SEAHAWK VENTURES INC.
(FORMERLY BRABEIA INC.)

CONDENSED INTERIM FINANCIAL STATEMENTS
(Unaudited)
(Expressed in Canadian Dollars)

FOR THE NINE MONTHS ENDED FEBRUARY 29, 2016
(Restated)

These unaudited condensed interim financial statements of Seahawk Ventures Inc. (formerly Brabeia Inc.) for the nine months ended February 29, 2016 have been prepared by management and approved by the Board of Directors. These financial statements have not been reviewed by the Company's external auditors.

SEAHAWK VENTURES INC.
(FORMERLY BRABEIA INC.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

	February 29, 2016 (Restated) Note 2	May 31, 2015
ASSETS		
Current		
Cash	$ 44,324	$ 83,913
Receivables	5,966	2,378
Advances receivables (Note 5)	100,000	-
Total current assets	150,290	86,291
Loan receivable (Note 5)	-	100,000
Total assets	$ 150,290	$ 186,291
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 16,759	$ 39,730
Due to related parties (Note 7)	-	50,000
Total current liabilities	16,759	89,730
Shareholders' equity		
Share capital (Note 6)	5,011,534	3,352,050
Share receivable (Notes 5 and 6)	(195,842)	-
Reserves (Note 6)	1,956,941	1,691,304
Deficit	(6,639,102)	(4,946,793)
	133,531	96,561
Total liabilities and shareholders' equity	$ 150,290	$ 186,291

Nature and continuance of operations (Note 1)
Events subsequent to the reporting period (Note 10)

Approved and authorized on behalf of the Board on October 7, 2016:

"Giovanni Gasbarro " Director *"Bruno Gasbarro"* Director

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

SEAHAWK VENTURES INC.
(FORMERLY BRABEIA INC.)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited)
(Expressed in Canadian Dollars)

	Three Months Ended February 29, 2016	Three Months Ended February 28, 2015	Nine Months Ended February 29, 2016	Nine Months Ended February 28, 2015
			(Restated) Note 2	
OPERATING EXPENSES				
Impairment of mineral properties	$ -	$ 252,637	$ -	$ 252,637
Loss on disposal of investment in 096 (Note 5)	-	-	578,158	-
Management fee (Note 7)	-	30,000	3,000	50,000
Office and miscellaneous	657	6	2,151	1,799
Professional fees	7,518	600	90,066	14,584
Rent (Note 7)	-	3,750	4,375	11,250
Share-based compensation (Note 6)	-	-	265,637	-
Transfer agent and filing fees	8,389	5,323	18,987	13,858
Write-off of loan and advances to 096 (Note 5)	-	-	729,935	-
Loss and comprehensive loss for the period	$ (16,564)	$ (302,316)	$ (1,692,309)	$ (354,128)
Basic and diluted income (loss) per common share	$ (0.00)	$ (0.02)	$ (0.09)	$ (0.02)
Weighted average number of common shares outstanding	22,384,404	16,727,236	18,613,759	16,727,236

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

SEAHAWK VENTURES INC.
(FORMERLY BRABEIA INC.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Unaudited)
(Expressed in Canadian Dollars)

	Nine Months Ended February 29, 2016	Nine Months Ended February 28, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,692,309)	$ (354,128)
Items not involving cash:		
Impairment of mineral properties	-	252,637
Share-based compensation	265,637	-
Write-off of loan and advances to 096	729,935	-
Loss on disposal of investment costs in 096	578,158	-
Changes in non-cash working capital items:		
Receivables	(3,588)	79
Accounts payable and accrued liabilities	(22,971)	541
Due to related parties	(50,000)	50,000
Net cash used in operating activities	(195,138)	(50,871)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and exploration assets	-	(50)
Cash advanced to 096	(774,259)	-
Partial repayment received from 096	44,324	-
Net cash used in investing activities	(729,935)	(50)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	923,450	-
Share issue costs	(37,966)	-
Net cash obtained from financing activities	885,484	-
Change in cash for the period	(39,589)	(50,921)
Cash, beginning of period	83,913	249,513
Cash, end of period	$ 44,324	$ 198,592

Supplemental disclosure with respect to cash flows (Note 8)

