Lakeside™ MINERALS INC

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED APRIL 30, 2017 AND 2016

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

The unaudited interim condensed 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 unaudited interim condensed 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 interim condensed consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of 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 unaudited interim condensed 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 unaudited interim condensed 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 unaudited interim condensed 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"
David Drutz
Chief Executive Officer

"Amy Stephenson"
Amy Stephenson
Chief Financial Officer

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated statements for the three months period ended April 30, 2017 and 2016 have not been reviewed by the Company's auditors.

LAKESIDE MINERALS INC.
Unaudited Interim Condensed Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
As at April 30, 2017 and January 31, 2017

	Notes	**April 30, 2017**	January 31, 2017
		(unaudited)	(audited)
Assets		$	$
Current			
Cash		**1,133,818**	606,695
HST receivable and other receivables	6	**15,690**	14,806
Prepaid expenses		**-**	833
Total assets		**1,149,508**	622,334
Liabilities			
Current			
Accounts payable and accrued liabilities	7	**96,150**	113,190
Convertible debentures to be issued	15	**650,000**	-
Convertible debentures	11	**55,931**	52,316
Total liabilities		**802,081**	165,506
Shareholders' Equity (Deficiency)			
Share capital	8	**4,838,251**	4,838,430
Conversion component of convertible debentures	11	**8,824**	8,824
Reserve for warrants	9	**907,417**	907,414
Reserve for options	10	**31,175**	31,175
Accumulated deficit		**(5,438,240)**	(5,329,018)
Total shareholder's equity (deficiency)		**347,427**	456,828
Total liabilities and shareholder's equity (deficiency)		**1,149,508**	622,334
Nature of operations and going concern	1		
Commitments and contingencies	14		
Subsequent events	15		

APPROVED ON BEHALF OF THE BOARD

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

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

LAKESIDE MINERALS INC.
Unaudited Interim Condensed Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the three months ended April 30, 2017 and 2016

	Notes	**2017** $	2016 $
Expenses			
Management, consulting fees and salaries	12	**53,000**	21,000
Professional fees		**39,898**	-
Office and general		**(1,295)**	2,851
Exploration and evaluation expenditures	5	**14,004**	-
Total expenses		**(105,607)**	(23,851)
Other income (expense)			
Finance cost	11	**(3,615)**	(6,025)
		(3,615)	(6,025)
Loss before income taxes		**(109,222)**	(29,876)
Net loss and comprehensive loss		**(109,222)**	(29,876)
Weighted Average shares outstanding – basic and diluted	8	**31,845,518**	24,745,216
Loss per share – basic and diluted	8	**(0.003)**	(0.001)

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

LAKESIDE MINERALS INC.
Unaudited Interim Condensed Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the three months ended April 30, 2017 and 2016

	Notes	**2017**	2016
		$	$
Operating Activities			
Net loss for the period		**(109,222)**	(29,876)
Items not affecting cash:			
Finance cost		**3,615**	6,025
		(105,607)	(23,851)
Change in non-cash working capital items:			
HST receivable and other receivables		**(886)**	(23,590)
Accounts payable and accrued liabilities		**(17,038)**	47,128
Prepaid expenses		**833**	(426)
Net change in non-cash working capital items		**(17,091)**	23,112
Cash flows (used in) operating activities		**(122,698)**	(739)
Financing Activities			
Exercise of warrants		**(179)**	-
Unissued Convertible Debentures		**650,000**	-
Cash flows from financing activities		**649,821**	-
Increase (decrease) in cash		**527,123**	(739)
Cash, beginning of period		**606,695**	1,261
Cash, end of period		**1,133,818**	522

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

LAKESIDE MINERALS INC.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity
(Expressed in Canadian Dollars)
For the three months ended April 30, 2017 and 2016

