# SEAHAWK VENTURES INC.

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

## FOR THE THREE MONTHS ENDED AUGUST 31, 2017

**These unaudited condensed interim financial statements of Seahawk Ventures Inc. for the three months ended August 31, 2017 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.**
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)
(Expressed in Canadian Dollars)

| | August 31, 2017 | May 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | $ 392,134 | $ 23,450 |
| Receivables | 3,667 | 3,943 |
| **Total current assets** | 395,801 | 27,393 |
| **Exploration and evaluation assets** (Note 4) | 650,957 | 46,457 |
| **Total assets** | $ 1,046,758 | $ 73,850 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 2,930 | $ 67,748 |
| Due to related parties (Note 7) | 153,000 | 145,802 |
| Loan payable to related party (Note 5) | - | 25,000 |
| **Total current liabilities** | 155,930 | 238,550 |
| **Shareholders' equity (deficiency)** | | |
| Share capital (Note 6) | 5,918,142 | 4,824,692 |
| Reserves (Note 6) | 1,956,941 | 1,956,941 |
| Deficit | (6,984,255) | (6,946,333) |
| | 890,828 | (164,700) |
| **Total liabilities and shareholders' equity (deficiency)** | $ 1,046,758 | $ 73,850 |

**Nature and continuance of operations** (Note 1)

**Approved and authorized on behalf of the Board on September 22, 2017:**

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

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

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

| | Three Months Ended August 31, 2017 | Three Months Ended August 31, 2016 |
|---|---|---|
| **OPERATING EXPENSES** | | |
| Office and miscellaneous | $ 2,562 | $ 105 |
| Interest expenses (Notes 5 and 7) | - | 365 |
| Management fees (Note 7) | 25,500 | 25,500 |
| Professional fees | 4,890 | 7,402 |
| Rent (Note 7) | 1,500 | 4,500 |
| Transfer agent and filing fees | 3,470 | 10,963 |
| **Loss and comprehensive loss for the period** | $ (37,922) | $ (48,835) |
| **Basic and diluted loss per common share** | $ (0.00) | $ (0.00) |
| **Weighted average number of common shares outstanding** | 23,653,792 | 21,803,553 |

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

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

| | Three Months Ended August 31, 2017 | Three Months Ended August 31, 2016 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Loss for the period | $ (37,922) | $ (48,835) |
| Changes in non-cash working capital items: | | |
| Receivables | 276 | 6,152 |
| Accounts payable and accrued liabilities | (64,818) | 5,357 |
| Due to related parties | 7,198 | 30,000 |
| Net cash used in operating activities | (95,266) | (7,326) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Acquisition of exploration and evaluation assets | (110,000) | - |
| Loan repayment received | - | 25,000 |
| Net cash obtained from (used in) investing activities | (110,000) | 25,000 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from private placement | 600,000 | - |
| Share issuance costs | (1,050) | - |
| Repayment of loan from related party | (25,000) | - |
| Net cash obtained from financing activities | 573,950 | - |
| **Change in cash for the period** | 368,684 | 17,674 |
| **Cash, beginning of period** | 23,450 | 21,626 |
| **Cash, end of period** | $ 392,134 | $ 39,300 |

**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.**
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Unaudited)
(Expressed in Canadian Dollars)

| | Number of Common Shares | Share Capital Amount | Number of shares receivable | Shares receivable | Reserves | Deficit | Total |
|---|---|---|---|---|---|---|---|
| **Balance, May 31, 2016** | 45,605,384 | $ 5,011,534 | (15,655,172) | $ (195,842) | $ 1,956,941 | $ (6,794,468) | $ (21,835) |
| Shares receivable on disposal of investment in 096 – received and cancelled | (652,808) | (195,842) | 652,808 | 195,842 | - | - | - |
| Escrowed shares receivable at disposal of investment – received and cancelled | (15,002,364) | - | 15,002,364 | - | - | - | - |
| Loss for the period | - | - | - | - | - | (48,835) | (48,835) |
| **Balance, August 31, 2016** | 29,950,212 | 4,815,692 | - | - | 1,956,941 | (6,843,303) | (70,670) |
| Escrowed shares received and cancelled | (4,700,440) | - | - | - | - | - | - |
| Shares issued for exploration and evaluation assets | 75,000 | 9,000 | - | - | - | - | 9,000 |
| Loss for the period | - | - | - | - | - | (103,030) | (103,030) |
| **Balance, May 31, 2017** | 25,324,772 | 4,824,692 | - | - | 1,956,941 | (6,946,333) | (164,700) |
| Shares issued in private placement | 2,000,000 | 600,000 | - | - | - | - | 600,000 |
| Shares issuance costs | - | (1,050) | - | - | - | - | (1,050) |
| Shares issued for exploration and evaluation assets | 1,550,000 | 494,500 | - | - | - | - | 494,500 |
| Loss for the period | - | - | - | - | - | (37,922) | (37,922) |
| **Balance, August 31, 2017** | 28,874,772 | $ 5,918,142 | - | $ - | $ 1,956,941 | $ (6,984,255) | $ 890,828 |

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

## 1. NATURE AND CONTINUANCE OF OPERATIONS

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

The Company currently holds 100% interest in the Mackenzie Mountain Iron-Copper Property (the "Mackenzie Property") located in the Mackenzie Mining District, Northwest Territories, and 100% interest in the German Shepherd and Mystery properties and Fecteau Property, both located in the Urban-Barry Greenstone Belt region within the Abitibi sub-province, Quebec, Canada. (Note 4)

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 a 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. 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, 2017.