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

SEAHAWK VENTURES INC.
(FORMERLY BRABEIA INC.)
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(Expressed in Canadian Dollars)

	Number of Common Shares	Share Capital Amount	Number of shares receivable	Shares receivable amount	Reserves	Deficit	Total
Balance, May 31, 2014	16,727,236	$ 3,352,050	-	$ -	$ 1,691,304	$ (4,539,536)	$ 503,818
Loss for the period	-	-	-	-	-	(354,128)	(354,128)
Balance, February 28, 2015	16,727,236	3,352,050	-	-	1,691,304	(4,893,664)	149,690
Loss for the period	-	-	-	-	-	(53,129)	(53,129)
Balance, May 31, 2015	16,727,236	3,352,050	-	-	1,691,304	(4,946,793)	96,561
Shares issued for investment in 096	2,580,001	774,000	-	-	-	-	774,000
Escrowed shares issued for investment in 096 – contingently cancellable	23,219,980	-	-	-	-	-	-
Shares receivable on disposal of investment in 096	-	-	(652,808)	(195,842)	-	-	(130,562)
Escrowed shares receivable at disposal of investment in 096	-	-	(5,875,272)	-	-	-	-
Private placement	3,078,167	923,450	-	-	-	-	923,450
Share issue costs	-	(37,966)	-	-	-	-	(37,966)
Share-based compensation	-	-	-	-	265,637	-	265,637
Loss for the period	-	-	-	-	-	(1,692,309)	(1,692,309)
Balance, February 29, 2016	45,605,384	$ 5,011,534	(6,528,080)	$ (195,842)	$ 1,956,641	$ (6,639,102)	$ 133,531

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Seahawk Ventures Inc. (formerly Brabeia Inc., formerly Scavo Resource Corp.) (the "Company") was incorporated under the Business Corporations Act (British Columbia) on January 16, 2007.

On August 21, 2015, the Company entered into a share exchange agreement with the shareholders of 0969607 BC Ltd. ("096") to acquire all of the issued and outstanding shares of 096 in return for 25,799,981 common shares of the Company (the "Share Exchange"). 096 provides a fully interactive contest-marketing platform which offers a suite of tools that customers can use to create, launch, promote and manage contests and sweepstakes as well as social media marketing and web design services. After the Share Exchange, the Company changed its name to "Brabeia Inc." Tracy Wattie ("Wattie"), President and CEO of 096, became the President and CEO of the Company, and joined the board of directors of the Company. On February 10, 2016, the Company entered into an agreement (the "096 Sale Agreement", amended on March 15, 2016) with Wattie to sell its interest in 096 to her effective February 1, 2016 (Note 4). The Company changed its name to Seahawk Ventures Inc. after the disposal of 096.

The Company's registered and records office is located at suite 1700 – 666 Burrard Street, Vancouver, BC V6C 2X8 and its head office is located at 909 Bowron Street, Coquitlam, BC V3J 7W3.

These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation. The Company has incurred operating losses over the past several years and does not have a current source of revenue or sufficient financial resources to sustain operations in the long term. The Company's ability to continue as going concern is dependent upon it ability to attain profitable operations, and to continue to raise funds or obtain borrowing from third parties sufficient to meet current and future obligations and/or restructure the existing debt and payables.

While management intends to pursue additional financings and the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favorable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. The 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.

These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

2. RESTATEMENT

The Company has restated the financial statements for the nine months ended February 29, 2016 from what was originally filed on SEDAR on April 15, 2016.

For the transactions with the shareholders of 096, the Company concluded that it had not obtained control or significant influence of the entity and therefore should record the investment at amortized costs and a subsequent impairment write-down, instead of consolidating the financial information of 096. (Note 5)

The Company also revalued 652,808 shares receivable from Wattie from 130,562 ($0.20 per share) to $195,842 ($0.30 per share) according to IAS32 "*Financial Instruments: Presentation*" as no gain or loss is recognized on receiving treasury shares.

