SUPREME METALS CORP.
(AN EXPLORATION STAGE COMPANY)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed interim consolidated financial statements of the Supreme Metals Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

SUPREME METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

As at	**June 30, 2018** $	December 31, 2017 $
Assets		
Current assets		
Cash	**1,478,341**	68,140
Sales tax receivable	**34,697**	26,852
Prepaid expenses	**5,042**	1,681
Notes receivable (note 6)	**542,794**	-
Total assets	**2,060,874**	96,673
Liabilities and Shareholders' Equity (Deficiency)		
Current liabilities		
Accounts payable and accrued liabilities	**141,230**	184,147
Total liabilities	**141,230**	184,147
Shareholders' Equity (Deficiency)		
Share capital (note 7)	**6,761,967**	4,805,999
Reserve (note 7)	**169,438**	138,784
Deficit	**(5,011,761)**	(5,032,257)
Total Shareholders' Equity (Deficiency)	**1,919,644**	(87,474)
Total liabilities and shareholders' equity	**2,060,874**	96,673

Nature of operations and going concern (note 1)

Approved on behalf of the Board:

Signed: *"Robert Komarechka"* Signed: *"Brendan Purdy"*

Director Director

The accompanying notes are integral to these condensed interim consolidated financial statements

SUPREME METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

	Three months ended		Six months ended	
	June 30, 2018 $	June 30, 2017 $	June 30, 2018 $	June 30, 2017 $
Expenses				
Exploration and evaluation expenditures (recovery) (note 5)	**(153,410)**	4,447	**(129,480)**	3,145,280
Marketing	**-**	3,650	**-**	230,853
Share based compensation	**-**	-	**-**	109,100
Professional fees	**11,500**	22,188	**15,806**	35,494
Consulting fees	**63,000**	14,100	**73,500**	29,879
Transfer agent and filing fees	**7,732**	5,384	**13,172**	11,035
Travel	**1,241**	4,536	**9,903**	10,824
Insurance	**1,681**	1,710	**3,362**	3,551
Staking	**-**	-	**-**	3,000
Equipment rental	**-**	1,289	**-**	1,289
Office and general	**2,690**	-	**2,915**	1,210
Bank charges and interest	**194**	259	**267**	492
Total expenses (income)	**(65,372)**	57,563	**(10,555)**	3,582,007
Other Items				
Interest income (note 6)	**(2,144)**	-	**(2,144)**	-
Net income (loss) and comprehensive income (loss) for the period	**67,516**	(57,563)	**12,699**	(3,582,007)
Net income (loss) and comprehensive income(loss) per share	**0.00**	(0.00)	0.00	(0.03)
Weighted average number of shares outstanding	**175,834,088**	130,523,434	**157,922,976**	130,523,434

The accompanying notes are integral to these condensed interim consolidated financial statements

SUPREME METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

	Share Capital (#)	Share Capital ($)	Share-Based Payment Reserve ($)	Warrant Reserve ($)	Deficit ($)	Total shareholders' equity (deficiency) ($)
Balance – December 31, 2016	95,259,247	1,560,682	20,900	122,834	(1,367,675)	336,741
Issuance of common stock for stock option exercise	4,825,000	241,250	-	-	-	241,250
Issuance of common stock for exploration and evaluation expenditures	37,864,285	2,900,000	-	-	-	2,900,000
Issuance of stock options	-	-	109,100	-	-	109,000
Loss for the period	-	-	-	-	(3,852,007)	(3,852,007)
Balance – June 30, 2017	137,948,532	4,701,932	130,000	122,834	(4,949,682)	5,084
Balance – December 31, 2017	137,948,532	4,805,999	15,950	122,834	(5,032,257)	(87,474)
Issue of common stock for private placement	40,000,000	2,000,000	-	-	-	2,000,000
Share issuance costs	-	(87,832)	-	38,451	-	(49,381)
Issuance of common stock for warrant exercise	876,000	43,800	-	(7,797)	7,797	43,800
Net income for the period					**12,699**	**12,699**
Balance – June 30, 2018	**178,824,532**	**6,761,967**	**15,950**	**153,488**	**(5,011,761)**	**1,919,644**

