Fandom Sports Media Corp.

ANNUAL AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JANUARY 31, 2018 AND 2017

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Fandom Sports Media Corp.:

We have audited the accompanying consolidated financial statements of Fandom Sports Media Corp., which comprise the consolidated statements of financial position as at January 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in equity 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.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Fandom Sports Media Corp. as at January 31, 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 certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Fandom Sports Media Corp's ability to continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
May 4, 2018

Fandom Sports Media Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

As at	Notes		**January 31, 2018**		January 31, 2017
ASSETS					
Current assets					
Cash and equivalents		**$**	**3,260,747**	$	60,000
Receivable	5		**60,982**		11,815
Prepaid expenses			**58,696**		32,944
			3,380,425		104,759
Non-current assets					
Equipment	6		**2,007**		2,302
Intangible assets	7		**85,501**		907,447
			87,508		909,749
TOTAL ASSETS		**$**	**3,467,933**	$	1,014,508
LIABILITIES					
Current liabilities					
Bank indebtedness		**$**	**-**	$	3,973
Accounts payable and accrued liabilities	8, 11		**320,725**		523,389
			320,725		527,362
EQUITY					
Share capital	9		**9,427,893**		3,730,222
Shares to be issued	11, 15		**375,000**		-
Share-based payment reserve	10		**1,762,693**		878,629
Deficit			**(8,418,378)**		(4,121,705)
TOTAL EQUITY			**3,147,208**		487,146
TOTAL LIABILITIES AND EQUITY		**$**	**3,467,933**	$	1,014,508

Nature and continuance of operations and going concern (Note 1)
Event after the reporting period (Note 15)

Approved and authorized by the Board on May 4, 2018

Director *"Henri Holm"* **Director** *"Tristan Brett"*

Fandom Sports Media Corp.
Consolidated statements of loss and comprehensive loss
(Expressed in Canadian dollars)

	Notes		January 31, 2018		January 31, 2017
Expenses					
Amortization	6	**$**	**1,634**	$	1,244
Consulting and management fees	11		**1,562,877**		704,824
Interest, Bank Charges, foreign exchange			**11,568**		5,057
Legal and audit			**32,717**		46,367
Office and general			**29,859**		43,986
Share-based compensation	9, 11		**954,509**		122,100
Transfer Agent and Filing Fees			**65,678**		37,312
Travel and promotion			**256,160**		460,560
			2,915,002		1,421,450
Other Items					
Impairment of intangible assets	7		**1,261,715**		-
Loss on debt settlement	9, 11		**119,956**		313,429
Loss and comprehensive loss for the year			**4,296,673**		1,734,879
Loss per share – basic and diluted		**$**	**(0.05)**	$	(0.03)
Weighted number of common shares outstanding			**91,389,174**		57,815,928

Fandom Sports Media Corp.
Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

		SHARE CAPITAL					
	Notes	Number of shares	Amount	Shares to be issued	Share-based payment reserve	Deficit	Total
Balance at January 31, 2016		**47,011,157**	**$ 2,421,236**	**$ -**	**$ 443,100**	**$ (2,386,826)**	**$ 477,510**
Transactions with owners, in their capacity as owners and other transfers:							
Shares issued for cash	9	10,162,500	536,189	-	-	-	536,189
Shares issued Finder's fee	9	100,000	5,000	-	-	-	5,000
Finder's fee	9	-	(5,000)	-	-	-	(5,000)
Shares issued for services	9	100,000	15,000	-	-	-	15,000
Shares issued for debt settlement	9	14,358,713	757,797	-	313,429		1,071,226
Stock Based Compensation	9	-	-	-	122,100	-	122,100
Net and comprehensive loss		-	-	-	-	(1,734,879)	(1,734,879)
Balance at January 31, 2017		**71,732,370**	**3,730,222**	**-**	**878,629**	**(4,121,705)**	**487,146**
Transactions with owners, in their capacity as owners and other transfers:							
Shares issued Pursuant to private placements	9	37,107,131	4,265,070	-	-	-	4,265,070
Exercise of stock options	9	1,850,000	375,447	-	(190,447)	-	185,000
Exercise of stock warrants	9	5,490,000	613,603	-	(64,603)	-	549,000
Shares issued to finders	9	1,921,333	120,200	-	-	-	120,200
Share issuance costs	9	-	(211,649)	-	64,649	-	(147,000)
Shares issued for services	9	2,000,000	200,000	-	-	-	200,000
Shares issued for debt settlement	9	6,700,000	335,000	-	119,956	-	454,956
Shares to be issued	11, 15	-	-	375,000	-	-	375,000
Stock based compensation	9	-	-	-	954,509	-	954,509
Net and comprehensive loss		-	-	-	-	(4,296,673)	(4,296,673)
Balance at January 31, 2018		**126,800,834**	**$ 9,427,893**	**$ 375,000**	**$ 1,762,693**	**$ (8,418,378)**	**$ 3,147,208**