(Expressed in Canadian Dollars)

2. RESTATEMENT (cont'd…)

The effect on the statement of financial position as of February 29, 2016 is as follows:

	Restated	Original
ASSETS		
Current		
Cash	$ 44,324	$ 44,324
Receivables	5,966	5,966
Advances receivables	100,000	-
Total current assets	150,290	50,290
Loan receivable	-	100,000
Total assets	$ 150,290	$ 150,290
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 16,759	$ 16,759
Total current liabilities	16,759	89,730
Shareholders' equity		
Share capital	5,011,534	5,011,534
Share receivable	(195,842)	(130,562)
Reserves	1,956,941	1,950,676
Deficit	(6,639,102)	(6,698,117)
	133,531	133,531
Total liabilities and shareholders' equity	$ 150,290	$ 150,290

The net loss for the nine month period ended February 29, 2016 decreased from $1,751,325 to $1,692,309 mainly due to the management revaluing the 652,808 shares receivable from Wattie.

There is no effect to the operating, investing and financing cash flow for the nine month period ended February 29, 2016.

3. BASIS OF PREPARATION

Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). These financial statements should be read in conjunction with the Company's audited financial statements for the fiscal year ended May 31, 2015.

Basis of measurement and presentation currency

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for the cash flows.

These condensed interim financial statements are presented in Canadian dollars, which is also the functional currency of the Company.

Use of estimates

The preparation of these financial statements 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 year.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may 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, but are not limited to, the following:

3. BASIS OF PREPARATION (cont'd…)

Use of estimates (cont'd…)

a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

b) Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

c) Accounting for the Share Exchange and 096 Sale Agreement

The Company has assessed whether it had a controlling financial interest in 096 in accordance with the provisions of IFRS 10 "Consolidated Financial Statements". This standard requires the Company to assess if it had:

i) power over the entity;
ii) exposure, or rights, to variable returns from its involvement with the entity; and
iii) power to affect the amount of the entity's return.

The Company then further assessed whether it had significant influence in 096 in accordance with the provisions of IAS 28 "Investments in Associates and Joint Ventures". This standard requires the Company to assess if it had power to participate in the financial and operating policy decisions of the entity, without having direct control or joint control of those polices.

Each of these factors requires the Company to make significant judgments as to the extent of its involvement with the entity and whether it is required to consolidate the operations of the entity or record the investment in accordance with the equity method of accounting.

For the transactions with the shareholders of 096, the Company concluded that it had not obtained control or significant influence of the entity and therefore should record the value of the investment as an available for sale investment and the advances as a financial asset at amortized cost, with a loss being recognized on a subsequent impairment write-off of advances made. (Note 5)

4. SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term highly liquid investments with original maturities of 90 days or less that are readily convertible into to known amounts of cash and which are subject to an insignificant risk of changes in value.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Share-based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. The fair value of the options is recognized as an expense with a corresponding increase in equity.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted, and is recognized over the vesting period on a graded basis. The share-based payments are recorded as an operating expense with an offset to equity reserves. When options are exercised the consideration received is recorded as share capital. In addition, the related share-based payments originally recorded as equity reserves are transferred to share capital. When an option is cancelled or expires, the initial recorded value is reversed and charged 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 the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Loss per share

Basic loss per share is computed by dividing loss available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average number of common shares outstanding is increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

Shares that are contingently cancellable are not included in the calculation of basic or diluted loss per shares.

Income taxes

Tax expense is comprised of current and deferred tax. Tax expense is recognized in profit or loss except to the extent that the tax arises from a transaction or event which is recognized either in other comprehensive income or directly in equity.

Current tax expense is based on the results for the year as adjusted for items that are not taxable or not deductible. Current tax is calculated using rates enacted or substantially enacted at the year end, and includes any adjustments to tax payable in respect of previous years.

Deferred taxes

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Where an asset has no deductible or depreciable amount for income tax purposes, but has a deductible amount on sale or abandonment for capital gains purposes, the amount is included in the determination of temporary differences.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantially enacted by the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets are reviewed at each statement of financial position and adjusted to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset when: (a) the Company has a legally enforceable right to set off; and (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either: (i) the same taxable entity; or (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Any changes in deferred tax assets or liabilities are recognized as part of tax expense or income in profit or loss, except where they relate to items that are recognized in other comprehensive income (loss) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income (loss) or equity, respectively.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments

Financial assets at fair value through profit or loss:
The Company has classified the following financial assets at fair value through profit (loss): cash and cash equivalents and marketable securities.