The accompanying notes are integral to these condensed interim consolidated financial statements

SUPREME METALS CORP.
CONDENSED INTERIM CONSOLIDATED STATEMETNS OF CASH FLOWS
UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

For the six-months ended,	June 30, 2018 $	June 30, 2017 $
Cash flows provided by(used in) for operating activities		
Net income (loss) for the period	**12,699**	(3,582,007)
Adjustments for items not involving cash:		
Interest income	**(2,144)**	-
Exploration and evaluation expenditures	**-**	2,900,000
Share based payments	**-**	109,100
	10,555	(572,907)
Changes in non-cash working capital items:		
Increase in other receivable	**(7,845)**	(2,751)
Increase in prepaid expenses	**(3,361)**	(5,606)
Increase (decrease) in accounts payable and accrued liabilities	**6,982**	(50,305)
Net cash provided by (used in) operating activities	**6,331**	(631,569)
Investing activities		
Promissory note receivable	**(540,650)**	-
Loan repayment	**-**	(3,597)
Net cash used in investing activities	**(540,650)**	(3,597)
Financing activities		
Proceeds from stock option exercise	**-**	241,250
Proceeds from warrant exercise	**43,800**	-
Share issuance costs	**(49,280)**	-
Proceeds from private placement	**1,950,000**	-
Net cash provided by financing activities	**1,944,520**	241,250
Change in cash	**1,410,201**	(393,916)
Cash, beginning	**68,140**	518,473
Cash, ending	**1,478,341**	124,557

The accompanying notes are integral to these condensed interim consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Supreme Metals Corp., the ("Company"), is engaged in the acquisition, exploration and development of natural resource properties with a focused approach in the area of green and energy metals.

The Company's head office and registered records office is located at 545 Granite Street, Sudbury, Ontario P3C 2P4. The Company's shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "ABJ". In addition, on January 31, 2017 the Company's shares were accepted for continuous trading on the electronic trading platform XETRA (R) on the Frankfurt Exchange under the ticker symbol A68.

Supreme Metals Corp. is at an early stage of acquisition, exploration and development of natural resource properties and as is common with many small companies, it raises financing for its exploration and acquisition activities in discrete tranches.

The Company's ability to continue as a going concern is dependent upon obtaining additional financing and eventually achieving profitable production in the future. The Company is currently evaluating various options in order to address its financing needs. There can be no assurance that the Company's financing activities will continue to be successful or sufficient.

The Company has a working capital of $1,919,644 (December 31, 2017 – deficit of $87,474). For the period ended June 30, 2018, the Company had a net income (loss) and comprehensive income (loss) of $12,699 (2017 – ($ 3,582,007)) and had cash inflows (outflows) from operations of $6,432 (2017 – ($572,907)). These circumstances cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate use of accounting principles applicable to a going concern.

These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets, liabilities and reported expenses should the Company be unable to continue as a going concern. These adjustments could be material.

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34 – Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2017. These financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended December 31, 2017.

The Board of Directors approved these condensed interim consolidated financial statements on August 28, 2018.

Basis of measurement

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. In addition, these condensed interim consolidated financial statements have been prepared on the historical-cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

1. NATURE OF OPERATIONS AND GOING CONCERN (CONT'D)

Basis of consolidation
These condensed interim consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated. The interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary Alibaba Graphite Corp.

Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2017, with exception to the new accounting standards adopted by the Company discussed below.

The preparation of condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

<u>Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the six-month period ended June 30, 2018:</u>

IFRS 15 Revenue from Contracts with Customers
IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. As the Company does not have any revenue from customers, this change had no impact on the financial statements.

