, Suite 2905, Toronto, Ontario M5K 1H1.

The Company is in the process of exploring, and has not yet determined whether there are economically viable reserves on the properties it owns or has optioned. As such, there is uncertainty with respect to the Company's ability to continue as a going concern, dependent upon such events as financing, discovery of reserves, and market demand conditions.

As is common with exploration companies, the Company is dependent upon obtaining necessary equity financing from time to time to finance its on-going and planned exploration activities and to cover administrative costs.

At January 31, 2017, the Company had a working capital of $456,828 (January 31, 2016 – working capital deficiency of $456,977) has not yet achieved profitable operations, has accumulated losses of $5,329,018 (January 31, 2016 – $5,056,558), convertible debenture due within 12 months and expects to incur further losses in the development of its business including joint-venture commitments to build cannabis cultivation facilities in Nevada and Colorado, all of which indicate the existence of material uncertainties which cast significant doubt upon the Company's ability to continue as a going concern. The Company will require additional financing in order to conduct its planned work programs on mineral properties, meet its ongoing levels of corporate overhead and discharge its liabilities as they come due (Note 17). These consolidated financial statements do not reflect the adjustments to carrying amounts of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the going concern assumption was deemed inappropriate. Such adjustments could be material.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory, social and environmental requirements.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

The Company's consolidated financial statements, including comparatives, have been prepared in accordance with and using accounting policies in full compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), effective for the Company's reporting for the year ended January 31, 2017.

These consolidated financial statements were authorized by the Board of Directors of the Company on May 24, 2017.

2.2 Basis of presentation

These consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency. The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in Note 3

2.3 Adoption of new and revised standards and interpretations

Accounting changes
During 2017, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These new standards and changes did not have any material impact on the Company's financial statements.

2. BASIS OF PRESENTATION (continued)

2.3 Adoption of new and revised standards and interpretations (continued)

New standards and interpretations

At the date of authorization of these financial statements, the IASB and IFRIC have issued certain new and revised standards and interpretations which are not yet effective. Many are not applicable or do not have a significant impact to the Company and have been excluded from the list below. The Company has not early adopted and is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 9 Financial Instruments was issued in final form in July 2014 by the IASB and will replace IAS 39 Financial Instruments: Recognition and Measurement. 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. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting which will allow entities to better reflect their risk management activities in the financial statements. The most significant improvements apply to those that hedge non-financial risk, and so these improvements are expected to be of particular interest to non-financial institutions. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

- IFRS 16 Leases was issued in January 2016 and replaces IAS 17 Leases. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. If the lease was classified as a finance lease, a lease liability was included on the statement of financial position. IFRS 16 now requires lessees to recognize a right of use asset and lease liability reflecting future lease payments for virtually all lease contracts. The right of use asset is treated similarly to other non-financial assets and depreciated accordingly. The lease liability accrues interest. The IASB has included an optional exemption for certain short term leases and leases of low value assets; however, this exemption can only be applied by lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and obtain substantially all the economic benefits from that use. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted if IFRS 15, Revenue from Contracts with Customers, is also applied.

- IAS 7 Statement of Cash Flows was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017.

- IAS 12 Income Taxes was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries; Lakeside Minerals Corp., 1183290 Alberta Inc., and Unite Capital Corp.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. The Company controls an entity when it is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All significant inter-company transactions and balances are eliminated on consolidation.

b) Mineral properties

Acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment ("PPE").

c) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note. The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. The offset to the recorded cost is to share based payment reserve. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in the statement of loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Consideration received on the exercise of stock options is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon expiry, the recorded value is transferred to share capital.