The Company has designated the above assets on initial recognition at fair value through profit (loss). The Company's financial assets at fair value through profit (loss) are initially recognized at their fair value. Fair value is determined by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Financial assets at fair value through profit (loss) are subsequently measured at their fair value. Net gains and losses arising from changes in fair value and are recognized immediately in profit (loss).

Loans and receivables:
The Company has classified the following financial assets as loans and receivables: accounts receivable. These assets are initially recognized at their fair value. Fair value is determined by reference to recent arm's length market transactions for the same instrument or approximated by the instrument's initial cost in a transaction between unrelated parties.

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Net gains and losses arising from changes in fair value are recognized in profit (loss) upon derecognition or impairment.

Financial liabilities measured at amortized cost:
The Company has classified the following financial liabilities measured at amortized cost: accounts payable and accrued liabilities, note payable and payable to shareholders. These liabilities are initially recognized at their fair value. Fair value is determined by reference to recent arm's length market transactions for the same instrument approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date.

Financial liabilities measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Net gains and losses arising from changes in fair value are recognized in profit (loss) upon derecognition.

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Fair value hierarchy
The Company uses a fair value hierarchy to categorize the inputs used in valuation techniques to measure fair value. The use of quoted market prices (Level 1), internal models using observable market information as inputs (Level 2) and internal models without observable market information as inputs (Level 3) in the valuation of financial instruments was as follows:

February 29, 2016	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash	44,324	-	-	44,324

There were no transfers between the levels during the period.

Future changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the February 29, 2016 reporting period. These standards have been assessed to not have a significant impact on the Company's financial statements:

(a) IFRS 15, Revenue from Contracts with Customers

IFRS 15 are new standards on revenue recognition that will supersede IAS 18, *Revenue*, IAS 11, *Construction Contracts* and related interpretations. These standards are effective for the fiscal period beginning on or after January 1, 2017.

(b) IFRS 9, Financial Instruments

The IASB intends to replace IAS 39 – "*Financial Instruments: Recognition and Measurement*" in its entirety with IFRS 9 in three main phases. IFRS 9 will be the new standard for the financial reporting of financial instruments that is principles-based and less complex than IAS 39. IFRS 9 requires that all financial assets be classified and subsequently measured at amortized cost or at fair value based on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities classified as at fair value through profit or loss, financial guarantees and certain other exceptions. IFRS 9 can currently be adopted voluntarily, but is mandatory for years beginning on or after January 1, 2018.

5. TRANSACTIONS WITH 0969607 BC LTD. ("096") AND ITS SHAREHOLDERS

Share Exchange Agreement

On August 21, 2015, the Company and 096 entered into the Share Exchange (Note 1), pursuant to which the Company acquired all of the issued and outstanding shares of 096 by issuing 25,799,981 common shares of the Company (the "Transaction") to the shareholders of 096, of which 23,219,980 common shares (the "Performance Escrow Shares") were placed into escrow in accordance with an escrow agreement. The Performance Escrow Shares have no voting rights and cannot be transferred or pledged. The Performance Escrow Shares would be released in four equal tranches upon 096 achieving the following milestones within a period of three years:

(i) 5,805,000 common shares upon earning a total of $1,000,000 in gross revenue;
(ii) 5,805,000 common shares upon earning a total of $3,000,000 in gross revenue;
(iii) 5,805,000 common shares upon earning a total of $4,500,000 in gross revenue; and
(iv) 5,804,980 common shares upon earning a total of $6,000,000 in gross revenue.

If the Performance Escrow Shares were not released according to the escrow agreement prior to August 21, 2018, being the date that is three years after the closing of the Transaction, the Performance Escrow Shares were to be returned to the Company's treasury for cancellation. The shareholders of 096 were not to be entitled to the payment of any consideration or other compensation should the Performance Escrow Shares be cancelled.

Concurrently with the closing of the Transaction, the Company closed a private placement by issuing 3,078,167 units at a price of $0.30 per unit for aggregate gross proceeds of $923,450 (Note 7).

