SECOVA METALS CORP

CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Secova Metals Corp.

We have audited the accompanying consolidated financial statements of Secova Metals Corp., which comprise the consolidated statements of financial position as at June 30, 2018 and 2017 and the consolidated statements of operations and comprehensive loss, changes in equity (deficiency) and cash flows for the years 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Secova Metals Corp. as at June 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Secova Metals Corp.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

October 29, 2018

SECOVA METALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	June 30, 2018	June 30, 2017
ASSETS		
Current		
Cash	$ 102,588	$ 812,770
Receivables	22,883	77,760
Prepaid expenses	199,189	182,039
	324,660	1,072,569
Exploration and evaluation assets (Note 4)	5,174,669	4,008,105
	$ 5,499,329	$ 5,080,674
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current		
Accounts payable and accrued liabilities	$ 742,200	$ 346,403
Flow-through premium liability (Note 5)	33,098	-
	775,298	346,403
Shareholders' equity (deficiency)		
Share capital (Note 5)	16,821,294	15,904,012
Commitment to issue finder's units (Note 5)	-	104,500
Subscriptions received in advance (Note 5)	375,005	-
Subscriptions receivable (Note 5)	(119,700)	(134,000)
Reserves (Note 5)	245,545	266,227
Deficit	(12,598,113)	(11,406,468)
	4,724,031	4,734,271
	$ 5,499,329	$ 5,080,674

Nature and continuance of operations (Note 1)
Subsequent events (Note 10)

Approved and authorized by the Board on October 29, 2018.

"P. Bradley Kitchen"	Director	*"Don Fuller"*	Director
P. Bradley Kitchen		Don Fuller	

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

SECOVA METALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED JUNE 30,	2018	2017
EXPENSES		
Consulting (Note 6)	$ 741,533	$ 990,995
Filing fees and transfer agent	26,986	17,163
Interest expense	33,302	35,538
Investor relations	131,897	269,280
Meals and entertainment	74,033	53,336
Office and sundry	29,529	63,739
Professional fees (Note 6)	96,966	55,766
Rent expense	86,726	6,263
Share-based payments (Note 5)	-	60,013
Travel	54,692	27,474
	(1,275,664)	(1,579,567)
OTHER		
Amortization of flow-through premium liability (Note 5)	48,367	59,486
Loss on write-off loan receivable	-	(30,000)
Gain on settlement of accounts payable (Note 5)	15,169	13,275
Loss and Comprehensive loss for the year	$ (1,212,128)	$ (1,536,806)
Basic and diluted loss per share	$ (0.07)	$ (0.18)
Weighted average number of common shares outstanding	18,207,558	8,536,006

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

SECOVA METALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED JUNE 30,	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (1,212,128)	$ (1,536,806)
Items not affecting cash:		
Share-based payments	-	60,013
Amortization of flow-through premium liability	(48,367)	(59,486)
Loss on write-off loan receivable	-	30,000
Gain on settlement of accounts payable	(15,169)	(13,275)
Non-cash working capital item changes:		
Receivables	53,459	(51,563)
Prepaid expenses	(7,150)	(141,440)
Accounts payables and accrued liabilities	423,004	(42,592)
Net cash used in operating activities	(806,351)	(1,755,149)
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral properties	(1,187,185)	(981,210)
Net cash used in investing activities	(1,187,185)	(981,210)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuances	927,614	3,593,988
Proceeds from options exercise	25,000	-
Proceeds from short-term loans	-	(19,500)
Subscriptions received in advance	375,005	-
Subscriptions receivable	52,800	45,000
Share issuance costs	(97,065)	(81,824)
Net cash provided by financing activities	1,283,354	3,537,664
Change in cash for the year	(710,182)	801,305
Cash, beginning of year	812,770	11,465
Cash, end of year	$ 102,588	$ 812,770

Supplemental Cash flow information:		
Expiry of stock options	$ 20,483	$ 79,757
Shares issued for mineral property	-	2,310,000
Broker warrants issued as share issuance costs	8,786	201,806
Share issued for debt settlement	-	167,000
Flow-through premium liability	81,465	32,794
Mineral property expenditures included in accounts payable and accrued liabilities	143,112	131,073