d) Compound instruments

The components of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the market interest rate then in effect for a similar convertible instrument. This amount is recorded as a liability, at amortized cost, using the effective interest rate method until its expiry at the time of conversion or maturity of the instrument. The equity component is determined by deducting the amount of the liability component of the total fair value of the compound instrument. This amount is recognized in equity, net of income tax effects, and is not subsequently remeasured. Transaction costs related to the issuance of the convertible debenture are allocated to the liability and equity components in proportion to their initial carrying amounts. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the life of the debenture using the effective interest method. Interest and accretion expense are recognized as a finance cost in the consolidated statement of loss. Upon expiry, the equity component is transferred to deficit.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred taxation is recognized using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, the deferred taxation is not recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred taxation is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred taxation asset is realized or the deferred taxation liability is settled.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

f) Loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted loss per share assumes conversion, exercise or contingent issuance of options, warrants and securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. For the years ended January 31, 2017 and 2016, no potential shares are included in the computation as they are anti-dilutive. Basic and diluted loss per share are adjusted for the effects of consolidation (note 9).

g) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”). Financial assets classified as FVTPL are measured at fair value with realized gains and losses recognized through net income (loss). The Company’s cash is classified as loans and receivable. Financial assets classified as loans and receivables and held to maturity are measured at amortized cost. Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for when there is objective evidence of impairment. At January 31, 2017 and 2016, the Company has not classified any financial assets as FVTPL, available for sale or held to maturity. Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Company's accounts payable and accrued liabilities and convertible debentures are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statements of loss. At January 31, 2017 and 2016, the Company has not classified any financial liabilities as FVTPL.

In accordance with IFRIC 19, when debt is extinguished with equity, the difference between the carrying amount of the debt extinguished and the fair value of the equity is recognized in the consolidated statement of loss.

i) Impairment of financial assets

The Company assesses at each financial reporting date whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in net income or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in net income or loss.

j) Cash

Cash in the statement of financial position comprises cash at banks and funds held in trust with legal counsel which is available on demand.

k) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Flow-through shares

The Company has financed a portion of its exploration activities through the issuance of flow-through shares, which transfer the tax deductibility of exploration expenditures to the investors. Proceeds received on the issuance of such shares have been credited to share capital less the premium paid for the sale of tax deductions. To the extent that the Company issues common shares to subscribers on a flow-through basis at a premium to the market value of non flow-through common shares, any such premium is recorded as a liability on the Company's statement of financial position at the time of subscription. This liability is reduced, on a pro-rata basis, as the Company fulfills its expenditure renunciation obligation, when renunciation occurs, associated with such flow-through share issuances, with the premium recognized as income. The Company takes the initial recognition exemption on deferred taxes as it relates to flow-through shares.

m) Share issuance costs

Costs incurred in connection with the issuance of share capital are netted against the proceeds received. Costs related to the issuance of share capital and incurred prior to issuance are recorded as deferred share issuance costs and subsequently netted against proceeds when they are received.

n) Share capital

In situations where the Company issues units, the value of units is bifurcated and the value of warrants is included as a separate reserve of the Company's equity. On expiry, the value of warrants is transferred to share capital.

o) Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. As at January 31, 2017 and 2016, no provision for restoration was necessary.

p) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q) Significant accounting judgements and estimates

The preparation of these consolidated financial statements requires management to make judgements and estimates and form 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.

On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to: recoverability of taxes receivable, valuation of deferred income tax amounts, determination of equity portion of convertible debentures, and the valuation of warrants and share-based payments. The most significant judgements relate to going concern assessment, recognition of deferred tax assets and liabilities, and the determination of the economic viability of a project.

4. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of share capital, reserves and accumulated deficit. When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management has chosen to mitigate the risk and uncertainty associated with raising additional capital within current economic conditions by:

i. minimizing discretionary disbursements;
ii. reducing or eliminating exploration expenditures which are of limited strategic value;
iii. exploring alternate sources of liquidity.

In light of the above, the Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient potential and if it has adequate financial resources to do so.

As at January 31, 2017, the Company's capital consists of share capital, conversion component of convertible debentures, reserves for warrants, reserves for options and accumulated deficit in the amount of $456,828 (January 31, 2016 - $(456,977)).

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the years ended January 31, 2017 and 2016. The Company is not subject to externally imposed capital requirements.