Fandom Sports Media Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

		Year ended: January 31, 2018		Year ended: January 31, 2017
Operating activities				
Loss for the year	**$**	**(4,296,673)**	$	(1,734,879)
Adjustments for non-cash items:				
Amortization		**1,634**		1,244
Services settled with shares		**200,000**		15,000
Loss on debt settlements		**119,956**		313,429
Stock-based compensation		**954,509**		122,100
Impairment loss		**1,261,715**		-
Changes in non-cash working capital items:				
Receivable		**(55,167)**		(5,319)
Prepaid		**(25,752)**		72,397
Payables and accrued liabilities		**132,336**		965,466
Net cash used in operating activities		**(1,707,442)**		(250,562)
Investing activities				
Website and application development costs		**(439,769)**		(221,009)
Expenditures on equipment		**(1,339)**		(2,567)
Net cash flows used in investing activities		**(441,108)**		(223,576)
Financing activities				
Bank indebtedness		**(3,973)**		(3,949)
Proceeds on issuances of common shares		**5,005,070**		530,189
Finder fee paid in cash		**(26,800)**		-
Shares to be issued		**375,000**		-
Net cash flows from financing activities		**5,349,297**		534,138
Increase in cash and cash equivalents		**3,200,747**		60,000
Cash, beginning		**60,000**		-
Cash, ending	**$**	**3,260,747**	$	60,000
Non-cash transactions:				
Common shares issued for debt	**$**	**335,000**	$	757,797
Common shares issued for services		**200,000**		15,000
Common shares issued for finders fees		**120,200**		5,000

1. Nature and continuance of operations and going concern

Fandom Sports Media Corp. (formerly Hatch Interactive Technologies Corp. and Tosca Resources Corp), (the "Company") is a publicly listed company incorporated in Canada under the British Columbia Corporations Act on May 12, 2006.

The Company's primary business is the development and monetization of online and mobile applications.

The Company's registered and records office is located at 885 West Georgia Street, Suite #900, Vancouver, B.C., Canada, V6C 3H1. The Company's head office is located at 1100 Melville Street, Suite 830, Vancouver, British Columbia, Canada V6E 4A6.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The Company's continuation as a going concern is dependent upon the successful results from the development and monetization of the Company's online and mobile applications and its ability to attain profitable operations and generate funds from and/or raise equity capital or borrowings sufficient to meet current and future obligations, all of which are uncertain. These material uncertainties may cast significant doubt about the ability of the Company to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from related parties, exercise of stock options and/or private placement of common shares.

2. Statement of compliance and basis of presentation

Statement of compliance

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") in effect as of January 31, 2018.

Basis of Presentation

These consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. The presentation and functional currency is the Canadian dollar.

2. Statement of compliance and basis of presentation (continued)

Basis of presentation (continued)

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, as follows:

		Percentage owned	
	Jurisdiction of Incorporation	January 31, 2018	January 31, 2017
Fandom Media Group Inc.	Canada	100%	100%

Inter-company transactions and balances are eliminated upon consolidation.

3. Significant accounting policies

Significant accounting judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation 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:

- Stock-based compensation is subject to estimation of the value of the award at the date of grant using pricing models such as the Black-Scholes Option Pricing Model; and
- Recoverability of amounts capitalized as intangible assets.

Foreign exchange

The functional currency of the Company and its subsidiary is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are presented in Canadian dollars, which is the Company and its subsidiary's functional currency. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates.

At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the period end exchange rate, 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 loss and comprehensive loss.