		Share Capital		Reserves				
	Note	Number of Shares	Amount	Share based payments	Conversion Component of convertible debentures	Warrants	Accumulated Deficit	Total
Balance at January 31, 2016		**8,248,405**	**3,720,304**	**160,374**	**6,002**	**712,901**	**(5,056,558)**	**(456,977)**
Issued for non-cash consideration:								
Issued for debenture interest	9	-	-	-	-	-	-	-
Share issuance costs	9	-	-	-	-	-	-	-
Stock options expired and unexercised	11	-	-	-	-	-	-	-
Net loss for the period		-	-	-	-	-	(29,876)	(29,876)
Balance at April 30, 2016		**8,248,405**	**3,720,304**	**160,374**	**6,002**	**712,901**	**(5,086,434)**	**(486,853)**
Issued for cash consideration:								
Private placement	9	22,000,000	1,100,000	-	-	-	-	1,100,000
Warrants issued on private placement	9	-	(220,000)	-	-	220,000	-	-
Share issuance costs	10 & 13	-	(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
Shares to be issued for debenture interest	8	-	-	-	-	-	-	-
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		-	160,374	(160,374)	-	-	-	-
Net loss for the period		-	-	-	-	-	(242,584)	(242,584)
Balance at January 31, 2017		**31,846,118**	**4,838,430**	**31,175**	**8,824**	**907,417**	**(5,329,018)**	**456,828**
Issued for non-cash consideration:								
Issued for debenture interest	9	-	-	-	-	-	-	-
Share issuance costs	9	-	-	-	-	-	-	-
Prior year adjustment		(600)	(179)	-	-	-	-	(179)
Stock options expired and unexercised	11	-	-	-	-	-	-	-
Net loss for the period		-	-	-	-	-	(109,222)	(109,222)
Balance at April 30, 2017		**31,845,518**	**4,838,251**	**31,175**	**8,824**	**907,417**	**(5,438,240)**	**347,427**

[The accompanying notes are an integral part of these unaudited interim condensed 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 April 30, 2017, the Company had a working capital of $347,427 (January 31, 2017 – $456,828) has not yet achieved profitable operations, has accumulated losses of $5,438,240 (January 31, 2017 – $5,329,018), 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 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 15). These unaudited interim condensed 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

These unaudited interim condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34 'Interim Financial Reporting' ("IAS 34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited interim condensed consolidated financial statements were authorized by the Board of Directors of the Company on June 26, 2017.

2.2 Basis of presentation

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's and its subsidiaries' functional currency. These unaudited interim condensed consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's January 31, 2017 annual financial statements.

2. BASIS OF PRESENTATION (continued)

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.

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. 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 April 30, 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 $347,427 (January 31, 2017 - $456,828).

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 three months ended April 30, 2017. The Company is not subject to externally imposed capital requirements.

4. 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 April 30, 2017, the Company had a cash balance of $1,133,818 (January 31, 2017 - $606,695) and current liabilities of $802,081 (January 31, 2017 - $165,506).

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION EXPENDITURES

The Company is engaged, in acquiring, exploring, and developing mineral properties in the jurisdiction of Quebec. At April 30, 2017, Lakeside holds one main property, Launay. The Launay property, for which the Company incurred exploration and evaluation expenditures of $14,004 during the three months ended April 30, 2017 (2016 - $nil).

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.
- 15 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.

6. 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.

7. 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:

		April 30, 2017		January 31, 2017
Less than 90 days	**$**	**6,150**	$	79,549
Greater than 90 days		**90,000**		33,641
Total accounts payable and accrued liabilities	**$**	**96,150**	$	113,190

8. 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 three months ended April 30, 2017, no shares were issued.

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.

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.

(Expressed in Canadian Dollars)

9. RESERVE FOR WARRANTS

During the three months period ended April 30, 2017, no warrants were issued and no warrants expired and exercised. Common share purchase warrant transactions for the three months ended April 30, 2017 is summarized as follows:

	No. of Warrants	Weight Average exercised price ($)
Balance, January 31, 2016	**2,845,403**	**$0.45**
Issued	11,798,409	$0.10
Exercised	(298)	$0.30
Balance, January 31, 2017 and April 30, 2017	**14,643,514**	**$0.17**

As at April 30, 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	1,399,661	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**

The following table summarizes the assumptions used with the Black-Scholes valuation model for the determination of the fair value of warrants issued during the year ended January 31, 2017. No warrants were issued during the three months period ended April 30, 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.

