SEAHAWK VENTURES INC.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED MAY 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Seahawk Ventures Inc.

We have audited the accompanying financial statements of Seahawk Ventures Inc., which comprise the statements of financial position as at May 31, 2018 and 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Seahawk Ventures Inc. as at May 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 financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Seahawk Ventures Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

July 26, 2018

SEAHAWK VENTURES INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
As at May 31,

		2018		2017
ASSETS				
Current				
Cash	$	19,093	$	23,450
Receivables		16,827		3,943
Prepaids		3,500		-
Exploration advances		609		-
Total current assets		40,029		27,393
Exploration and evaluation assets (Note 4)		863,733		46,457
Total assets	$	903,762	$	73,850
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current				
Accounts payable and accrued liabilities	$	28,899	$	67,748
Due to related parties (Note 7)		265,500		145,802
Loan payable to related party (Note 5)		-		25,000
Total current liabilities		294,399		238,550
Shareholders' equity (deficiency)				
Share capital (Note 6)		5,917,342		4,824,692
Reserves (Note 6)		2,204,490		1,956,941
Deficit		(7,512,469)		(6,946,333)
		609,363		(164,700)
Total liabilities and shareholders' equity (deficiency)	$	903,762	$	73,850

Nature and continuance of operations (Note 1)
Events subsequent to the reporting period (Note 11)

Approved and authorized on behalf of the Board on July 26, 2018:

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

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

SEAHAWK VENTURES INC.
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
For the years ended May 31,

		2018		2017
OPERATING EXPENSES				
Interest and bank charges (Note 5)	$	438	$	1,397
Management fees (Note 7)		138,000		102,000
Office and miscellaneous		3,342		1,869
Professional fees		36,944		54,836
Rent (Note 7)		6,000		15,500
Share-based compensation (Notes 6 and 7)		247,549		-
Shareholder cost and corporate communication		60,987		-
Transfer agent and filing fees		25,013		28,100
Travel		1,406		-
Write-off of exploration and evaluation assets (Note 4)		46,457		-
Write-off of accounts payable		-		(51,837)
Loss and comprehensive loss for the year	$	(566,136)	$	(151,865)
Basic and diluted loss per common share	$	(0.02)	$	(0.01)
Weighted average number of common shares outstanding		24,929,486		21,795,481

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

SEAHAWK VENTURES INC.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the years ended May 31,

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (566,136)	$ (151,865)
Items not involving cash:		
Share-based compensation	247,549	-
Write-off of exploration and evaluation assets	46,457	-
Write-off of accounts payable	-	(51,837)
Changes in non-cash working capital items:		
Receivables	(12,884)	2,720
Prepaids	(3,500)	-
Accounts payable and accrued liabilities	(38,849)	(7,191)
Due to related parties	119,698	115,802
Net cash used in operating activities	(207,665)	(92,371)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(365,642)	(5,805)
Partial repayment received from 096	-	100,000
Net cash provided by (used in) investing activities	(365,642)	94,195
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	600,000	-
Share issue costs	(6,050)	-
Repayment of loan from related party	(25,000)	-
Net cash provided by financing activities	568,950	-
Change in cash for the year	(4,357)	1,824
Cash, beginning of year	23,450	21,626
Cash, end of year	$ 19,093	$ 23,450

Supplemental disclosure with respect to cash flows (Note 8)

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

SEAHAWK VENTURES INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(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	(19,702,804)	-	19,065,976	-	-	-	-
Shares issued for exploration and evaluation assets	75,000	9,000	-	-	-	-	9,000
Loss for the year	-	-	-	-	-	(151,865)	(151,865)
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
Share issuance costs	-	(6,050)	-	-	-	-	(6,050)
Shares issued for exploration and evaluation assets	1,560,000	498,700	-	-	-	-	498,700
Share-based compensation	-	-	-	-	247,549	-	2,204,490
Loss for the year	-	-	-	-	-	(566,136)	(566,136)
Balance, May 31, 2018	28,884,772	$ 5,917,342	-	$ -	$ 2,204,490	$ (7,512,469)	$ 609,363

The accompanying notes are an integral part of these 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 a 100% interest in the German Shepherd and Mystery properties, Touchdown Property, and Xtra Point Property, all 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 financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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

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 known amounts of cash and which are subject to an insignificant risk of change in value. As at May 31, 2018 and 2017, the Company did not hold any cash equivalents.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

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.

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.

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 share.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Deferred taxes

Deferred income taxes are calculated using the asset and 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 date 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.