5. RISK FACTORS

Fair value

The carrying amount of cash, other receivables, convertible debentures and accounts payables and accrued liabilities approximate fair value due to the relative short maturity of these financial instruments.

Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. Cash is held with a reputable Canadian chartered bank and in trust by the Company's legal counsel. Management believes that the credit risk concentration with respect to financial instruments included in cash is minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. See Note 1 for the Company's requirement for additional financing in order to conduct its planned work, to meet ongoing levels of corporate overhead, and to discharge its liabilities as they come due. The Company's liquidity and operating results may be adversely affected if the Company's access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at January 31, 2017, the Company had a cash balance of $606,695 (January 31, 2016 - $1,261) and current liabilities of $165,506 (January 31, 2016 - $485,878).

6. EXPLORATION AND EVALUATION EXPENDITURES

The Company is engaged, in acquiring, exploring, and developing mineral properties in the jurisdiction of Quebec. At January 31, 2017, Lakeside holds one main property, Launay. The Launay property, for which the Company incurred exploration and evaluation expenditures of $53,858 during the year ended January 31, 2017 (2016 - $4,608).

Launay Property

- 21 claims are under option agreement to the Company to acquire a 100% interest, subject to property payment, work commitments and subject to a 2% NSR with buyback of 1% NSR for $1,000,000.
- 21 claims were purchased from Melkior Resources Inc. with Company shares. All are held 100% by Lakeside. 15 of these claims are subject to an underlying 2% NSR with buyback of 1% NSR for $1,000,000; the other 6 claims are subjected to a 1% NSR with total buyback for $500,000.
- 11 claims were purchased from Jack Stoch Geoconsultant Services Ltd. with Company shares and are subjected to a 2% Gross Metal Royalty ("GMR"). The Company has the option of first refusal to buy back a 1% GMR. All are 100% owned by the Company.
- 3 claims were purchased from 9219-8845 Québec Inc. (Canadian Mining House) with Company shares and are subjected to a 2% NSR with a buyback of 1% NSR for $1,000,000. All are held by Lakeside 100%.
- The remaining 13 claims were staked by Lakeside and are 100% owned by the Company.

(Expressed in Canadian Dollars)

7. HST RECEIVABLE AND OTHER RECEIVABLES

The Company's HST and other receivables arise from harmonized services tax ("HST"), and amounts due from government taxation authorities. The Company anticipates full recovery of these amounts and therefore no impairment has been recorded against these receivables, which are due in less than one year.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities, professional fees, amounts payable for financing activities and payroll liabilities.

The following is an aged analysis of the accounts payables and accrued liabilities:

	January 31, 2017	January 31, 2016
Less than 90 days	**$ 79,549**	$ 102,145
Greater than 90 days	**33,641**	344,537
Total accounts payable and accrued liabilities	**$ 113,190**	$ 446,682

9. SHARE CAPITAL

The share capital of the Company is as follows:

The Company is authorized to issue an unlimited number of common shares and preferred shares.

During the year ended January 31, 2017, the Company has the following share capital transactions:

a. On November 9, 2016, the Company completed the consolidation of its outstanding common shares on a ratio of 3 old shares for 1 new share. The number of shares, options, warrants, convertible instruments and per share amounts have been adjusted for the effects of the consolidation for the years ended January 31, 2017 and 2016.

b. On November 17, 2016, the Company closed its first tranche of a non-brokered private placement, consisting of 8,200,000 units at a price of $0.05 per unit to raise gross proceeds of $410,000. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 per common share for a period of 12 months after the closing date.

c. On December 9, 2016, the Company closed its final tranche of the non-brokered private placement, consisting of 13,800,000 units at a price of $0.05 per unit to raise gross proceeds of $690,000 and together with the first tranche raised an aggregate of 22,000,000 units for total gross proceeds of $1,100,000. Each unit consists of one common share and one-half of one share purchase warrant. Each warrant entitles the holder thereof to purchase one common share at a price of $0.10 per common share for a period of 12 months after the closing date.