To finance the operations of 096, the Company loaned an amount of $100,000 to 096 during the year ended May 31, 2015. Further advances were made in the amount of $770,000 in August 2015 and $4,259 in October 2015, totaling $874,259.

Termination of the Transaction

Subsequent to the Share Exchange, the Company's board of directors concluded that the acquisition of 096 was not in the best interest of its shareholders as the Company was unable to obtain control of 096 and its operations. On February 10, 2016, the Company entered into the 096 Sale Agreement (Note 1) with Wattie to sell her all of the issued and outstanding shares of 096, subject to various conditions, including receipt of disinterested shareholder approval from the Company's shareholders. The 096 Sale Agreement was further amended on March 15, 2016.

The 096 Sale Agreement provides that on closing (the "Closing"):

(a) The Company will transfer all of the shares of 096 to Wattie with an effective date of February 1, 2016.

(b) In consideration for the transfer of the 096 shares to Wattie, the Company will receive from Wattie a reimbursement of advances in the amount of $100,000, which shall be payable as to $5,000 on Closing ($5,000 received subsequently), two additional payments of $5,000 due within the 1st and 2nd months after Closing ($10,000 received subsequently), three additional payments of $10,000 due within the 3rd, 4th and 5th months after Closing ($30,000 received subsequently), and a final payment of $55,000 due within the 6th months after Closing.

5. TRANSACTIONS WITH 0969607 BC LTD. ("096") AND ITS SHAREHOLDERS (cont'd…)

Termination of the Transaction (cont'd…)

(c) Common shares of the Company which were issued and released to the former holders of 096 at the time of the Share Exchange will be retained by them, with the exception of the 652,808 common shares issued to Wattie, which will be returned to the Company and cancelled (returned and cancelled on June 10, 2016). Of the 23,219,980 Performance Escrow Shares that are currently in escrow and contingently cancellable, Wattie has also agreed to the cancellation of her 5,875,272 Performance Escrow Shares (returned and cancelled on June 10, 2016). The remaining 17,344,708 Performance Escrow Shares (8,325,568 returned and cancelled on June 10, 2016) will remain in escrow and will be returned to treasury and cancelled when the release targets are not met. The Company intends to seek their earlier cancellation.

(d) After the Closing, 096 will be entitled to use the name "Brabeia" in connection with its business.

Accounting for the Share Exchange and 096 Sale Agreement

The Share Exchange was structured as it was to permit the Company to determine if 096's business was viable before the former shareholders of 096 received their full consideration. The majority of the shares issued to the former shareholders of 096 were placed in escrow, only to be released when performance milestones were reached, proving 096 to be a viable business. Subsequent to the completion of the Share Exchange and advancing of funds, the Company's board of directors determined that it had never obtained, nor would it be able to obtain, control of 096 and accordingly it was in the best interests of the shareholders of the Company to dispose of its investment. Certain of the shares issued to the former 096 shareholders were returned and cancelled (Note 12). The Company considers this transaction as a failed investment, which was originally recorded at cost with a loss recognized on the statement of loss and comprehensive loss on disposal of the investment in 096 based on completion of the 096 Sale Agreement.

(Expressed in Canadian Dollars)

5. TRANSACTIONS WITH 0969607 BC LTD. ("096") AND ITS SHAREHOLDERS (cont'd…)

Accounting for the Share Exchange and 096 Sale Agreement (cont'd…)

	Number of shares issued	*Reconciliation of shares receivable*	*Reconciliation of loan and advances receivable*
Balance, May 31, 2014	-	$ -	$ -
Cash advance in March 2015	-	-	100,000
Balance, May 31, 2015	-	-	100,000
Investment in 096 - 2,580,001 shares issued to 096 shareholders on August 21, 2015	2,580,001	774,000	-
23,219,980 Performance Escrow Shares issued to 096 shareholders on August 21, 2015	23,219,980	-	-
Cash advance in August 2015	-	-	770,000
Cash advance in October 2015	-	-	4,259
Partial repayment in February 2016		-	(44,324)
Loss on disposal of investment in 096 – shares not returned by former 096 shareholders		(578,158)	-
Write-off of cash advances		-	(729,935)
Balance, February 29, 2016		**$ 195,842**	**$ 100,000**

Share issuance

The Performance Escrow Shares were to be released to shareholders of 096 only if certain performance milestones were reached within three years after the Closing. If the milestones were not met, the Performance Escrow Shares would be returned to the treasury of the Company and cancelled. Management did not expect the performance milestones to be met within the three year period and had determined that no value should be attributed to the Performance Escrow Shares on issuance.