IFRS 9 Financial Instruments
A finalized version of *IFRS 9 Financial Instruments* replaces *IAS 39 Financial Instruments: Recognition and Measurement*. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from *IAS 39*. This change had no impact on the financial statements.

<u>New Standards and Interpretations Not Yet Adopted</u>
The Company will be required to adopt the following standards and amendments issued by the IASB, as described below.

Applicable to the Company's annual period beginning on January 1, 2019:

IFRS 16 Leases
IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

2. SIGNIFICANT ACCOUNTING POLCIIES (CONT'D)

The Company has not early-adopted this standard and is currently assessing the impact that the standard will have on the condensed consolidated interim financial statements.

3. CAPITAL RISK MANAGEMENT

The Company includes equity, comprising issued share capital and deficit, in the definition of capital, which as at June 30, 2018 was $1,919,644 (December 31, 2017 – deficit ($87,474)).

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its exploration commitments. To secure the additional capital necessary to continue with the exploration of mineral properties, the Company may attempt to raise additional funds through the issuance of debt or equity. The Company is not subject to any capital requirements imposed by a lending institution.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares and adjusting capital spending. The capital structure is reviewed by management and the Board of Directors on an ongoing basis.

There were no changes in the Company's process, policies and approach to capital management during the period ended June 30, 2018 and December 31, 2017.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and price risk).

(i) Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and amounts receivable. Cash is held with a Canadian chartered bank, from which management believes the risk of loss to be minimal.

Amounts receivable consists of sales tax receivable from government authorities in Canada. Amounts receivable are in good standing as of June 30, 2018. Management believes that the credit risk with respect to these amounts receivable is minimal.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2018 , the Company had cash and cash equivalents of $1,478,341, (December 31, 2017 - $68,140) to settle trade accounts payable and accrued liabilities of $141,230, (December 31, 2017 - $184,147), the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. As discussed in Note 1, the Company's ability to continually meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and securing additional financing. Management is continuing in its efforts to secure a financing and believes it will be successful.

(iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

4. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONT'D)

iv) Financial risk

Interest rate risk

The Company has cash and cash equivalent balances and no variable interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its Canadian chartered bank.

v) Foreign currency risk

The Company's functional and presentation currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company at the present time does not have any foreign currency balances subject to foreign currency risk.

vi) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a twelve month period:

Cash is subject to floating interest rates. The Company has no variable debt and receives low interest rates on its cash and cash equivalents balances. As such, the Company does not have significant interest rate risk.

5. EXPLORATION AND EVALUATION EXPENDITURES

The Company's exploration and evaluation expenditures are mainly related to the acquisition of various property rights and finders fees. Many of these property rights were either terminated or returned to the original claim holders as the Company decided against further expenditures on these properties. The exploration and evaluation expenditures are summarized as follows:

	June 30, 2018 $	June 30, 2017 $
Property purchases – issue of shares	-	2,717,500
Property purchases – finders fees	-	182,500
Property purchases – cash payments	-	230,000
Staking	-	3,000
General exploration expenditures	45,520	7,833
Recovery from option agreements	(175,000)	-
	(129,480)	**3,140,833**

(1) Mt. Thom Project

On February 3, 2017, the Company has entered into a purchase and sale agreement (the "Mt Thom Purchase Agreement") with the Vendors for the acquisition of a 100% undivided interest in the Mt Thom Project. The Mount Thom property is believed to be an "IOCG-type" copper-cobalt-gold prospect located in central Nova Scotia, Canada, approximately 22km east of Truro. The project consists of 39 mineral claims over five contiguous licenses and covers approx. 1,560 acres located in the Province of Nova Scotia. In consideration for the acquisition of the Mt Thom Project, the Company paid $20,000 and issued 2,500,000 common shares (issued) to the Vendors. The Mt Thom Project is subject to a 1.5% gross royalty payable to the Vendors.