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

SECOVA METALS CORP.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Share Capital							
	Number	**Amount**	**Commitment to issue shares**	**Subscriptions Receivable**	**Subscriptions Received in Advance**	**Reserves**	**Deficit**	**Total**
Balance as at June 30, 2016	4,678,946	$ 10,008,442	$ -	$ (60,000)	$ 43,500	$ 172,687	$(9,954,935)	$ 209,694
Private placements	5,675,990	2,837,995	-	(119,000)	-	-	-	2,718,995
Private placement – flow-through	1,407,382	736,485	-	-	(43,500)	-	-	692,985
Shares issued for debt	334,000	167,000	-	-	-	-	-	167,000
Flow-through premium liability	-	(32,794)	-	-	-	-	-	(32,794)
Shares issued for mineral property	3,650,000	2,310,000	-	-	-	-	-	2,310,000
Shares issued for warrants exercise	47,171	24,508	-	-	-	-	-	24,508
Shares issued for options exercise	315,000	240,506	-	-	-	(83,006)	-	157,500
Share issuance costs – shares	-	(104,500)	104,500	-	-	-	-	-
Share issuance costs – cash	-	(81,824)	-	-	-	-	-	(81,824)
Share issuance costs – warrants	-	(201,806)	-	-	-	201,806	-	-
Subscriptions received	-	-	-	45,000	-	-	-	45,000
Share-based payments	-	-	-	-	-	60,013	-	60,013
Expiry of options	-	-	-	-	-	(79,757)	79,757	-
Expiry of warrants	-	-	-	-	-	(5,516)	5,516	-
Comprehensive loss for the year	-	-	-	-	-	-	(1,536,806)	(1,536,806)
Balance as at June 30, 2017	16,108,488	$ 15,904,012	$ 104,500	$ (134,000)	$ -	$ 266,227	$(11,406,468)	$ 4,734,271
Private placements	140,000	70,000	-	-	-	-	-	70,000
Private placement – flow-through	1,629,298	896,114	-	(38,500)	-	-	-	857,614
Commitment to issue shares	209,000	104,500	(104,500)	-	-	-	-	-
Shares issued for options exercise	50,000	33,985	-	-	-	(8,985)	-	25,000
Flow-through premium liability	-	(81,466)	-	-	-	-	-	(81,466)
Subscriptions received in advance	-	-	-	-	375,005	-	-	375,005
Share issuance costs – shares	70,772	-	-	-	-	-	-	-
Share issuance costs – cash	-	(97,065)	-	-	-	-	-	(97,065)
Share issuance costs – warrants	-	(8,786)	-	-	-	8,786	-	-
Subscriptions received	-	-	-	52,800	-	-	-	52,800
Expiry of options	-	-	-	-	-	(20,483)	20,483	-
Comprehensive loss for the year	-	-	-	-	-	-	(1,212,128)	(1,212,128)
Balance as at June 30, 2018	18,207,560	$ 16,821,294	$ -	$ (119,700)	$ 375,005	$ 245,545	$(12,598,113)	$ 4,724,031

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Secova Metals Corp. (the "Company") is an exploration stage company incorporated under the Canada Business Corporations Act.

The Company's head office and registered office is 488 - 1090 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3V7. The Company's records office is Royal Centre, 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada.

The Company is in the process of acquiring and evaluating potential exploration projects in Canada. The recoverability of amounts for resource properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

During the year of June 30, 2018, the Board of Directors authorized a 10-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retroactively adjusted to reflect the share consolidation.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has incurred losses from inception and does not currently have the financial resources to sustain operations in the long-term. While the Company has been successful in obtaining its required funding in the past, there is no assurance that such future financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern.

The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations. Continued operations of the Company are dependent on the Company's ability to receive financial support, necessary financings, or generate profitable operations in the future.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation and judgement uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the good or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

2. BASIS OF PREPARATION (cont'd…)

Use of Estimates (cont'd…)

The determination of deferred tax assets and liabilities is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence, and any new legislation may result in an increase or decrease in our provision for income taxes.