Financial instruments

Financial assets at fair value through profit or loss:

The Company's financial assets at fair value through profit or 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 or loss are subsequently measured at their fair value. Net gains and losses arising from changes in fair value are recognized immediately in profit or loss.

The Company has classified its cash at fair value through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Loans and receivables:

Financial assets classified as loans and receivables 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 collectability issues. Net gains and losses arising from changes in fair value are recognized in profit or loss upon derecognition or impairment.

The Company had previously classified its advances receivable as loans and receivables.

Available for sale:

Financial assets classified as available for sale are initially recognized at their fair value with unrealized gains and losses recognized in other comprehensive income (loss), except for losses in value that are considered other than temporary.

Other financial liabilities:

Financial liabilities measured at amortized cost 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 or loss upon derecognition.

The Company has classified its accounts payable and accrued liabilities, due to related parties and loan payable to related party as other financial liabilities measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Exploration and evaluation assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

The Company may occasionally enter into arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the transferee on its behalf. Any cash consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mines under construction".

Exploration and evaluation assets are also tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is evaluated at the cash generating unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The recoverable amount of the CGU is the greater of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period.

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

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

As at May 31, 2018 and 2017, the Company does not have any known rehabilitation obligations.

Future changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for the May 31, 2018 reporting period. These standards have been assessed to not have a significant impact on the Company's financial statements:

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.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS – MINERAL PROPERTIES

	Mackenzie Property	*German Shepherd and Mystery Properties*	*Touchdown Property*	*Xtra Point 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	4,200	498,700
Exploration					
Assay	-	2,150	2,190	-	4,340
Maps	-	-	711	-	711
Mining taxes	-	4,230	3,340	-	7,570
Equipment rental	-	11,511	9,769	-	21,280
Prospecting and sample	-	30,351	34,239	-	64,590
Project manager	-	16,672	16,672	-	33,344
Reports	-	20,000	-	-	20,000
Survey	-	51,599	51,599	-	103,198
Write-off	(46,457)	-	-	-	(46,457)
Balance, May 31, 2018	$ -	$ 466,513	$ 393,020	$ 4,200	$ 863,733

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. The Company issued 75,000 commons shares (valued at $9,000) and paid $31,652 in cash.

In March 2018, the Company decided to release the claims. As a result, the Company wrote off the exploration and evaluation assets of $46,457 associated with the Mackenzie Property during the year ended May 31, 2018.

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

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 Properties 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%.

Touchdown 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 Touchdown Property (the "Touchdown 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 Touchdown 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 Touchdown 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 a finder's fee in connection with the acquisition.

Xtra Point Property, Quebec

In April 2018, the Company acquired from an arm's length vendor a 100% interest in the Xtra Point Property (the "Property"), located in the Urban BarryGold Camp, Barry Township, Québec. In consideration, the Company issued the vendor 10,000 common shares (issued, valued at $4,200). The vendor retains a 2% net smelter return royalty on the property. The Company has the option to reduce the royalty to a 0.5% net smelter return royalty for a cash payment to the vendor of $1,000,000.

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 May 31, 2018, the Company has 28,884,772 (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 to be cancelled.

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

During the year ended May 31, 2018, the Company received and cancelled Nil (May 31, 2017 - 19,702,804) Performance Escrow Shares. As of May 31, 2018, 3,517,176 (May 31, 2017 - 3,517,176) Performance Escrow Shares were held in escrow.

Share issuance and cancellation

During the year ended May 31, 2018:

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 and incurred other share issuance costs of $5,000.

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 Touchdown Property. The Company also issued 150,000 common shares (valued at $58,500) as finder’s fee in relation to the acquisition of the Touchdown Property (Note 4).

c) In April 2018, the Company issued 10,000 common shares (valued at $4,200) to acquire Xtra Point Property (Note 4).

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).

(Expressed in Canadian Dollars)

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

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, 2018, the Company granted to directors, officers and consultants 1,000,000 stock options, exercisable at $0.40 per share for a term of one and half years. These options vested on the date of grant. The fair value of the stock options granted was $247,549 ($0.2475 per option).

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

Weighted average assumptions	**Year ended May 31, 2018**
Risk free interest rate	1.72%
Volatility	195.94%
Expected life of options	1.5 years
Dividend rate	0%

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, May 31, 2016 and 2017	750,000	$ 0.30
Granted	1,000,000	0.40
Expired	(750,000)	0.30
Balance, May 31, 2018	1,000,000	$ 0.40

As at May 31, 2018, the following incentive stock options are outstanding:

Number of Options	Exercise Price	Expiry Date
1,000,000*	$ 0.40	July 15, 2019

*100,000 stock options expired subsequently in July 2018.