3. Significant accounting policies (continued)

Intangible assets

Intangible assets consist of mobile application front end, back end, website, and platform developed in-house or acquired externally, on which advertisements are placed. The amount initially recognized for internally-generated intangible assets is in the sum of the expenditure incurred from the date when the intangible asset first meet the following recognition criteria: i) the technical feasibility of completing the intangible assets so that it will be available-for-use or sale; ii) its intension to complete the intangible asset and use or sell it; iii) its ability to use or sell the intangible asset; iv) how the intangible asset will generate probably future economic benefits; v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise they are expensed as incurred. Subsequent to initial recognition, the Company reports internally-generated intangible assets at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets acquired through asset acquisition or business combinations are initially recognized at fair value based on an allocation of the purchase price.

Intangible assets in use are amortized on a straight-line basis over their estimated useful life of 5 years. The amortization method, estimated useful life and residual values are reviewed each financial year end or more frequently if required, and are adjusted as appropriate. Intangible assets under development which are not ready for use are not amortized.

Share-based compensation

Stock-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Stock-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payment reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Financial instruments

Financial assets

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 loss and comprehensive loss.

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.

3. Significant accounting policies (continued)

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 loss and comprehensive loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of loss 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 statement of loss and comprehensive loss.

Other financial liabilities: This category consists of non-derivative financial liabilities which are measured at amortized cost.

The Company has implemented the following classifications for its financial instruments:

a) Cash has been classified as fair value through profit or loss.
b) Receivables have been classified as loans and receivables and measured at amortized cost.
c) Accounts payable have been classified as other financial liabilities and are measured at amortized cost.

Disclosures are required about the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. 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;
Level 3 – Inputs that are not based on observable market data.

See Note 12 for relevant disclosures.

3. Significant accounting policies (continued)

Impairment of assets

The carrying amount of the Company's long-lived assets (which include equipment and intangible assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are included in the determination of net loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the Canadian taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3. Significant accounting policies (continued)

Equipment

Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

Class of equipment	Amortization rate
Computer equipment	30% declining balance

Loss per share

Basic loss per share is calculated by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share is the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the year.

4. New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of January 31, 2018 and have not been applied in preparing these financial statements.

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of 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. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has determined that the adoption of this standard has no impact on its consolidated financial statements.

Other new accounting standards and amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

(Expressed in Canadian dollars)

5. Receivable

	January 31, 2018	January 31, 2017
Recoverable taxes	$ 60,982	$ 5,815
Subscription receivable	-	6,000
	$ 60,982	$ 11,815

6. Equipment

	Computer equipment
Cost:	
At January 31, 2016	$ 7,121
Additions	2,567
At January 31, 2017	9,688
Additions	1,339
At January 31, 2018	**$ 11,027**
Accumulated amortization:	
At January 31, 2016	$ 6,142
Charge for the year	1,244
At January 31, 2017	7,386
Charge for the year	1,634
At January 31, 2018	**$ 9,020**
Net book value:	
At January 31, 2017	$ 2,302
At January 31, 2018	**$ 2,007**

(Expressed in Canadian dollars)

7. Intangible assets

		Total
Cost		
At January 31, 2016	$	850,747
Additions		221,009
At January 31, 2017		1,071,756
Additions		439,769
Impairment		(1,261,715)
At January 31, 2018		**249,810**
Accumulated Amortization		
At January 31, 2016	$	164,309
Amortization		-
At January 31, 2017		164,309
Amortization		-
At January 31, 2018		**164,309**
Net Book Value		
At January 31, 2017	$	907,447
At January 31, 2018	**$**	**85,501**

During the year ended January 31, 2018, the Company wrote off $1,261,715 of development costs incurred with prior developers.

8. Accounts payable and accrued liabilities

		January 31, 2018		January 31, 2017
Accounts payable (Note 11)	$	116,076	$	479,901
Accrued bonus payable (Note 11)		162,500		-
Accrued liabilities		42,149		43,488
	$	**320,725**	**$**	**523,389**

9. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

Issued and outstanding on January 31, 2018: 126,800,834 (Jan 31, 2017: 71,732,370)

At January 31, 2018, 6,545,919 shares were held in escrow.