Share-based payments are subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities controlled by the Company, including 1084409 B.C. Ltd, 1106632 B.C. Ltd, 1095252 B.C. Ltd, 1107136 B.C. Ltd, 1106541 B.C. Ltd. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Exploration and evaluation assets

Pre-exploration costs are expensed as incurred. Costs related to the acquisition and exploration of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Financial instruments

<u>Financial assets</u>

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Financial assets (cont'd…)

Available for sale – These assets are non-derivative financial assets designated on initial recognition. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of shareholders' equity (deficiency). Cumulative gains or losses recognized in shareholders' equity (deficiency) are recognized in the statement of operations and comprehensive loss when the asset is derecognized.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations and comprehensive loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Other financial liabilities: This category includes promissory notes, amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's receivables and advances to related party are classified as loans and receivables. The Company's accounts payable, accrued liabilities and short-term loans are classified as other financial liabilities.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants, and similar instruments is computed using the treasury stock method. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital. Upon expiry or forfeiture, the recorded value is transferred to deficit.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Provisions

a) Environmental rehabilitation provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated.

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the statement of loss and comprehensive loss. The Company had no rehabilitation obligations as June 30, 2017 or June 30, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

b) Other 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. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in shareholders' equity (deficiency), in which case it is recognized in shareholders' equity (deficiency). Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting nor taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

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

Government assistance and tax credits

Government assistance is recorded as either a reduction of the cost of the applicable asset or credit in the statement of operations and comprehensive loss as determined by the terms and conditions of the agreement under which the assistance is provided to the Company.

Tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of operations and comprehensive loss depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the applicable government agency.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operations and has been determined for each entity within the Company. The functional currency for all entities within the company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21, *The Effects of Changes in Foreign Exchange Rates.*

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Foreign exchange (cont'd…)

Transactions in currencies other than the Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

Flow-Through Shares

The Company may from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company separates the flow-through common share into i) a flow-through common share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and; ii) share capital. When the resource property expenditures are incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders.

The premium is recognized as other income and the related deferred tax is recognized as a tax provision. To the extent that the Company has available tax pools for which the benefit has not been previously recognized as being realizable, the premium is recognized in profit or loss as a deferred income tax recovery to recognize the deferred tax asset offsetting the liability as eligible expenditures are incurred.

New standards not yet adopted

IFRS 9 Financial Instruments addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized costs, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the hedged ratio to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The Standard is effective for accounting periods beginning on or after January 1, 2018. The Company does not anticipate a material impact from adoption of this standard on its consolidated financial statements.

IFRS 16 Leases replaces IAS 17 and provides guidance on classification, measurement, and recognition of leases. The significant change in this standard is a shift towards classifying leases from the lessee perspective as finance leases rather than operating leases. The Company is in the process of evaluating the impact of this standard on its consolidated financial statements.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation asset expenditures are detailed in the following table:

	Cobalt Bay	Duvay/ Chenier Property	Eagle River	Total
Balance, June 30, 2016	$ -	$ 795,526	$ -	$ 795,526
Acquisition costs				
Cash Payments	52,500	185,000	40,000	277,500
Shares issued (Note 5)	570,000	50,000	1,690,000	2,310,000
	622,500	235,000	1,730,000	2,587,500
Exploration and evaluation expenditures				
Travel	-	15,799	-	15,799
Consulting (Note 6)	-	254,588	-	254,588
Drilling	-	194,232	-	194,232
Technical assessment	-	12,501	147,959	160,460
	-	477,120	147,959	625,079
Balance, June 30, 2017	$ 622,500	$ 1,507,646	$1,877,959	$ 4,008,105
Acquisition costs				
Cash Payments	-	37,412	7,110	44,523
Shares issued (Note 5)	-	-	-	-
	-	37,412	7,110	44,523
Exploration and evaluation expenditures				
Travel	-	40,550	-	40,550
Consulting (Note 6)	-	240,897	50,000	290,897
Drilling	-	583,675	-	583,675
Technical assessment	-	56,293	27,126	83,419
Building rent	-	123,500	-	123,500
	-	1,044,915	77,126	1,122,041
Balance, June 30, 2018	$ 622,500	$ 2,589,973	$1,962,196	$ 5,174,669

Chenier property, Quebec

During the year ended June 30, 2016, the Company entered into an option agreement with Globex Mining Enterprises Inc. to acquire a 100% interest in 68 claims plus a 75% interest in one additional claim of the Chenier property claims, which are adjacent to the Company's current Duvay property holdings, for consideration of a $136,500 payment in cash (paid) and the issuance of 100,000 common shares of the Company (issued, value at $50,000). The Chenier claims also have a 1.8% NSR, which can be purchased at any time for $350,000 and a 1.5% gross metal royalty, for which the Company has the right of first refusal to purchase. During the year ended June 30, 2017, the Company agreed to transfer a 100% interest in this property to Tres-Or Resources Ltd. ("Tres-Or") as consideration for Tres-Or amending the Company's Duvay property option agreement. During the year ended June 30, 2018, the Company has acquired the remaining 25% interest in the one additional Chenier claim for $30,585 and transferred its interest in the claims to Tres-Or.