d. On December 12, 2016, the Company entered into shares for debt agreements totaling $79,841. A total of 1,036,818 units, with an estimated fair value of $51,840 were issued to unrelated parties for settlement of debt, and 560,000 units with an estimated fair value of $28,000 were issued to a law firm, where a director of the Company is a partner, for outstanding fees. Each unit consists of one share and one-half of one common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at a price of $0.10 per share for a period of one year from the closing date.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

e. On December 12, 2016, the Company granted 3,170,000 options of which 1,960,000 were granted to current directors and officers. The options are exercisable into common shares of the Company at $0.10 per share for a period of five years from the date of issue.

During the year ended January 31, 2016, the Company has the following share capital transactions:

a. On March 16, 2015, the Company issued 19,835 common shares in exchange for payment of debenture interest of $2,975 resulting in a gain on settlement of debt of $2,380. Share issue costs included cash payments of $515.

b. On September 16, 2015, the Company issued 20,164 common shares in exchange for payment of debenture interest of $3,025 resulting in a gain on settlement of debt of $2,420. Share issue costs included cash payments of $515.

10. RESERVE FOR WARRANTS

Common share purchase warrant transactions for the years ended January 31, 2017 and 2016 are summarized as follows:

	No. of Warrants	Weight Average exercised price ($)
Balance, January 31, 2015 and 2016	**2,845,403**	**$0.45**
Issued	11,798,409	$0.10
Exercised	(298)	$0.30
Balance, January 31, 2017	**14,643,514**	**$0.17**

As at January 31, 2017, the Company had the following outstanding common share purchase warrants to purchase common shares of the Company:

Date of Expiry	No. of warrants (post consolidation)	Exercise Price ($)
June 23, 2017	623,300	0.30
June 25, 2017	1,399,655	0.30
September 16, 2017	333,333	0.21
November 16, 2017	4,100,000	0.10
December 9, 2017	6,900,000	0.10
December 12, 2017	798,409	0.10
March 26, 2018	488,811	1.20
	14,643,514	**0.17**

(Expressed in Canadian Dollars)

10. RESERVE FOR WARRANTS (continued)

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the fair value of the warrants issued during the year ended January 31, 2017. No warrants were issued during the year ended January 31, 2016.

	2017
No. of warrants	11,798,409
Share price	$0.04
Exercise price	$0.10
Expected life	1 year
Volatility[(i)]	246% - 261%
Risk-free interest rate	0.66% - 0.74%
Dividend yield	-
Fair value of warrants	**235,968**

(i) Expected volatility is based on historical volatility.

11. RESERVE FOR OPTIONS

The Company awards stock options to directors, management and employees of the Company. The compensation expense is recognized when options are issued if exercisable immediately; otherwise, expense is recognized over the vesting term. The Company established a stock option plan to provide additional incentive to its directors, officers, employees and consultants in their efforts on behalf of the Company in the conduct of its affairs. The stock option plan provides that the total number of shares which may be issued thereunder is limited to 10% of the aggregate number of shares outstanding.

On December 12, 2016, the Company granted a total of 3,170,000 options exercisable at $0.10 to directors, officers and consultants under the following terms:

1. 2,455,000 options were vested 1/6th immediately and 1/6th vested every six months, and expire on December 12, 2021.
2. 460,000 options were vested immediately and expire on December 12, 2021.
3. 85,000 options were vested immediately and expire on February 17, 2018.
4. 170,000 options were vested immediately and expire on December 12, 2017.

