Scorpion Resources Inc.

Condensed Interim Financial Statements

Three Months Ended June 30, 2017

(Expressed in Canadian Dollars)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Scorpion Resources Inc.
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars - unaudited)

	Note		June 30, 2017		March 31, 2017
ASSETS					
Current assets					
Cash		$	688	$	14,987
TOTAL ASSETS		**$**	**688**	**$**	**14,987**
LIABILITIES					
Current liabilities					
Trade payables and accrued liabilities	5	$	259,354	$	318,237
Loan payable	6		7,500		7,500
TOTAL LIABILITIES			266,854		325,737
SHAREHOLDERS' DEFICIT					
Share capital	7		402,043		402,043
Stock option reserve	7		45,351		45,351
Deficit			(713,560)		(758,144)
TOTAL DEFICIT			(266,166)		(310,750)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**$**	**688**	**$**	**14,987**

Nature and continuance of operations (Note 1)
Subsequent events (Note 12)

Approved on behalf of the Board of Directors:

"Quinn Field-Dyte"
Director

"Von Torres"
Director

Scorpion Resources Inc.
Condensed Interim Statements of Comprehensive Income (Loss)
(Expressed in Canadian Dollars - unaudited)

	Note		Three month period ended		
			June 30, 2017		**June 30, 2016**
Expenses					
Foreign exchange gain		$	(895)	$	-
Financing fees and expenses			-		645
Office and miscellaneous			526		40
Professional fees (recovery)			(48,538)		10,500
Transfer agent and filing fees			4,323		893
Net and comprehensive income (loss)		**$**	**44,584**	**$**	**(12,078)**
Earnings (loss) per share – basic and diluted	7	**$**	**0.04**	**$**	**(0.02)**
Weighted average number of shares outstanding – basic and diluted	7		**1,070,000**		**588,000**

Scorpion Resources Inc.
Condensed Interim Statements of Changes in Deficiency
(Expressed in Canadian Dollars - unaudited)

	Share capital		Stock		
	Number of shares	Amount	option reserve	Deficit	Total
Balance at March 31, 2016	**970,000**	**$ 373,043**	**$ 45,351**	**$ (566,571)**	**$ (148,177)**
Net and comprehensive loss	-	-	-	(12,078)	(12,078)
Balance at June 30, 2016	**970,000**	**373,043**	**45,351**	**(578,649)**	**(160,255)**
Balance at March 31, 2017	**1,070,000**	**402,043**	**45,351**	**(758,144)**	**(310,750)**
Net and comprehensive income	-	-	-	44,584	44,584
Balance at June 30, 2017	**1,070,000**	**$ 402,043**	**$ 45,351**	**$ (713,560)**	**$ (266,166)**

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

Scorpion Resources Inc.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars - unaudited)

	Three month period ended	
	June 30, 2017	**June 30, 2016**
Operating activities		
Net income (loss)	$ 44,584	$ (12,078)
Non-cash item		
Foreign exchange gain	895	-
Changes in non-cash working capital item:		
Trade payables and accrued liabilities	(59,778)	12,078
Net cash flows used in operating activities	(14,299)	-
Decrease in cash	(14,299)	-
Cash, beginning	14,987	-
Cash, ending	**$** 688	**$ -**

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

1. Nature and continuance of operations

Scorpion Resources Inc. (the "Company") was incorporated under the British Columbia Business Corporations Act on October 19, 2011. The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange. As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("Qualifying Transaction"). A CPC has 24 months from when the shares are listed on the Exchange to complete a Qualifying Transaction. Such a transaction will be subject to shareholder and regulatory approval (Note 4). The Company's shares were listed on the Exchange on September 7, 2012. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

On September 9, 2014 the Exchange informed the Company that it has halted the Company's securities from trading for failure to complete the Qualifying Transaction prior to the suspension deadline of September 11, 2014. On December 10, 2014, the Company announced that it had applied for a transfer of its listing from the Exchange to the NEX board of the Exchange ("NEX"). The Company obtained the requisite shareholder approval for the transfer to NEX at the annual general meeting of its shareholders held on September 12, 2014. The Company was transferred to NEX under the trading symbol SR.H and the Company's tier classification changed from Tier 2 to NEX.

The head office and principal address is 608 - 1199 West Pender Street, Vancouver, B.C., V6E 2R1 and the records and registered office is located at 1500 - 1055 West Georgia Street, Vancouver, B.C., V6E 4N7.

These unaudited condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. The proposed business of the Company involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it, particularly in the current economic environment. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or private placement of common shares.

2. Significant accounting policies

The unaudited condensed interim financial statements were approved and authorized for issue, by the board of directors of the Company, on August 29, 2017.

Statement of compliance with International Financial Reporting Standards

The unaudited condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards "IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). These unaudited interim condensed financial statements follow the same accounting policies and methods of application as the most recent audited annual financial statements of the Company.