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Duvay Property, Quebec

During the year ended June 30, 2015, the Company entered into a term sheet with Tres-Or for the option to acquire a 90% interest in certain claims comprising the Duvay property. During the year ended June 30, 2017, the Company and Tres-Or entered into an amended agreement, pursuant to which the Company can earn a 65% interest in the Duvay and Chenier properties by:

i. making cash payments totalling $300,000 payable as follows:

   a. $150,000 on or before December 31, 2016 (paid); and
   b. $150,000 on or before February 28, 2017 (terms amended – deemed to have been completed based on amended terms).

ii. incurring expenditures on the property totalling of $3,750,000 over a four-year period as follows:

   a. $500,000 by June 30, 2016 (completed);
   b. $750,000 by March 31, 2017 amended to September 30, 2017 (completed);
   c. $1,000,000 by June 30, 2018 (in negotiations); and
   d. $1,500,000 by December 30, 2018

The expenditures in section (ii) (a) and (b) represent firm commitments by the Company to Tres-Or.

A further 25% interest can be earned by financing a prefeasibility study and by funding an aggregate of $12,000,000 to bring the property toward production. As consideration for the transfer of Chenier property, Tres-Or acknowledges that the obligation to incur $500,000 of expenditures in ii(a) was satisfied. Further, the Company can now meet its expenditures over the entire property as opposed to just the Duvay claims.

Subsequent to June 30, 2018, Tres-Or has disputed whether the Company met its obligation to spend $1,000,000 by June 30, 2018. The Company is in negotiations with Tres-Or to satisfy the terms of the agreement.

Eagle River property, Quebec

During the year ended June 30, 2017, the Company acquired 1084409 B.C. Ltd. which owns the Eagle River project that consists of 77 claims or 4,354 contiguous hectares in the Windfall Lake gold district, Quebec. The acquisition is an arms–length transaction in which the Company issued 500,000 common shares (valued at $200,000) by way of a share exchange agreement. The Company also issued 50,000 common shares (valued at $20,000) as finder's fee.

During the year ended June 30, 2017, the Company acquired 1106632 B.C. Ltd. which owns the Windfall Lake project that consists certain claims in the Windfall Lake gold district, Quebec. The acquisition is an arms–length transaction in which the Company issued 500,000 common shares (valued at $300,000) by way of a share exchange agreement.

During the year ended June 30, 2017, the Company acquired 1107136 B.C. Ltd. which owns the Windfall Lake project that consists 299 claims, or 16,500.55 hectares. The acquisition is an arms–length transaction in which the Company issued 900,000 common shares (valued at $720,000) by way of a share exchange agreement.

During the year ended June 30, 2017, the Company acquired 1106541 B.C. Ltd. which owns the Osisterra Project that consists of 30 claims or 1,694 contiguous hectares. The acquisition is an arms–length transaction in which the Company issued 1,000,000 common shares (valued at $450,000) by way of a share exchange agreement.

4. EXPLORATION AND EVALUATION ASSETS (cont'd…)

Cobalt Bay, Quebec

During the year ended June 30, 2017, the Company acquired 1095252 B.C. Ltd. which owns the Cobalt Bay project that consists of certain claims Windfall Lake gold district, Quebec. The acquisition is an arms–length transaction in which the Company issued 600,000 common shares (valued at $570,000) by way of a share exchange agreement.

5. SHARE CAPITAL AND RESERVES

During the year of June 30, 2018, the Board of Directors authorized a 10-for-1 share consolidation. The number of issued and outstanding shares, options, warrants and per share amounts have been retroactively adjusted to reflect the share consolidation.

a) Authorized share capital

As at June 30, 2018, the authorized share capital of the Company is an unlimited number of common shares without par value.

b) Issued share capital

During the year ended June 30, 2018, the Company:

i. Issued 50,000 common shares for 50,000 options exercised with the price of $0.50 for gross proceeds of $25,000.