The remaining 2,580,001 common shares were valued at $0.30 per share on the date of issuance for a total fair value of $774,000.

5. TRANSACTIONS WITH 0969607 BC LTD. ("096") AND ITS SHAREHOLDERS (cont'd…)

Accounting for the Share Exchange and 096 Sale Agreement (cont'd…)

As per the 096 Sale Agreement, the Company received 652,808 common shares from Wattie subsequent to the year ended May 31, 2016 (Note 12), which were valued at $0.30 per share for a total fair value of $195,842. The difference between the fair value of the shares issued pursuant to the Share Exchange and the value of the shares retuned by Wattie, being $578,158, was recognized as a loss on disposal of the investment in 096.

Cash advance

The Company loaned an amount of $100,000 to 096 during the year ended May 31, 2015. Further advances were made in the amount of $770,000 in August 2015 and $4,259 in October 2015, totaling $874,259. In February 2016, the Company received $44,324 in partial repayment. As a result, the Company wrote off $729,935 as uncollectible as at February 29, 2016, leaving $100,000 as advances receivable as per the 096 Sale Agreement entered into with Wattie.

6. SHARE CAPITAL AND RESERVES

Authorized

The authorized share capital of the Company is an unlimited number of common shares without par value.

Share issuance and cancellation

As at February 29, 2016, the Company has 45,605,384 (May 31, 2015 – 16,727,236) common shares outstanding, 23,219,980 shares of which are held in escrow and contingently cancellable. At the closing of the 096 Sale Agreement (Note 5), the Company will receive from Wattie 652,808 common shares (valued at $195,842, received and cancelled on June 10, 2016) and 5,875,272 Escrowed Performance Shares (valued at $Nil, received and cancelled on June 10, 2016).

During the nine months ended February 29, 2016,

a) On August 21, 2015, the Company issued 25,799,981 shares to 096 shareholders upon the closing of the Transaction (Note 4), 23,219,980 of which were Performance Escrow Shares and contingently cancellable. The fair value of the Company's non-escrowed common shares on issuance (2,580,001 in total) was $0.30 per share.

b) In August 2015, cconcurrently with the closing of the Transaction described in Note 4, the Company closed a private placement by issuing 3,078,167 units at a price of $0.30 per unit for aggregate gross proceeds of $923,450. Each unit consists of one common share and one half of a share purchase warrant, each whole warrant entitling the holder to acquire one additional common share of the Company at a price of $0.60 per share for a period of two years from closing. The Company paid $37,966 in share issue costs in connection with the financing.

There were no share issuances during the year ended May 31, 2015.

(Expressed in Canadian Dollars)

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

Performance Escrow Shares

As at February 29, 2016, the Company has a total of 23,219,980 (May 31, 2015 – Nil) Performance Escrow Shares outstanding which were originally issued in connection with the Share Exchange (Note 4). These Performance Escrow Shares were contingently releasable on certain performance milestones being met by 096 over a period of three years, but pursuant to the 096 Sale Agreement (Note 4), will not be released based on the Company's disposal of its investment in 096. Subsequent to February 29, 2016, 15,002,364 of the Performance Escrow Shares were returned to treasury and cancelled, with the remaining amount to be returned and cancelled by August 21, 2018.

Stock options

The Company has a stock option plan in place 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 as calculated on the date of grant. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors.

During the year ended May 31, 2016, the Board approved the granting of a total of 1,950,000 stock options to directors, officers, consultants and employees with exercise prices ranging from $0.30 to $0.345, and expiration dates of 2 years from grant. All stock options granted during the year vested immediately, with the Company using the Black-Scholes option pricing model to determine the fair value of options granted. The fair value of the stock options granted was determined to be $265,637 ($0.136 per option).