5. EXPLORATION AND EVALUATION EXPENDITURES (CONT'D)

On April 13, 2018, the Company entered into an option agreement (the "Option Agreement") with American Cobalt Corp (Formerly 1156010 BC Ltd.) (the "Purchaser"), a wholly owned subsidiary of International Cobalt Corp (CSE:CO) for its Mt. Thom Project. Pursuant to the agreement, the Purchaser can acquire up to 80% of the Mt. Thom Project. As consideration for this Option Agreement, the Purchaser have the following commitments:

- Pay $87,500 within 5 days of signing the option agreement (paid);
- Earn 60% interest by completing a 43-101 comliant resource estimate on one or more of the mineral property claims and incur $100,000 of exploration expenditures within 30 months; and,
- Earn an additional 20% interest by completing a preliminary economic assessment within 48 months.

The Mt. Thom Project is subject to a 1.5% gross royalty.

(2) The Foster Marshall Property

On February 13, 2107, the Company entered into a mineral purchase and acquisition agreement with Gino Chitaroni, Elmer B. Stewart, and Robert Peel (the "FM Vendors") providing for the acquisition of a one hundred percent (100%) undivided interest in and to seven mineral claims located in the Ingram and Ingram Townships of the Province of Ontario (the "FM Project"). The FM Project is located in the Province of Ontario in the Larder Lake Mining Division, more specifically in the historic mining area of Cobalt, Ontario. The property is located approximately 25 kms north of the former producing Langis Mine project, once held by Agnico Eagle Mines Limited Pursuant to the FM Acquisition Agreement; the Company shall earn 100% of the FM Project upon the payment of $100,000 and the issuance of 6,500,000 common shares (issued) to the FM Vendors. The FM Project is subject to a 2% gross royalty payable to the FM Vendors, half of which can be acquired at any time by the Company for a cash payment of $1,000,000. The project consists of 7 mineral claim units over and covers approx. 633 acres. On August 5, 2017 the additional staking of a 6 unit claim contiguous to the Foster Marshall Property was completed by the Company. This additional six unit claim is 100% owned by the Company and has no associated royalty.

On April 13, 2018, the Company entered into an option agreement (the "Option Agreement") with American Cobalt Corp (Formerly 1156010 BC Ltd.) (the "Purchaser"), a wholly owned subsidiary of International Cobalt Corp (CSE:CO) for its Foster Marshall Project. Pursuant to the agreement, the Purchaser can acquire up to 80% of the Foster Marshall Property. As consideration for this Option Agreement, the Purchaser have the following commitments:

- Pay $87,500 within 5 days of signing the option agreement (paid);
- Earn 60% interest by completing a 43-101 comliant resource estimate on one or more of the mineral property claims and incur $100,000 of exploration expenditures within 30 months; and,
- Earn an additional 20% interest by completing a preliminary economic assessment within 48 months.

The Foster Marshall Property is subject to a 2% gross royalty payable to the original owners of the property, half of which can be purchased at any time for a cash payment of $1,000,000.

(3) The Silver Shadow Property

On February 1, 2017 the Company entered into an option agreement (the "Option Agreement") with Anstag Mining Inc. providing for an exclusive option to purchase a one hundred percent (100%) undivided interest in and to the Silver Shadow Property located in northwest part of the Clayton Valley, Nevada. Pursuant to the Option Agreement, the Company shall earn 100% of the Silver Shadow Property upon the issuance of 1,000,000 common shares (issued) to Anstag Mining Inc. within five days of the signing of the Option Agreement. On August 11, 2017 the claim holders' agent was notified of the return of the 3 Nevada Brine Properties back to the original claimholders. These properties included: the Columbus Property, the Silver Dawn Property and the Silver Shadow Property.