ii. Closed a non-brokered private placement financing through the issuance of 1,629,298 flow-through units (the "FT Units") issued at a price of $0.55 and 140,000 non-flow-through units (the "NFT Units) issued at a price of $0.50 for gross proceeds of $966,113. Each F-T and N-F-T Unit consists of one common share and one-half, each full warrant will entitle the holder to purchase one additional common share of the Company at a price of $1.00 per share for a period of 12 months from closing. The Company paid finders' fees of $77,289 in cash, issued 70,772 in common shares and 70,772 finder's warrants ("Finders Warrants") to EMD Financial Inc. Each Finder's Warrants entitles the holder to acquire one additional share at an exercise price of $0.55 for a period of twelve months. The Company recorded a flow-through premium liability of $81,466, of which $33,098 remains unamortized as at June 30, 2018.

iii. Announced intent to issue 2,050,000 common shares to acquire 100% of 1151640 B.C. Ltd, comprising solely of claims contiguous to the Company's Cobalt property. This transaction was voided prior to completion with no impact on the Company's consolidated financial statements as at June 30, 2018.

During the year ended June 30, 2017, the Company:

i. Issued 100,000 common shares valued at $50,000 to Globex Mining Enterprises in relation to the Company's option agreement regarding the Chenier Property (Note 4).

5. SHARE CAPITAL AND RESERVES (cont'd…)

a) Issued share capital (cont'd…)

ii. Completed a non-brokered private placement and issued 417,882 flow-through shares at a price of $0.55 per flow-through share and 180,000 Non Flow-Through Units ("NFT Units") at a price of $0.50 per NFT unit for gross proceeds of $319,835. The NFT units consist of one common share and one half of one share purchase warrant. The warrant is exercisable at $1.00 for a period of one year. In connection with the financing, the Company paid total finder's fees of $17,467, paid other issuance costs of $5,365, issued 31,031 agent warrants exercisable into one common share at $0.55 per share for a period of one year, and issued 800 agent warrants, exercisable into one common share at $0.50 per share for a period of one year. The 31,031 agent warrants were assigned a value of $8,944 using the Black-Scholes pricing model with a risk-free interest rate of 0.84%, term of 1 year, volatility of 129.97% and dividend rate of 0%. The 800 agent warrants were assigned a value of $225 using the Black-Scholes pricing model with a risk-free interest rate of 0.84%, term of 1 year, volatility of 129.97% and dividend rate of 0%. The Company recorded a flow-through premium liability of $20,894 of which $Nil remained unamortized as at June 30, 2017.

iii. Completed a non-brokered private placement and issued 751,500 flow-through shares at a price of $0.50 per flow-through share for gross proceeds of $375,750 and 321,600 NFT Units at a price of $0.50 per common share for gross proceeds of $160,800. The NFT Units consist of one common share and one share purchase warrant exercisable at $0.50 for one year. In connection with the financing, the Company paid total finder's fees of $4,000, issued 9,938 finders warrants exercisable into one common share at $0.50 per share for a period of one year. The 9,938 finders warrants were assigned a value of $1,484 using the Black-Scholes pricing model with a risk-free interest rate of 0.84%, term of 1 year, volatility of 114.66% and dividend rate of 0%. The company recorded a flow-through premium liability of $Nil.

iv. Closed a non-brokered private placement and issued 238,000 flow-through shares at a price of $0.55 per flow-through share and 40,000 NFT units at a price of $0.50 per NFT unit for gross proceeds of $150,900. The NFT units consist of one common share and one half of one share purchase warrant. The warrant is exercisable at $0.50 for a period of one year. In connection with the financing, the Company paid total finder's fees of $12,072, issued 19,040 finders warrants exercisable into one common share at $0.55 per share for a period of one year, and issued 3,200 agent warrants, exercisable into one common share at $0.50 per share for a period of one year. The 19,040 finders warrants were assigned a value of $3,225 using the Black-Scholes pricing model with a risk-free interest rate of 0.84%, term of 1 year, volatility of 113.81% and dividend rate of 0%. The 3,200 agent warrants were assigned a value of $581 using the Black-Scholes pricing model with a risk-free interest rate of 0.84%, term of 1 year, volatility of 113.81% and dividend rate of 0%. The Company recorded a flow-through premium liability of $11,900, of which $Nil remains unamortized as at June 30, 2017.

v. The Company issued 500,000 common shares valued at $200,000 to acquire 100% of 1084409 B.C. Ltd. The Company also issued 50,000 common shares (valued at $20,000) as finder's fee (Note 4).

vi. Issued 334,000 common shares at a value of $0.50 per share to settle $167,000 of debt owing (Note 6).

vii. The Company issued 500,000 common shares valued at $300,000 to acquire 100% of 1106632 B.C. Ltd. (Note 4).

viii. The Company issued 600,000 common shares valued at $570,000 and paid $52,500 to acquire 1095252 B.C. Ltd. (Note 4).

ix. The Company issued 900,000 common shares valued at $720,000 to acquire 1107136 B.C. Ltd. (Note 4).