(Expressed in Canadian Dollars)

11. RESERVE FOR OPTIONS (continued)

During the years ended January 31, 2017 and 2016, stock options transactions of the Company can be summarized as follows:

	January 31, 2017		January 31, 2016	
	Weighted Average Exercise Price	**Number of Options**	Weighted Average Exercise Price	Number of Options
Outstanding - beginning of year	**$ 4.80**	**12,500**	$ 2.79	79,167
Transactions during the year:				
Granted	**$ 0.10**	**3,170,000**	-	-
Expired	**$ 4.80**	**(12,500)**	2.40	(66,667)
Outstanding	**$ 0.10**	**3,170,000**	4.80	12,500
Exercisable	**$ 0.10**	**1,124,167**	4.80	12,500

The Company did not grant any stock options during the year ended January 31, 2016. The grant date fair value of options granted during the year ended January 31, 2017 were estimated using the Black-Scholes option pricing model and the following weighted average assumptions:

	2017
No. of options	3,170,000
Share price	$0.04
Exercise price	$0.10
Expected life	1 - 5 years
Volatility (ii)	214% - 260%
Risk-free interest rate	0.74% - 0.96%
Dividend yield	-
Fair value of warrants	31,175

(i) Expected volatility is based on historical volatility.

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Expected volatility is based on comparable companies. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company’s stock options.

(Expressed in Canadian Dollars)

11. RESERVE FOR OPTIONS (continued)

As at January 31, 2017, the Company had the following outstanding and exercisable options:

Options Granted #	Options Exercisable #	Exercise Price $	Weighted Average Remaining Contractual Life of Outstanding Options (Years)	Expiry Date
2,455,000	409,167	0.10	4.87	12-Dec-21
460,000	460,000	0.10	4.87	12-Dec-21
85,000	85,000	0.10	1.05	17-Feb-18
170,000	170,000	0.10	0.86	12-Dec-17
3,170,000	1,124,167	0.10	4.55	

As at January 31, 2017, the Company has 14,612 (January 31, 2016 – 812,340) options available for issuance under the plan.

12. CONVERTIBLE DEBENTURES

On September 16, 2014, the Company closed a non-brokered private placement of an unsecured convertible debenture under SIDEX's program "Field Action 2014" for total gross proceeds of $50,000. The debentures mature 2 years from the closing date. As an incentive for purchasing debentures, the Company issued 333,333 warrants on closing. Each warrant is exercisable into shares at a price of $0.15 per share for the first year and $0.30 per share in the second year from the closing date and had a value of $19,293. These warrants expired on September 16, 2016.

On September 16, 2016, the Company extended the terms and the maturity date of the debenture until September 17, 2017. These debentures were issued at face value and are convertible, at the option of the holder, at any time prior to the maturity date, into common shares of the Company at a conversion price equal to $0.30 per share from September 17, 2016 until September 16, 2017. The rate of interest on the debentures is 12% per annum, to be accrued until and payable on the maturity date.

The debentures are classified as a liability, with the exception of the portion relating to the conversion feature, resulting in the carrying value of the debentures being less than face value. The discount is being accreted over the term of the debentures utilizing the effective interest rate method at a 36% discount rate.

(Expressed in Canadian Dollars)

12. CONVERTIBLE DEBENTURES (continued)

The following table reflects the continuity of convertible debentures:

Balance, January 31, 2015	**$**	**25,641**
Interest expense		6,000
Accretion expense		13,555
Shares issued as interest payment		(1,200)
Gain on settlement of debt		(4,800)
Balance, January 31, 2016	**$**	**39,196**
Change in value of convertible debenture on extension		(8,829)
Gain on settlement of convertible debenture		6,007
Interest accrued		(6,000)
Interest expense		6,026
Accretion expense		15,916
Balance, January 31, 2017	**$**	**52,316**

13. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company and FMI Capital Advisory Inc. ("FMI") (formerly Foundation Opportunities Inc.) entered into a financial advisory and consulting agreement on October 15, 2010. FMI is a subsidiary of Foundation Financial Holdings Corp. ("FFHC"). FFHC is an entity in which Adam Szweras, secretary of the Company, is a director of FFHC and his minor children hold an indirect interest, and Yannis Banks, a director and former officer of the Company, holds an interest. For the year ended January 31, 2017, the Company was charged $24,000 (2016 - $54,000) for consulting fees by FMI. At January 31, 2017 $nil (January 31, 2016 - $107,231) is included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

The Company and Branson Corporate Services ("Branson") entered into a management services agreement on March 1, 2014, which includes the services of the Company's Chief Financial Officer ("CFO"), as well as other accounting and administrative services. Branson is an entity in which FFHC owns 49% of the shares. In consideration for services the Company agreed to pay $5,000 per month. For the year January 31, 2017, the Company recorded $60,000 (2016 - $29,000) for management services provided by Branson. At January 31, 2017, $nil (January 31, 2016 - $69,813) is included in accounts payable and accrued liabilities in relation to Branson. This amount is unsecured, non-interest bearing and due on demand.