Changes in Share Capital

During the year ended January 31, 2018:

On January 17, 2018, the Company completed a private placement whereby it issued 22,047,131 units at $0.15 per unit for total gross proceeds of $3,307,070. Each unit consisted of one common share and one share purchase warrant where each share purchase warrant entitles the holder to receive one additional common share at a price of $0.20 until January 16, 2020. The Company paid finders' fees totaling $26,800 in cash, issued a total of 241,333 finders' shares with a fair value of $36,200, and issued 501,333 finders' warrants with a fair value of $34,570 to certain persons responsible for facilitating subscribers to the offering. The finders' shares and finders' warrants were issued with identical terms to the private placement units. The fair value of the warrants was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 1.80%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

On September 22, 2017, the Company completed a private placement whereby it issued 4,100,000 units at $0.10 per unit for total gross proceeds of $410,000. Each unit consisted of one common share and one share purchase warrant where each share purchase warrant entitles the holder to receive one additional common share at a price of $0.15 until September 21, 2019.

On September 22, 2017, the Company issued 2,000,000 common shares for services at a fair value of $200,000 pursuant to an executive agreement with the President and CEO, Mr. Henri Holm.

On April 26, 2017, the Company completed a private placement whereby it issued 10,960,000 units at $0.05 per unit for total gross proceeds of $548,000. Each unit consisted of one common share and one share purchase warrant where each share purchase warrant entitles the holder to receive one additional common share at a price of $0.10 until April 25, 2019. For finders of this private placement, the Company issued 1,680,000 shares with a fair value of $84,000 and 1,680,000 warrants with a fair value of $30,079. The fair value of the warrants was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 0.74%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

9. Share capital (continued)

The Company issued 5,490,000 common shares in connection with the exercise of 5,490,000 warrants at an average price of $0.10 per warrant. Proceeds from exercise of these warrants totaled $549,000.

The Company issued 1,850,000 common shares in connection with the exercise of 1,850,000 stock options at an average price of $0.10 per option. Proceeds from the exercise of these stock options totaled $185,000.

During the year ended January 31, 2018, 6,700,000 units, which consisted of 6,700,000 shares with a fair value of $335,000 and 6,700,000 share purchase warrants with a fair value of $119,956, were issued for settlement of debt in the amount $335,000 resulting in a loss of $119,956. The fair value of the warrants was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 0.74%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

During the year ended January 31, 2017:

On January 28, 2017, the Company completed a private placement whereby it issued 3,230,000 units at $0.05 per unit for total gross proceeds of $161,500. Each unit consisted of one common share and one share purchase warrant where each share purchase warrant entitles the holder to receive one additional common share at a price of $0.10 until January 27, 2019. Of the $161,500, $6,000 was received during the year ended January 31, 2018.

On September 19, 2016, the Company completed a private placement whereby it issued 1,187,500 units at $0.08 per unit for total gross proceeds of $95,000. Each unit consisted of one common share and one share purchase warrant where each share purchase warrant entitles the holder to receive one additional common share at a price of $0.10 until September 19, 2018.

On May 26, 2016, the Company completed a private placement whereby it issued 4,495,000 units at $0.05 per unit for total gross proceeds of $224,750. Each unit consisted of one common share and one half of one share purchase warrant where each full share purchase warrant entitles the holder to receive one additional common share at a price of $0.10 until May 25, 2018.

On February 26, 2016, the Company completed a private placement whereby it issued 1,250,000 units at $0.05 per unit for total gross proceeds of $62,500. Each unit consisted of one common share and one half of one share purchase warrant where each full share purchase warrant entitles the holder to receive one additional common share at a price of $0.10 until February 25, 2018. The Company issued 100,000 common shares with a fair value of $5,000 to finders in relation to this share issuance. The Company incurred $7,561 share issuance costs in cash in relation to the private placement in 2017.

On February 26, 2016, the Company issued 100,000 common shares with a fair value of $15,000 for contracting services.

During the year ended January 31, 2017, 14,358,713 units, which consisted of 14,358,713 shares with a fair value of $757,797 and 11,228,713 share purchase warrants with a fair value of $313,429, were issued for settlement of debt in the amount $757,797 resulting in a loss of $313,429. The fair value of the warrants was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 2 years, average risk-free interest rate 0.66%, expected dividend yield – 0%, and average expected stock price volatility – 100%.