(Expressed in Canadian Dollars)

10. 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.

The Company did not grant any stock options during the three months ended April 30, 2017.

During the three months ended April 30, 2017 and year ended January 31, 2017, stock options transactions of the Company can be summarized as follows:

	April 30, 2017		January 31, 2017	
	Weighted Average Exercise Price	**Weighted Average Exercise Price**	Weighted Average Exercise Price	Number of Options
Outstanding - beginning of year	**$0.10**	**3,170,000**	$4.80	12,500
Transactions during the period:				
Granted	**-**	**-**	$0.10	3,170,000
Expired	**-**	**-**	$4.80	(12,500)
Outstanding, end of period	**$0.10**	**3,170,000**	$0.10	3,170,000
Exercisable, end of period	**$0.10**	**1,124,167**	$0.10	1,124,167

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)

10. RESERVE FOR OPTIONS (continued)

As at April 30, 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	4.62	12-Dec-21
460,000	460,000	0.10	4.62	12-Dec-21
85,000	85,000	0.10	0.80	17-Feb-18
170,000	170,000	0.10	0.62	12-Dec-17
3,170,000	1,124,167	0.10	4.30	

As at April 30, 2017, the Company has 14,552 (January 31, 2017 – 14,612) options available for issuance under the plan.

11. 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.

The following table reflects the continuity of convertible debentures:

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**
Interest expense		1,463
Accretion expense		2,152
Balance, April 30, 2017	**$**	**55,931**

12. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

Key management includes the Company's directors, officers and any employees with authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly.

The Company and FMI Capital Advisory Inc. ("FMI") (formerly Foundation Opportunities Inc.) entered into a financial advisory and consulting agreement on October 15, 2010, amended on May 30, 2017. 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 and his minor children hold an indirect interest. For three months ended April 30, 2017, consulting fee from FMI was $36,000 (2016 - $6,000). At April 30, 2017, $30,450 (January 31, 2017 - $nil) 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. For the three months ended April 30, 2017, the Company recorded $15,000 (2016 - $15,000) for services provided by Branson. As at April 30, 2017, $nil (January 31, 2017 - $nil) is included in accounts payable and accrued liabilities. This amount is unsecured, non-interest bearing and due on demand.

During the three months ended April 30, 2017, Fogler Rubinoff LLP ("Fogler") a law firm in which Adam Szweras, the secretary of the Company is also a partner, provided $38,332 (2016 - $nil) of legal services, which are included in professional fees. As at April 30, 2017, $nil (January 31, 2017 - $72,094) is included in accounts payable and accrued liabilities to Fogler. This amount is unsecured, non-interest bearing and due on demand.

During the three months ended April 30, 2017, $nil (2016 - $nil) was paid to directors or officers of the Company is included in management, consulting fees and salaries in the statement of loss. As at April 30, 2017, $nil (January 31, 2017 - $nil) is included in accounts payable and accrued liabilities.

13. SEGMENTED INFORMATION

At April 30, 2017, the Company's operations comprise of a single reporting operating segment engaged in mineral exploration in Quebec.

14. 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.

15. SUBSEQUENT EVENTS

On May 12, 2017, the Company closed a brokered private placement offering of convertible debentures (the "Offering") for 2,500 units for gross proceeds of $2,500,000. The Offering is in accordance with the proposed transaction with Nutritional High International Inc. ("NHII") regarding the building of cannabis cultivation facilities in Nevada and Colorado. The issue price of each unit was $1,000 and consisted of:

(i) $1,000 principal amount of 12.0% convertible secured redeemable debentures; and
(ii) 4,000 warrants exercisable into common shares in the capital of the Company 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.