During the year ended January 31, 2017, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras, the secretary of the Company is also a partner, provided $64,508 (2016 - $18,486) of legal services, which are included in professional fees and cost of share issuance. At January 31, 2017, $72,094 (January 31, 2016 - $60,233) is included in accounts payable and accrued liabilities to Fogler. This amount is unsecured, non-interest bearing and due on demand.

During the year ended January 31, 2017, $nil (2016 - $12,500) was paid to directors or officers of the Company is included in management, consulting fees and salaries in the statement of loss. As at January 31, 2017, $nil (January 31, 2016 - $633) is included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

During the year ended January 31, 2017, the Company issued 560,000 units for the gross proceeds of $28,000 to settle outstanding fees due to a partner at Fogler (Note 9).

During the year ended January 31, 2017, 1,875,000 options exercisable at $0.10 for a period of five years were granted to directors and officers (Note 11).

(Expressed in Canadian Dollars)

14. SEGMENTED INFORMATION

At January 31, 2017, the Company's operations comprise of a single reporting operating segment engaged in mineral exploration in Quebec.

15. INCOME TAXES

a. Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2016 - 26.5%) were as follows:

	2017	2016
	$	$
(Loss) before income taxes	**(272,459)**	(242,629)
Expected income tax recovery based on statutory rate	**(72,000)**	(64,000)
Adjustment to expected income tax benefit:		
Expenses not deductible for tax purposes	**8,000**	(2,000)
Change in benefit of tax assets not recognized	**64,000**	66,000
Deferred income tax provision (recovery)	**-**	-

b. Deferred Income Tax

	2017	2016
	$	$
Unrecognized Deferred Tax Assets		
Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:		
Non-capital loss carry-forwards	**4,088,000**	3,818,000
Share issue costs and other	**36,000**	69,000
Mineral property costs	**684,000**	644,000
Total	**4,808,000**	4,531,000

The tax losses expire from 2028 to 2037. The other temporary differences do not expire under current legislation.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

16. COMMITMENTS AND CONTINGENCIES

Environmental Contingencies

The Company's exploration activities are subject to various federal, provincial and international laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

17. SUBSEQUENT EVENTS

On May 12, 2017, The Company closed a brokered private placement offering (the "Offering") for 2,500 units (the "Units") for gross proceeds of CAD $2,500,000. The Offering is in accordance with the Proposed Transaction with Nutritional High International Inc. regarding the building of cannabis cultivation facilities in Nevada and Colorado. The issue price of each Unit was $1,000 (the "Issue Price") and consisted of (i) $1,000 principal amount of 12.0% convertible secured redeemable debentures (the "Debentures"); and (ii) 4,000 warrants ("Warrants"), exercisable into common shares in the capital of the Company ("Common Shares") at a price of $0.325 for a period of 24 months. The Debentures rank pari passu and mature twenty-four months from the Closing Date. The Debentures bear interest at a rate of 12.0% per annum, payable semi-annually in advance, with the first interest payment due at the closing of the Offering and paid in Common Shares of the Company at an issue price of $0.25 per Common Share. US $1,600,000 of the funds are being held in escrow until the date the transaction with Nutritional High International Inc. is completed, with the exception of US$500,000 that can be released upon signing a definitive purchase agreement with Nutritional High International Inc. If the transaction is not completed within eight months, the remaining escrowed funds will be repaid to the investors as part of the principal and interest due.