5. EXPLORATION AND EVALUATION EXPENDITURES (CONT'D)

(4) The Silver Dawn Property

On February 14, 2017, the Company has entered into a property sale agreement (the "Silver Dawn Purchase Agreement") with Kode Mineral Exploration Ltd. ("Kode") for the acquisition of a 100% undivided interest in and to 150 mineral claims located in the Clayton Valley Basin, Nevada (the "Silver Dawn Property"). In consideration for the acquisition of the Silver Dawn Property, the Company shall issue 3,000,000 common shares (issued) to the Vendors. The Silver Dawn Property is subject to a 1% gross royalty payable to Kode, half of which can be acquired at any time by the Company for a cash payment of $1,000,000. On August 11, 2017 the claimholders' agent was notified of the return of the 3 Nevada Brine Properties back to the original claimholders. These properties included: the Columbus Property, the Silver Dawn Property and the Silver Shadow Property.

(5) The Columbus Property

On February 1, 2017 the Company has entered into a purchase and sale agreement (the "Purchase Agreement") with Doctors Investment Group Inc. for the acquisition of a 100% undivided interest in the Columbus Property located within the Columbus Salt Marsh, Esmerelda County, Nevada. In consideration for the acquisition of the Columbus Property, the Company shall issue 9,000,000 common shares (issued) to Doctors Investment Group Inc. within five days of signing the Purchase Agreement. The Columbus Property is subject to a 1% Gross Overriding Royalty (GORR) payable to the vendor; however, the GORR is subject to a buyback in favour of the Company whereby it may acquire, at any time, one-half of the GORR (0.5%) for $1,000,000. On August 11, 2017 the claim holders' agent was notified of the return of the 3 Nevada Brine Properties back to the original claimholders. These properties included: the Columbus Property, the Silver Dawn Property and the Silver Shadow Property.

(6) The Bloom Lake East Project

On February 3, 2017, the Company entered into an agreement of purchase and sale (the "Bloom Lake East Purchase Agreement") with Thomas Popoure and Ryan Kalt (the "Vendors") providing for the acquisition of a one hundred percent (100%) undivided interest in and to the Bloom Lake East Project located in Newfoundland and Labrador. Pursuant to the Bloom Lake East Purchase Agreement, the Company shall earn 100% of the Project upon the payment of $100,000 (paid) and issuance of 5,000,000 common shares (issued) to the Vendors. The Bloom Lake East Project is subject to a 1.5% gross royalty payable to the Vendors. In February 2018, the Company technically allowed the Bloom Lake East Claims to expire but was able to make a payment to the Newfoundland government to extend the time for submission of assessment work.

(7) The Helfrick Property

On March 8, 2017 the Company entered into an agreement of purchase and sale (the "Helfrick Property Option Agreement") with Otter Minerals Ltd (the "Vendors") providing for the acquisition of an option to purchase a 100 percent interest in the Helfrick Property located in the Algoma Mining Division, Ontario, located approximately 27 kilometres north of the town of Thessalon, Ontario. The Helfrick Property consists of 8 mining patents of 8 units covering approximately 128 hectares with historic bulk sampling of cobalt bearing mineralization. Pursuant to the agreement the Company issued 9,000,000 common shares and paid $10,000 to the Vendors.

On March 13, 2017, the Company via contract claimstakers, staked an additional 2 claims totalling 12 units, (approximately 192 hectares) adjacent to the Helfrick Property. These newly staked claims were registered in the name of Supreme Metals Corp. on March 20, 2017. The acquisition of these claims allows a contiguous land package of 320 hectares in the area including the Helfrick Property patents. In addition, the patent claims also include the C. Beaudoin Cu, Au Property. During the period ended June 30, 2018, the Company elected not to continue with the option and the agreement was terminated.

UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

6. LOAN RECEIVABLE

	June 30, 2018 **$**
Balance, December 31, 2017	-
Additions	540,650
Interest	2,144
Balance, June 30, 2018	542,794

During the period ended June 30, 2018, the Company entered into three promissory notes (“Notes”) with an arms-length party. As at June 30, 2018, the principal amount of $546,650 plus accrued interest of $2,144 are outstanding. The Notes bears interests at 2% per annum and mature in one year.

7. SHARE CAPITAL

Authorized share capital

Unlimited common shares without nominal or par value.