(Expressed in Canadian Dollars)

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

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 May 31, 2018	-	$	-

7. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the financial statements, during the year ended May 31, 2018, the Company entered into the following transactions with related parties:

(a) The Company paid or accrued rent of $6,000 (2017 - $15,500) to Brugas Holdings Inc., a company controlled by the Chief Financial Officer ('CFO") and director of the Company. As of May 31, 2018, $Nil (May 31, 2017 - $17,000) was owed to Brugas Holdings Inc.

(b) The Company paid or accrued management fee of $55,500 (2017 - $42,000) to the CFO. As of May 31, 2018, $108,000 (May 31, 2017 - $52,500) is owed to the CFO.

(c) The Company paid or accrued management fees of $82,500 (2017 - $60,000) to the Chief Executive Officer ("CEO"). As at May 31, 2018, $157,500 (May 31, 2017 - $75,000) is owed to the CEO of the Company.

(d) 650,000 (2017 - Nil) share options were granted to directors and officers of the Company. Those share options are valued at $160,907 (2017 - $Nil) at the date of grant.

(e) The Company accrued interest of $Nil (2017 - $1,302) on a loan from the CEO (Note 5). As at May 31, 2018, interest of $Nil (2017 - $1,302) was accrued in due to related parties.

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

During the year ended May 31, 2018, the Company issued 1,560,000 shares (valued at $498,700) in relation to the acquisition of the German Shepherd and Mystery Properties, the Touchdown Property and the Xtra Point Property.

During the year ended May 31, 2017, the Company issued 75,000 shares (valued at $9,000) pursuant to the Mackenzie Property option agreement (Note 4).

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:

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 May 31, 2018, the Company had a cash balance of $19,093 (May 31, 2017 - $23,450) and current liabilities of $294,399 (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.

(Expressed in Canadian Dollars)

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

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.

10. INCOME TAXES

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

	2018	2017
Loss for the year	$ (566,136)	$ (151,865)
Expected income tax (recovery)	$ (150,000)	$ (39,000)
Change in statutory tax rates and other	(55,000)	-
Share issue costs	(2,000)	-
Permanent differences	65,000	-
Change in unrecognized deductible temporary differences	142,000	39,000
Total income tax expense (recovery)	$ -	$ -

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

(Expressed in Canadian Dollars)

10. INCOME TAXES (cont'd…)

The significant components of the Company's deferred tax assets that have not been included on the statement of financial position are as follows:

	2018	2017
Deferred tax assets (liabilities):		
Share issue costs	$ 5,000	$ 6,000
Exploration and evaluation assets	87,000	72,000
Allowable capital losses	278,000	268,000
Non-capital losses available for future periods	1,212,000	1,094,000
	1,582,000	1,440,000
Unrecognized deferred tax assets	(1,582,000)	(1,440,000)
Net deferred tax assets	$ -	$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	2018	Expiry Date Range	2017	Expiry Date Range
Temporary differences:				
Share issue costs	$ 20,000	2039 – 2042	$ 23,000	2038 – 2040
Exploration and evaluation asset	$ 299,000	No expiry date	$ 253,000	No expiry date
Allowable capital losses	$ 1,029,000	No expiry date	$ 1,029,000	No expiry date
Non-capital losses available for future periods	$ 4,489,000	2028 – 2038	$ 4,208,000	2028 – 2037

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

11. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Property acquisition

On July 9, 2018, the Company entered into an option agreement to acquire from Hinterland Metals Inc. a 100% interest in the Skyfall Property located at Urban-Barry mining area in the Abitibi region of Quebec. To obtain the 100% interest in the Skyfall Property, the Company will pay the optionor a total of $100,000 cash, issue 800,000 shares and incur $800,000 in exploration expenditures in the next 3 years, scheduled as follows:

Date	Cash	Shares	Exploration expenditures
On or before July 14, 2018	$25,000	200,000	$Nil
On or before July 9, 2019	$25,000	200,000	$200,000
On or before July 9, 2020	$25,000	200,000	$100,000
On or before July 9, 2021	$25,000	200,000	$500,000

11. EVENTS SUBSEQUENT TO THE REPORTING PERIOD (cont'd…)

Short-term loan

On July 5, 2018, the Company received loan proceeds of $25,000 from the 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.