9. Share capital (continued)

Stock options

On August 8, 2017, the Company's Shareholders approved and adopted the Company's Stock Option Plan which is a rolling 20% incentive stock option plan (the "2017 Plan"), enabling the Board of Directors of the Company from time to time, in its discretion, and in accordance with the CSE requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 20% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 5 years from the date of grant. The aggregate number of common shares reserved for issuance to insiders in any 12 month period under the 2017 Plan and any other share compensation arrangement shall not exceed 10% of the Outstanding Shares at the time of the grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all investor relations and technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

On January 22, 2018, the Company granted 625,000 stock options to a consultant of the Company (which vested immediately) which are exercisable at $0.30 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 2.04%, expected dividend yield – 0%, and average expected stock price volatility – 100%. During the year ended January, 31, 2018, $140,553 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

On January 17, 2018, the Company granted 1,025,000 stock options to a consultant of the Company (which vested immediately) which are exercisable at $0.345 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 2.02%, expected dividend yield – 0%, and average expected stock price volatility – 100%. During the year ended January, 31, 2018, $233,724 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

On January 3, 2018, the Company granted 125,000 stock options to a consultant of the Company (which vested immediately) which are exercisable at $0.12 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 1.87%, expected dividend yield – 0%, and average expected stock price volatility – 100%. During the year ended January, 31, 2018, $16,842 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

On October 2, 2017, the Company granted 400,000 stock options to a consultant of the Company (which vested immediately) which are exercisable at $0.12 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 1.78%, expected dividend yield – 0%, and average expected stock price volatility – 100%. During the year ended January, 31, 2018, $30,681 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

On August 2, 2017, the Company granted 1,500,000 stock options to a director and a consultant of the Company (which vested immediately) and which are exercisable at $0.17 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 1.564%, expected dividend yield – 0%, and average expected stock price volatility – 100%. During the year ended January, 31, 2018, $177,292 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

(Expressed in Canadian dollars)

9. Share capital (continued)

On June 5, 2017, the Company granted 1,950,000 stock options to directors and consultants (which vested immediately) and 200,000 to an investor relations consultant, all of which are exercisable at $0.19 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 0.94%, expected dividend yield – 0%, and average expected stock price volatility – 100 During the year ended January,31, 2018, $355,417 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

On July 6, 2016, the Company granted 1,650,000 stock options to directors, employees and consultants, which vested immediately and are exercisable at $0.10 per share for a period of five years. The fair value of this grant was determined by the Black-Scholes Option Pricing Model using the following assumptions: expected life – 5 years, average risk-free interest rate 0.54%, expected dividend yield – 0%, and average expected stock price volatility – 100%. During the year ended January 31, 2017, $122,100 was recognized in share-based payment and recorded in share-based payment reserve for vested options.

The continuity schedule of stock options is as follows:

	Number of stock options
Balance, January 31, 2016	4,312,500
Cancelled	(1,150,000)
Granted	1,650,000
Balance, January 31, 2017	4,812,500
Expired	(450,000)
Granted	5,825,000
Exercised	(1,850,000)
Balance, January 31, 2018	**8,337,500**

A summary of the Company's outstanding and exercisable stock options as at January 31, 2018 is as follows:

Weighted average exercise price	Remaining contractual life	Number of options outstanding	Expiry Dates
$0.32	0.92 years	62,500	January 2, 2019
$0.10	2.75 years	1,000,000	November 1, 2020
$0.10	3.43 years	1,450,000	July 5, 2021
$0.19	4.34 years	2,150,000	June 4, 2022
$0.17	4.50 years	1,500,000	July 31, 2022
$0.12	4.67 years	400,000	October 1, 2022
$0.18	4.92 years	125,000	January 2, 2023
$0.345	4.96 years	1,025,000	January 16, 2023
$0.30	4.98 years	625,000	January 21, 2023
$0.18	**4.14 years**	**8,337,500**	

(Expressed in Canadian dollars)

9. Share capital (continued)

Share purchase warrants

The continuity schedule of share purchase warrants is as follows:

	Number of share purchase warrants
Balance, January 31, 2016	5,069,813
Granted	18,518,713
Expired	(702,313)
Balance, January 31, 2017	22,886,213
Granted	45,988,466
Exercised	(5,490,000)
Balance, January 31, 2018	**63,384,679**

As of January 31, 2018, the continuity schedule of warrants is as follows:

Weighted average exercise price	Remaining contractual life	Number of warrants outstanding	Expiry Dates
$0.35	0.75 years	4,367,500	November 1, 2018
$0.10	0.07 years	700,000	February 25, 2018
$0.10	0.31 years	2,892,500	May 25, 2018
$0.10	0.63 years	2,141,213	September 19, 2018
$0.10	0.88 years	4,265,000	December 18, 2018
$0.10	0.98 years	4,410,000	January 25, 2019
$0.10	1.23 years	17,960,000	April 25, 2019
$0.15	1.64 years	4,100,000	September 21, 2019
$0.20	1.96 years	22,548,466	January 16, 2020
$0.16	**1.37 years**	**63,384,679**	