2. Significant accounting policies (cont'd)

Statement of compliance with International Financial Reporting Standards (cont'd)

These unaudited condensed interim financial statements do not contain all the information and disclosures required by IFRS for annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended March 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

Basis of preparation

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional and presentation currency.

Significant estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant areas requiring the use of estimates include the carrying value of the exploration and evaluation assets, and the recoverability of deferred tax assets.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty; and
- the classification of financial instruments.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

2. Significant accounting policies (cont'd)

Financial instruments **(cont'd)**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for- sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Income taxes

<u>Current income tax:</u>

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

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

<u>Deferred income tax:</u>

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

2. Significant accounting policies (cont'd)

***Income taxes* (cont'd)**

Deferred income tax (cont'd):

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss per share

Basic loss per share is calculated by dividing net loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share is determined by dividing the net loss attributable to common shares and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares.

Share-based payments

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

Exploration and evaluation assets

The Company capitalizes all direct costs related to the acquisition of exploration and evaluation assets. Exploration and evaluation expenditures incurred prior to the establishment of technical feasibility and commercial viability of extracting mineral resources and a decision to proceed with development are charged to operations as incurred.

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

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

When an impairment test is performed and, as a result of this test, it is determined that the carrying amount of an exploration and evaluation asset exceeds its recoverable amount, a provision is made for the decline in value and charged against operations in the year.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

3. Accounting standards issued but not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this new standard and is currently assessing the impact that it will have on its financial statements.

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

4. Exploration and evaluation asset

CWT Property

The Property consists of mining claims in Pima County, Arizona.

Pursuant to an agreement dated August 27, 2013 and amended on May 21, 2014 and on August 28, 2014, the Company can earn up to an undivided 80% interest in and to the CWT Property upon the following terms:

1. The Company shall earn a 50% interest by making the following payments and expenditures:

    a. US$50,000 in cash upon signing the Agreement (Paid);
    b. 1,000,000 common shares of the capital stock of the Company upon regulatory approval;
    c. US$75,000 cash and 1,000,000 common shares on or before the first anniversary of regulatory approval;
    d. US$100,000 and 1,000,000 common shares on or before the second anniversary of regulatory approval;
    e. US$150,000 and 1,000,000 common shares on or before the third anniversary of regulatory approval;
    f. US$250,000 and 1,000,000 common shares on or before the fourth anniversary of regulatory approval;
    g. On or before the date that is four years from regulatory approval the Company shall incur exploration expenditures of at least US$500,000 on the CWT Property.

2. The Company shall earn an additional 10% interest in the CWT Property upon completion and regulatory approval of a NI 43-101 compliant resource report prepared according to the standards of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM").

3. The Company shall earn an additional 10% interest in the CWT Property upon completion and regulatory approval of a Preliminary Economic Assessment prepared according to CIM standards.

(Expressed in Canadian Dollars - unaudited)

4. Exploration and evaluation asset (cont'd)

CWT Property (cont'd)

4. The Company shall earn an additional 5% interest in the CWT Property upon completion and regulatory approval of a Pre-feasibility Study prepared according to CIM standards.

5. The Company shall earn an additional 5% interest in the CWT Property upon completion and regulatory approval of a Bankable Feasibility Study prepared according to CIM standards.

The agreement is subject to the approval of the Exchange and to other standard closing conditions, including satisfactory due diligence review of the CWT Property by the Company, approval of the board of directors of the Company, and the completion of a financing on terms satisfactory to the Company, in its sole discretion, as may be necessary in order to meet the minimum listing requirements of the Exchange. If the Exchange has not granted approval of this agreement by December 5, 2014, then either party may terminate the agreement without liability, by notice to the other party.

The Company decided not to pursue the exploration of the CWT Property. As a result, an impairment of $52,450 was recognized in the year ended March 31, 2016 in the statements of comprehensive loss.

5. Trade payables and accrued liabilities

		June 30, 2017		**March 31, 2017**
Trade payables (Note 8)	$	251,354	$	310,237
Accrued liabilities		8,000		8,000
	$	259,354	$	318,237

6. Loan payable

During the period ended June 30, 2017, the Company received a loan of $7,500 from a director. The loan is unsecured, without interest and due on demand (Note 8).

7. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

On May 23, 2017, the Company consolidated its issued and outstanding share capital on the basis of one post consolidated share for every five pre-consolidation common shares. As a result, the outstanding common shares of the Company was reduced to 1,070,000 common shares and the outstanding escrowed shares was reduced to 382,000 shares.

At June 30, 2017, there were 1,070,000 issued and fully paid common shares (March 31, 2017 – 1,070,000). The weighted average number of shares outstanding and the loss per share for the periods ended June 30, 2017 and 2016 have been restated to reflect the share consolidation noted above.

(Expressed in Canadian Dollars - unaudited)

7. Share capital (cont'd)

Private placements

For the period ended June 30, 2017:

No shares were issued during the period.