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (cont'd…)

a) Issued share capital (cont'd…)

x. The Company issued 1,000,000 common shares valued at $450,000 to acquire 1106541 B.C. Ltd. (Note 4).

xi. Completed a non-brokered private placement and issued 5,134,390 NFT units at a price of $0.50 per NFT unit for gross proceeds of $2,567,195 of which $119,000 is included in subscriptions receivable at June 30, 2017. The NFT Units consist of one common share and one share purchase warrant, each share purchase warrant is exercisable at $0.80 for two years. In connection with the financing, the Company paid total finder's fees of $42,920, issued 349,790 finders warrants exercisable into one common share at $0.50 per share for a period of one year. The 349,790 finder's warrants were assigned a value of $187,347 using the Black-Scholes pricing model with a risk-free interest rate of 0.84%, term of 1 year, volatility of 113.16% and dividend rate of 0%. Subsequent to year end, the Company issued 209,000 finder's units, comprised of one common share and one share purchase warrant exercisable at $0.50 for one year. At June 30, 2017, the Company recognized commitment to issue finder's units of $104,500 in relation to this obligation.

b) Stock options

Stock option transactions are summarized as follows:

	Number	Weighted Average Exercise Price
Outstanding, June 30, 2016	403,500	$ 0.50
Granted	334,000	0.50
Exercised	(315,000)	0.50
Expired/cancelled	(213,500)	0.50
Outstanding and exercisable, June 30, 2017	209,000	0.50
Exercised	(50,000)	0.50
Expired/cancelled	(114,000)	0.50
Outstanding and exercisable, June 30, 2018	45,000	$ 0.50

The following incentive stock options were exercisable at June 30, 2018:

Number of Shares	Exercise Price	Expiry Date
45,000	$ 0.50	August 19, 2020
45,000		

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (cont'd…)

c) Warrants

Warrant transactions are summarized as follows:

	Number	Weighted Average Exercise Price
Outstanding, June 30, 2016	521,120	$ 0.90
Granted	5,979,789	0.80
Exercised	(47,171)	0.50
Expired	(492,400)	1.00
Outstanding, June 30, 2017	5,961,338	0.80
Granted	955,421	1.00
Expired	(505,348)	0.50
Outstanding, June 30, 2018	6,411,411	$ 0.80

The following share purchase warrants were outstanding at June 30, 2018:

Number of Shares	Exercise Price	Expiry Date
Number of Shares	Exercise Price	Expiry Date
321,600	0.80	December 16, 2018
5,134,390	0.80	February 21, 2019
884,649	1.00	September 26, 2018[1]
70,772	0.55	September 26, 2018[1]
6,411,411		

[1] Expired subsequent to June 30, 2018

c) Share-based payments

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan the exercise price of each option equals the market price of the Company's stock, less applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 5 years with vesting determined by the board of directors.

During the year ended June 30, 2018, the Company granted Nil (2017 – 334,000) stock options with a weighted average fair value of $Nil (2017 - $0.20). The Company recognized share-based payments expense of $nil (2017 - $60,013).

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (cont'd…)

c) Share-based payments

The following weighted average assumptions were used for the Black-Scholes option-pricing model valuation of stock options granted during the year:

	June 30, 2018	June 30, 2017
Risk-free interest rate	N/A	0.60%
Expected life of options	N/A	1 year
Expected annualized volatility	N/A	112.91%
Dividend yield	N/A	0.0%

6. RELATED PARTY TRANSACTIONS

Key management personnel comprise of the Chief Executive Officer, Chief Financial Officer, President, VP Finance, Corporate Secretary and the Directors of the Company. The remuneration of the key management personnel is as follows:

a) Consulting fees of $248,568 (2017 - $382,756) to a company controlled by the CEO of the Company.

b) Consulting fees of $70,000 (2017 - $309,131) to a company controlled by the former president and director of the Company.

c) Consulting fees of $87,585 (2017 - $92,685) to a company controlled by the VP Finance of the Company.

d) Interest expense of $14,500 (2017 - $Nil) to a company controlled by the CEO of the Company on short terms loans issued and repaid during the year.

e) Professional fees of $30,000 (2017 - $30,000) to a company for CFO services.

f) Director fees of $25,000 (2017 - $Nil) to directors of the Company.