10. Share-based payment reserve

The share-based payment reserve records items recognized as share-based compensation expense and the fair value initially recorded for warrants issued until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

11. Related party balances and transactions

Key management compensation

During the year ended January 31, 2018, the Company has incurred charges from directors and senior management, or companies controlled by them, for management fees and consulting fees in the amount of $1,275,086 (2017 - $177,400).

On July 11, 2017, the Company and Mr. Holm entered into an Executive Agreement for Mr. Holm's services in the capacity of President and Chief Executive Officer at a monthly rate of CAD$12,000. Termination of Mr. Holm's contract would require six-month notice by the Company or three-month notice by Mr. Holm, and termination pay will be no less than $72,000. The Company granted Mr. Holm 1,800,000 incentive stock options with an exercise price of $0.19 per common share (Expiring June 4, 2022). On September 22, 2017, the Company issued 2,000,000 common shares at a fair value of $200,000 pursuant to the Executive Agreement. The Company will pay two bonuses of $250,000 each to Mr. Holm on May 11, 2018 and 2019, respectively. As at January 31, 2018, the Company accrued bonus payable of $162,500. During the year ended January 31, 2018, the Company issued 5,000,000 units to settle $250,000 accounts payable and recorded a loss on settlement of $89,519.

11. Related party balances and transactions (continued)

Mr. Naughty (former CEO and President) and a Director of the Company, entered into a consulting contract with the Company whereby Mr. Naughty is paid $5,000 monthly for his services. The contract expired on October 31, 2017. During the year ended January 31, 2018, the Company issued 900,000 units to settle $45,000 accounts payable and recorded a loss on settlement of $16,113.

The Company entered into an agreement with Lumina Capital Partners for the services of the Company's Chief Operating Officer (COO), Mr. Allen Ezer, whereby Lumina is paid $10,000 monthly for his services. Mr. Ezer's contract may be terminated by the Company giving a six-month's notice or terminated by Mr. Ezer at any time no sooner than October 24, 2019 or the date at which the current CEO resigns on the giving of 3 months written notice to the Company. Termination pay will be no less than $67,800. In connection with the agreement, the Company granted Mr. Ezer 1,000,000 incentive share purchase options on August 1, 2017 with an exercise price of $0.17 per common share and expiry date of July 31, 2022. During the year ended January 31, 2018, the Company paid a signing bonus of $375,000 to Mr. Ezer. The bonus funds were immediately invested into the Company's subsequent private placement financing which closed on February 9, 2018. As at January 31, 2018, Mr. Ezer re-invested $375,000 into the Company and the amount is recorded as shares to be issued (Note 15).

The Company entered into an agreement with Jonna Birgans for the services of the Company's Chief Content Officer (CCO). Ms. Birgans is paid USD$7,500 monthly for her services. Ms. Birgans's contract may be terminated by the Company giving a six-month's notice or terminated by Mr. Birgans at any time no sooner than October 24, 2019 or the date at which the current CEO resigns on the giving of 3 months written notice to the Company. Termination pay will be no less than USD$45,000. In connection with the agreement, the Company granted Ms. Birgans 500,000 incentive share purchase options on August 1, 2017 with an exercise price of $0.17 per common share and expiry date of July 31, 2022. During the year ended January 31, 2018, the Company paid a signing bonus of $250,000 to Ms. Birgans. The bonus funds were immediately invested into the Company's subsequent private placement financing which closed on February 9, 2018 (Note 15).

The Company entered into an agreement with Alex Helmel for the services of the Company's Chief Financial Officer (CFO), Mr. Alex Helmel is paid $4,000 monthly for his services. Termination of Mr. Helmel's contract would require six-month notice by the Company or three-month notice by Mr. Helmel, and termination pay will be no less than $24,000. In connection with the agreement, the Company granted Mr. Helmel 500,000 incentive share purchase options on January 22, 2018 with an exercise price of $0.30 per common share and expiry date of January 22, 2023.