Issuance of shares for the period ended June 30, 2018

On March 27, 2018, the Company closed a non-brokered private placement (the “Offering”) financing by issuing 40,000,000 units (“the Units”) at a subscription price of $0.05 per Unit for gross proceeds of $2,000,000. Each Unit consists of one common share (“Share”) of the Company and one share purchase warrant (“Warrant”). Each warrant is exercisable into one common share (“Warrant Share”) at a price of $0.075 for a period of two years. The shares and the underlying Warrant Shares issued in connection with this offering will be subject to a statutory four month hold period. 985,600 broker warrants were issued with a fair value of $38,451 and finders fees of $49,381 was paid in connection with the Offering. Each broker warrant is exercisable into a common share at a price of $0.075 for a period of two years.

The broker warrants issued to the agent were valued using the Black-Scholes option pricing model with the following input assumptions:

Risk-free interest rate	1.84%
Estimated life	2 years
Expected volatility	145.83%
Expected dividend yield	0%
Forfeiture rate	0%

The Company issued 876,000 common shares pursuant to the exercise of 876,000 warrants for gross proceeds of $43,800.

Issuance of shares for the period ended June 30, 2017

The Company issued 4,825,000 common stock for gross proceeds of $241,250.

The Company issued 37,864,285 common shares to acquire various property options.

UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

7. SHARE CAPITAL (continued)

(c) Stock Options

The Company has a stock option plan ("the Plan") under which options to purchase common shares may be granted to officers, directors, employees and non-employees of the Company. The term of any options granted under the Plan will be fixed by the board of directors at the time such options are granted, provided that options will not be permitted to exceed a term of five years. The exercise price of any option granted under the Plan may not be less than fair market value of the common shares at the time the option is granted, less any permitted discount.

All options are non-transferable. The options are subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be a director, officer, or consultant of the Company, or upon the retirement, permanent disability or death of an optionee.

The following table summarizes information about stock options outstanding and exercisable at June 30, 2018 and December 31, 2017:

	Number of options #	**Weighted average exercise price $**
Balance, December 31, 2016	5,700,000	0.05
Issued	3,825,000	0.05
Exercised	(4,825,000)	0.05
Cancelled	(350,000)	0.05
Balance, December 31, 2017	**4,350,000**	0.05
Issued	-	0.05
Balance, June 30, 2018	**4,350,000**	0.05

Stock options at June 30, 2018 were as follows:

	Outstanding options			**Exercisable options**	
Exercise prices	**Number of options outstanding**	**Weighted average remaining term (years)**	**Weighted average exercise price**	**Number of options exercisable**	**Weighted average exercise price**
$0.05	4,350,000	0.64	$0.05	4,350,000	$0.05

UNAUDITED – EXPRESSED IN CANADIAN DOLLARS

7. SHARE CAPITAL (continued)

(d) Warrants

The following is a summary of the Company's warrant activity:

	Number of Warrants #	Weighted average exercise price $
Balance, December 31, 2016	-	-
Issued	15,375,200	0.05
Balance, December 31, 2017	**15,375,200**	**0.05**
Issued	40,985,600	0.075
Exercised	(876,000)	(0.05)
Balance, June 30, 2018	**55,484,800**	**0.07**

8. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

a) Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

Period-ended	**June 30, 2018** **$**	June 30, 2017 $
Consulting fees paid to the Chief Executive Officer	**10,000**	13,267
Legal fees paid to a director	**7,500**	-
Accounting fees paid to the Chief Financial Officer	**2,500**	5,000
	20,000	18,627

b) On June 30, 2018, total amounts payable to directors and companies owned thereby in accrued liabilities were $Nil (2017 - $5,000).

9. SEGMENTED INFORMATION

The Company's operations in the prior year comprised a single reporting operating segment engaged mainly in mineral exploration. As the operations were transitioning away from mineral exploration in that year with no definitive additional reporting segment, the company's activities were still reported as a single reporting segment. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including nature of operations, geographical location, quantitative thresholds and managerial structure.