The fair value of the stock options granted was determined using the following weighted average assumptions:

Weighted average assumptions	**Period Ended February 29, 2016**
Risk free interest rate	0.42%
Volatility	85.12%
Expected life of options	2 years
Dividend rate	0%

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2014	25,000	$ 3.80
Expired	(25,000)	3.80
Balance, May 31, 2015	-	-
Granted	1,950,000	0.30
Balance, outstanding and exercisable, February 29, 2016	1,950,000	$ 0.30

(Expressed in Canadian Dollars)

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

Stock options (cont'd…)

As at February 29, 2016, the following options are outstanding:

Number of Options	Exercise Price	Expiry Date
1,950,000	$ 0.30	August 28, 2017

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
As at May 31, 2014 and 2015	-	$ -
Issued in private placement	1,539,084	0.60
As at February 29, 2016	1,539,084	$ 0.60

As at February 29, 2016, the following warrants are outstanding:

Number of Warrants	Exercise Price	Expiry Date
1,539,084	$ 0.60	August 21, 2017

7. RELATED PARTY TRANSACTIONS

During the nine months ended February 29, 2016, the Company entered into the following transactions with related parties:

(a) The Company paid or accrued rent of $3,750 (2015 - $11,250) to Brugas Holdings Inc., a company controlled by the Chief Financial Officer ('CFO") and director of the Company and a management fee of $3,000 (2015 - $Nil) to the CFO and director.

(b) The Company paid or accrued $Nil (2015 - $50,000) of management fees to CEO of the Company.

(c) In August 2015, 1,550,000 share options (2014 – Nil) were granted to three directors and officers of the Company. Those share options are valued at $211,032 (2014 - $Nil).

As at February 29, 2016, $Nil (May 31, 2015 - $50,000) is owed to directors and companies controlled by directors of the Company.

Amounts due to related parties were due to companies controlled by directors and officers, were unsecured, were non-interest bearing and had no specific terms of repayment.

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Other than the share exchange transaction with 096 and the subsequent disposal described in Note 5, there were no significant non-cash investing or financing transactions during the nine months ended February 29, 2016 or the year ended May 31, 2015.

9. 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, accounts payable and accrued liabilities and due to related parties approximate their carrying values. The Company's other financial instruments, being cash and cash equivalents and marketable securities, are measured at fair value using Level 1 inputs.

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

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of the Company's financial instruments best represents the maximum exposure to credit risk.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 29, 2016, the Company had a cash balance of $44,324 (May 31, 2015 - $83,913) and current liabilities of $16,759 (May 31, 2015 - $89,730).

The Company has historically relied on equity and debt financings to satisfy its capital requirements and will continue to depend heavily upon equity capital and debt to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on acceptable terms.

Interest rate risk

The Company is not exposed to risk in the event of interest rate fluctuations. The Company has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations.

Foreign currency risk

The Company's functional currency is the Canadian dollar and the majority of its purchases are transacted in Canadian dollars. From time to time, the Company funds certain operations, exploration and administrative expenses in US$ on a cash call basis using US$ currency converted from its Canadian dollar bank accounts held in Canada. Management believes the foreign exchange risk derived from currency conversions is not significant and therefore does not hedge its foreign exchange risk.

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 the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities. The Company relies mainly on equity issuances and loans from related parties to raise new capital. In the management of capital, the Company includes the components of shareholders' equity. The Company prepares annual estimates of operating expenditures and monitors actual expenditures compared to the estimates in an effort to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to negotiate premium interest rates on savings accounts or to invest its cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated at any time without interest penalty. The Company will require additional financing in order to provide working capital to fund costs for the current year. These financing activities may include issuances of additional debt or equity securities.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

10. EVENTS SUSBEQUENT TO THE REPORTING PERIOD

Subsequent to the period ended February 29, 2016, the Company

a) received and cancelled 652,808 common shares and 5,875,272 Performance Escrow Shares from Wattie, and an additional 9,127,092 Performance Escrow Shares from other former 096 shareholders. (Notes 5 and 6); and

b) Received additional cash payments totaling $45,000 in respect of advance reimbursements from Wattie pursuant to the 096 Sale Agreement (Note 5).