During the year ended January 31, 2018, the Company issued 300,000 units to settle $15,000 accounts payable with Mr. William McGraw (former President and Director of the board), and recorded a loss on settlement of $5,371.

During the year ended January 31, 2018, the Company granted options with a fair value of $734,705 (2017: $37,000) to the management and directors.

As at January 31, 2018, $12,042 (January 31, 2017, $73,971) due to directors and senior management or companies controlled by directors and senior management, was included in accounts payable (Note 8).

12. Financial risk management and capital management

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

12. Financial risk management and capital management (continued)

Cash is carried at fair value using a Level 1 fair value measurement. The carrying value of receivables and accounts payable approximate their fair value because of the short-term nature of these instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when they come due. As at January 31, 2018, the Company had current liabilities of $320,725 and current assets of $3,380,425. To improve liquidity, the Company is continually investigating financing opportunities. As disclosed in Note 1, there can be no assurance these efforts will be successful in the future. All the Company's financial liabilities are subject to normal trade terms. Liquidity risk is assessed high.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices, and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. As at January 31, 2018 and 2017, the Company did not have any significant interest rate risk.

Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The foreign currency risk for the Company is low.

Commodity price risk

The Company is not exposed to commodity price risk.

Capital management

The Company identifies capital as cash and items included in shareholders' equity. The Company raises capital through private and public share offerings and related party loans and advances. Capital is managed in a manner consistent with the risk criteria and policies provided by the board of directors and followed by management. All sources of financing and major expenditures are analyzed by management and approved by the board of directors. The Company's primary objectives when managing capital is to safeguard and maintain the Company's financial resources for continued operations and to fund expenditure programs to further advance its assets. The Company is meeting its objective of managing capital through detailed review and due diligence on all potential acquisitions, preparing short-term and long-term cash flow analysis to maintain sufficient resources. The Company is able to scale its expenditure programs and the use of capital to address market conditions by reducing expenditure and the scope of operations during periods of commodity pricing decline and economic downturn.

There were no changes in the Company's approach to capital management during the year ended January 31, 2017 or the year ended January 31, 2018 and the Company is not subject to any externally imposed capital requirements.

(Expressed in Canadian dollars)

13. Segmented information

Operating segments

The Company operates in one reportable operating segment, which is in Canada. All assets are located in Canada.

14. Income taxes

The provision for income taxes recorded in the financial statements differs from the amount which would be obtained by applying the combined federal and provincial statutory income tax rates of 26% (2017: 26%) to net loss as follows:

	Years ended January 31, 2018	2017
Loss for the year	$ (4,296,673)	$ (1,734,879)
Expected income tax recovery	(1,117,135)	(451,069)
Non-deductible items and others	240,842	156,978
Temporary income tax differences not recognized	876,293	294,091
Total tax recovery	**$ -**	**$ -**

The significant components of the Company's deferred tax assets and liabilities are as follows:

	January 31, 2018	**January 31 2017**
Non-capital losses	$ 2,162,720	$ 1,643,079
Allowable capital losses	267,652	267,652
Equipment	1,489	581
Exploration and evaluation assets	214,779	214,779
Finance costs	33,524	5,826
Intangible	328,046	-
Valuation allowance	(3,008,210)	(2,131,917)
	$ -	**$ -**

The significant components of the Company's temporary differences and unused tax losses are as follows:

	Amount	**Expiry**
Non-capital losses	$ 8,318,153	2026-2037
Allowable capital losses	1,029,430	No expiry
Equipment	7,736	No expiry
Exploration and evaluation assets	826,072	No expiry
Finance costs	128,937	No expiry
	$10,310,328	

15. Event after the reporting period

On February 9, 2018 the Company concluded the final tranche of its previously announced private placement financing and has raised gross proceeds of $624,900. Of the $624,900, $375,000 was received during the year ended January 31, 2018. For this tranche the Company issued a total of 4,166,000 units at a price of $0.15 per unit. Each unit consists of one common share and one share purchase warrant where each warrant entitles the holder to purchase one common share of the company at a price of $0.20 per common share on or before February 8, 2020. There were finders' fees associated with this financing.

Subsequent to the year ended January 31, 2018, 1,406,500 warrants with an exercise price of $0.10 were exercised into common shares for proceeds of $140,650.

Subsequent to the year ended January 31, 2018, 353,333 warrants with exercise prices ranging from $0.10 - $0.35 expired.