For the year ended March 31, 2017:

On January 30, 2017, the Company issued 20,000 common shares with a fair value of $9,000 to settle $5,000 of debt, resulting in a loss of $4,000 on settlement of debt.

On January 31, 2017, the Company closed a non-brokered private placement whereby the Company issued 80,000 common shares at a price of $0.25 per share for gross proceeds of $20,000.

Restricted share capital

The Company has 382,000 common shares in escrow pursuant to an escrow agreement. The escrow agent will release any securities upon receiving notice of completion of a Qualifying Transaction. The escrow shares will be released in stages, as follows:

38,200	Shares to be released after Final Exchange Bulletin;
57,300	Shares to be released 6 months following the Final Exchange Bulletin;
57,300	Shares to be released 12 months following the Final Exchange Bulletin;
57,300	Shares to be released 18 months following the Final Exchange Bulletin;
57,300	Shares to be released 24 months following the Final Exchange Bulletin;
57,300	Shares to be released 30 months following the Final Exchange Bulletin;
57,300	Shares to be released 36 months following the Final Exchange Bulletin;
382,000	Total

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the period ended June 30, 2017 was based on the income attributable to common shareholders of $44,584 (2016 – loss of $12,078) and the weighted average number of post consolidated common shares outstanding of 1,070,000 (2016 – 588,000).

Diluted loss per share did not include the effect of stock options and common shares held in escrow as the effect would be anti-dilutive.

Stock options

The Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the Company's issued and outstanding common shares. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

(Expressed in Canadian Dollars - unaudited)

7. Share capital (cont'd)

Stock options (cont'd)

The Company will not permit more than 97,000 options to be exercised until the Company is in compliance with the Exchange policies regarding the 10% rolling stock option plan. The remaining 23,000 options would not be available for exercise until the Company has 1,200,000 shares issued and outstanding.

No incentive stock options were issued during the period ended June 30, 2017 and year ended March 31, 2017. The following table summarizes the continuity of the Company's stock options:

	Number of options	**Weighted average exercise price - $ -**
Balance, March 31, 2017 and June 30, 2017	120,000	0.50

At June 30, 2017, the following share purchase options were outstanding:

Number of options	**Exercise price - $ -**	**Weighted average contractual life (Years)**	**Expiry date**
120,000	0.50	0.18	September 7, 2017

Stock option reserve

The stock option reserve records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire unexercised, the amount recorded is transferred to deficit.

8. Related party

The following amounts due to related parties are included in trade payables:

	June 30, 2017	**March 31, 2017**
Companies controlled by directors and officers of the Company (Note 5)	$ 31	$ 58,570
Due to a director and former director of the Company (Note 5)	22,924	36,371
	$ 22,955	$ 94,941

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment. As of June 30, 2017, the Company has a loan payable to a director of $7,500 (Note 6).

During the period ended June 30, 2017 a company controlled by a director of the Company forgave debt totaling $69,038.

(Expressed in Canadian Dollars - unaudited)

9. Income taxes

The Company made no provision for income tax liability for the three month period ending June 30, 2017, as no liability is anticipated.

10. Financial instruments and risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Interest rate risk
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk as it does not have any assets or liabilities that are affected by changes in interest rates.

Credit risk
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause another party to incur a financial loss. The Company's exposure to credit risk is its cash. The risk in cash is managed through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company's credit risk is assessed as low.

Foreign exchange rate risk
Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has no assets or liabilities denominated in foreign currencies; therefore, is not exposed to foreign exchange risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company requires funds to finance its business development activities. There is no assurance that financing will be available or, if available, that such financings will be on terms acceptable to the Company.

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at June 30, 2017:

	Within one year	Between one and five years	More than five years
Trade payables	$ 251,354	$ -	$ -
Loan payable	7,500	-	-
	$ 258,854	$ -	$ -

The following is an analysis of the contractual maturities of the Company's non-derivative financial liabilities as at March 31, 2017:

	Within one year	Between one and five years	More than five years
Trade payables	$ 310,237	$ -	$ -
Loan payable	7,500	-	-
	$ 317,737	$ -	$ -

(Expressed in Canadian Dollars - unaudited)

10. Financial instruments and risks (cont'd)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

		June 30, 2017		March 31, 2017
Held for trading:				
Cash	$	688	$	14,987

Financial liabilities included in the statement of financial position are as follows:

		June 30, 2017		March 31, 2017
Non-derivative financial liabilities:				
Trade payables	$	251,354	$	310,237
Loan payable		7,500		7,500
	$	258,854	$	317,737

Fair values

The fair values of the Company's financial assets and liabilities approximate the carrying amount.

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.

As at June 30, 2017, the Company's financial assets measured at fair value include cash, which is determined based on Level 1.

11. Capital management

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to complete a Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to externally imposed capital requirements.

12. Subsequent event

On August 23, 2017, the Company has cancelled its private placement originally announced June 21, 2017. The Company has decided to open a new private placement for up to 2,564,102 shares for gross proceeds of $500,000 at a price of $0.195 per common share.