At June 30, 2018, the Company recognized accounts payable of $42,175 (2017 - $114,951) owing to key management personnel.

(Expressed in Canadian Dollars)

7. INCOME TAXES

A reconciliation of income taxes (recovery) at statutory rates with the reported taxes is as follows:

	2018	2017
Loss before income taxes	$ (1,212,128)	$ (1,536,806)
Expected income tax (recovery) at statutory tax rates	$ (327,000)	$ (400,000)
Non-deductible and other items	(103,000)	66,000
Impact of flow through shares	303,000	-
Share issuance costs	(26,000)	(2,000)
Change in unrecognized deductible temporary differences	153,000	336,000
Income tax recovery	$ -	$ -

Significant components of deductible temporary differences, unused tax losses, and unused tax credits that have not been included on the consolidated statement of financial position are as follows:

	2018	Expiry Dates	2017
Share issue costs	$ 161,000	2039 to 2042	$ 118,000
Capital assets	97,000	N/A	97,000
Non-capital loss carry-forwards	7,911,000	2028 to 2038	6,596,000
Exploration and evaluation assets	1,222,812	N/A	2,198,000
Total	$ 9,391,812		$ 9,009,000

Tax attributes are subject to review and potential adjustments by tax authorities.

8. FINANCIAL AND CAPITAL RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's receivables and accounts payable and accrued liabilities approximate their carrying value due to the short-term nature of the instruments. The Company's cash and marketable securities are valued under the fair value hierarchy based on level 1 quoted prices in active markets for identical assets or liabilities.

Financial risk factors

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

8. FINANCIAL AND CAPITAL RISK MANAGEMENT (cont'd…)

Financial risk factors (cont'd…)

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash, receivables and advances. The Company's cash is held at large Canadian financial institution in interest bearing accounts for which management believes the risk of loss to be minimal. Receivables consist of GST receivable from the government of Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to try and have sufficient liquidity to meet liabilities when due.

As at June 30, 2018, the Company had a working capital of ($450,638) (2017 –$726,166) and current liabilities of $775,298 (2017 - $346,403). While the Company has been successful in obtaining its required funding in the past there is no assurance that this financing will be extended or that any additional future financing will be available. The Company continues to investigate financing options, including private placements and recovering the advance.

The Company manages liquidity risk through its capital management as outlined below. Accounts payable and accrued liabilities are due within one year.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

b) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

c) Foreign currency risk

The Company's foreign exchange risk arises from transactions denominated in other currencies, primarily through the Company's subsidiary located in the USA. Through this, the Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in US Dollars. The Company does not use derivative instruments to reduce its exposure to foreign currency risk nor has it entered into foreign exchange contracts to hedge against gains or losses from foreign exchange fluctuations.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue acquisition, exploration and development of mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its components of shareholders' equity (deficiency).

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Company did not change the ways it manages its capital during the year ended June 30, 2018

9. SEGMENTED INFORMATION

The Company's one reportable operating segment is the acquisition, exploration and evaluation of mineral properties in Canada.

10. SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the Company:

Closed a non-brokered private placement financing through the issuance of 5,246,667 flow-through units (the "FT Units") issued at a price of $0.15 and 3,799,492 NFT Units issued at a price of $0.13 for gross proceeds of $1,280,934. Each FT and NFT Unit consists of one common share and one share purchase warrant, each full warrant to entitle the holder to purchase one additional common share of the Company at a price of $0.20 per share. The FT warrants have an expiry of 18 months while the NFT warrants have an expiry of 24 months from the date of issuance. The Company paid finders' fees of $63,315 in cash, issued 177,810 in common shares and 248,929 finder's warrants ("Finder's Warrants") to certain finders who introduced subscribers to the first tranche of the Offering. The Broker Warrants will entitle the holder to purchase one common share of the Company at a price of $0.20 per common share for a period of 24 months from the date of issuance.