### Basis of measurement and presentation currency

These 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 cash flow information.

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

## 2. BASIS OF PREPARATION (cont'd…)

**Use of estimates and critical judgments**

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:

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.

## 3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements have been prepared according to the same accounting policies and are subject to the same areas of judgement, measurement estimates and uncertainties as those disclosed in Note 3 of the Company's audited financial statements for the year ended May 31, 2017.

**Future changes in accounting policies**

Certain new accounting standards and interpretations have been published that are not mandatory for the August 31, 2017 reporting period. These standards have been assessed to not have a significant impact on the Company's financial statements:

(Expressed in Canadian Dollars)

## 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

(a) IFRS 15, Revenue from Contracts with Customers

IFRS 15 contains 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, 2018.

(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.

(c) IFRS 16, Leases
The new standard on leases, supersedes IAS 17, Leases, and related interpretations. The standard is effective for years beginning on or after January 1, 2019.

## 4. EXPLORATION AND EVALUATION ASSETS – MINERAL PROPERTIES

| | | *Mackenzie Property* | | *German Shepherd and Mystery Properties* | | *Fecteau Property* | | *Total* |
|---|---|---|---|---|---|---|---|---|
| Balance, May 31, 2016 | $ | 31,652 | $ | - | $ | - | $ | 31,652 |
| Acquisition - shares | | 9,000 | | - | | - | | 9,000 |
| Claim maintenance | | 5,805 | | - | | - | | 5,805 |
| Balance, May 31, 2017 | | 46,457 | | - | | - | | 46,457 |
| Acquisition - cash | | - | | 50,000 | | 60,000 | | 110,000 |
| Acquisition - shares | | - | | 280,000 | | 214,500 | | 494,500 |
| Balance, August 31, 2017 | $ | 46,457 | $ | 330,000 | $ | 274,500 | $ | 650,957 |

## 4. EXPLORATION AND EVALUATION ASSETS – MINERAL PROPERTIES (cont'd…)

**Mackenzie Property, Northwest Territories**

On May 25, 2016, the Company entered into a property purchase agreement (the "Agreement") with Metallis Resources Inc. ("Metallis") to acquire a 100% interest in 9 mineral claims collectively known as the Mackenzie Mountain Iron-Copper Property (the "Mackenzie Property") located in the Mackenzie Mining District, Northwest Territories, Canada.

Pursuant to the Agreement, the Company is to:

a) Pay a non-refundable payment of $5,000 upon execution of the Agreement (paid);
b) Pay a further $26,652 associated with the cost of extending the expiration of the claims (paid); and
c) Issue 75,000 common shares (issued, valued at $9,000) upon TSX Venture Exchange approval.

Metallis retains a 2.0% net smelter return ("NSR") royalty on the Mackenzie Property. The Company may elect to purchase all or part of the NSR royalty interest for a price of $500,000 for each one-half of one percent of the royalty interest up to an aggregate purchase price of $2,000,000.

**German Shepherd and Mystery Properties, Quebec**

On June 9, 2017, the Company entered into a Property Purchase Agreement (the "Agreement") with RSD Capital Corp. and Michel A. Lavoie (the "Vendors") to acquire a 100% undivided interest in the German Shepherd and Mystery properties (the "German Shepherd and Mystery Properties") comprising 66 mineral claims in the Urban-Barry Greenstone Belt region within the Abitibi sub-province, Quebec, Canada.

The Agreement provides that the Company will acquire a 100% interest in the German Shepherd and Mystery Proeprties in consideration for payment to the Vendors of an aggregate of $50,000 (paid), and issuing total of 1,000,000 common shares (issued, valued at $280,000) of the Company. The Vendors will retain a 2% NSR on the German Shepherd and Mystery Properties. The Company may elect to purchase one-half of the NSR from the Vendors for a payment of $500,000, thereby leaving the Vendors with the remaining 1%.

**Fecteau Property, Quebec**

On August 2, 2017, the Company entered into a Property Purchase Agreement (the "Agreement") with RSD Capital Corp. and Michel A. Lavoie (the "Vendors") to acquire the Fecteau Property (the "Fecteau Property") comprising 48 mineral claims in the Urban-Barry Greenstone Belt region within the Abitibi sub-province, Quebec, Canada.

The Agreement provides that the Company will acquire a 100% interest in the Fecteau Property in consideration for payment to the Vendors of an aggregate of $60,000 (paid), and issuing total of 400,000 common shares (issued, valued at $156,000) of the Company. The Vendors will retain a 2% NSR on the Fecteau Property. The Company may elect to purchase one-half of the NSR from the Vendors for a payment of $1,000,000, thereby leaving the Vendors with the remaining 1%.

The Company also issued 150,000 shares (valued at $58,500) as finder's fee in connection with the acquisition.

## 5. LOAN PAYABLE TO RELATED PARTY

On May 15, 2016, the Company received loan proceeds of $25,000 from the Chief Executive Officer ("CEO") of the Company. The loan bears interest at 5% per annum and is repayable on demand, upon the Company having sufficient resources, in cash or in shares at the option of the lender.

On August 3, 2017, the Company fully repaid the CEO $25,000 principal and accrued interest of $1,302 totaling $26,302.

## 6. SHARE CAPITAL AND RESERVES

### Authorized

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

As at August 31, 2017, the Company has 28,874,772 (May 31, 2017 – 25,324,772) common shares outstanding, 3,517,176 shares (May 31, 2017 – 3,517,176) of which are held in escrow and contingently cancellable.

*Contingently cancellable shares*

The Company issued 23,219,980 Performance Escrow Shares in the year ended May 31, 2015 in relation to a transaction. The Performance Escrow Shares are escrowed and contingently cancellable. The Performance Escrow Shares have no voting rights and cannot be transferred or pledged. The Performance Escrow Shares will be released in four equal tranches upon achieving certain performance milestones within a period of three years. If the Performance Escrow Shares are not released according to the escrow agreement prior to August 21, 2018, the Performance Escrow Shares will be returned to the Company and to be cancelled.

Those shares are valued at $Nil and excluded from the calculation of weighted average number of shares outstanding.

During the three months ended August 31, 2017, the Company received and cancelled Nil (May 31, 2017 - 19,702,804) Performance Escrow Shares. As of August 31, 2017, 3,517,176 (May 31, 2017 - 3,517,176) Performance Escrow Shares were held in escrow.

### Share issuance and cancellation

During the three months ended August 31, 2017:

a) In June 2017, the Company completed a non-brokered private placement of 2,000,000 common shares at $0.30 per share for total proceeds of $600,000. The Company paid a cash finder's fee of $1,050.

b) In August 2017, the Company issued 1,000,000 common shares (valued at $280,000) to acquire the German Shepherd and Mystery Properties and 400,000 common shares (valued at $156,000) to acquire the Fecteau Property. The Company also issued 150,000 common shares (valued at $58,500) as finder's fee in relation to the acquisition of the Fecteau Property (Note 4).

(Expressed in Canadian Dollars)

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

**Share issuance and cancellation** (cont'd…)

During the year ended May 31, 2017:

a) the Company received 652,808 common shares (valued at $195,842, received and cancelled on June 10, 2016) and 19,702 804 Escrowed Performance Shares (valued at $Nil, received and cancelled on various dates).

b) the Company issued 75,000 shares (valued at $9,000) pursuant to the Mackenzie Property option agreement (Note 4).

**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.

Stock option transactions are summarized as follows:

| | Number of Options | | Weighted Average Exercise Price |
|---|---|---|---|
| Balance, May 31, 2016 and 2017 | 750,000 | $ | 0.30 |
| Expired | (750,000) | | 0.30 |
| Balance, August 31, 2017 | - | $ | - |

**Warrants**

Warrant transactions are summarized as follows:

| | Number of Warrants | | Weighted Average Exercise Price |
|---|---|---|---|
| As at May 31, 2016 and 2017 | 1,539,084 | $ | 0.60 |
| Expired | (1,539,084) | | 0.60 |
| As at August 31, 2017 | - | $ | - |

## 7. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the financial statements, during the three months ended August 31, 2017, the Company entered into the following transactions with related parties:

(a) The Company paid or accrued rent of $1,500 (2016 - $4,500) to Brugas Holdings Inc., a company controlled by the Chief Financial Officer ('CFO") and director of the Company. As of August 31, 2017, $Nil (May 31, 2017 - $17,000) was owed to Brugas Holdings Inc.

(b) The Company paid or accrued management fee of $10,500 (2016 - $10,500) to the CFO. As of August 31, 2017, $63,000 (May 31, 2017 - $52,500) is owed to the CFO.

(c) The Company paid or accrued management fees of $15,000 (2016 - $15,000) to the Chief Executive Officer ("CEO"). As at August 31, 2017, $90,000 (May 31, 2017 - $75,000) is owed to the CEO 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

The significant non-cash transactions during the three months ended August 31, 2017 included:

a) the issuance of 1,550,000 shares (valued at $494,500) in relation to the acquisition of the German Shepherd and Mystery Properties and the Fecteau Property.

There were no non-cash financing or investing activities during the three months ended August 31, 2016.

## 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 accounts payable and accrued liabilities, due to related parties and loan payable to related party approximate their carrying values. The Company's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

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

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

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 August 31, 2017, the Company had a cash balance of $392,134 (May 31, 2017 - $23,450) and current liabilities of $155,930 (May 31, 2017 - $238,550).

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 dollars 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 (deficiency). 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.