MONTEGO RESOURCES INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIODS ENDED

MARCH 31, 2018 AND 2017

Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

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

MONTEGO RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

EXPRESSED IN CANADIAN DOLLARS

	Note	**March 31, 2018 (unaudited)**	**June 30, 2017 (audited)**
		$	$
ASSETS			
CURRENT			
Cash		2,731,261	163,778
Amounts receivable		136,262	63,898
Prepaid expenses	5	388,886	324,220
		3,256,409	551,896
NON-CURRENT			
Investments	12	114,286	-
Property, plant and equipment	7	5,165	-
Exploration and evaluation assets	6	1,655,542	1,652,531
		1,774,993	1,652,531
		5,031,402	2,204,427
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	10	222,744	59,506
Convertible debentures	8	993,158	-
		1,215,902	59,506
EQUITY			
Share capital	9	6,414,274	4,316,630
Contributed surplus	9	3,095,859	628,760
Equity component of convertible debentures	8	60,870	-
Deficit		(5,755,503)	(2,800,469)
		3,815,500	2,144,921
		5,031,402	2,204,427

NATURE OF OPERATIONS (Note 1)

SUBSEQUENT EVENT (Note 14)

Approved and authorized for issue on behalf of the Board on May 30, 2018.

/s/ Kenneth Tollstam/ Director
Kenneth Tollstam

/s/ Anthony Jackson/ Director
Anthony Jackson

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

MONTEGO RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Note	**Three months ended March 31, 2018**	**Three months ended March 31, 2017**	**Nine months ended March 31, 2018**	**Nine months ended March 31, 2017**
EXPENSES					
Automobile		$ 3,383	$ 1,003	$ 10,148	$ 31,673
Consulting fees		324,826	155,662	1,305,834	646,320
Depreciation	7	268	-	872	-
Insurance		1,563	-	1,563	-
Interest expense	8	35,809	-	54,028	-
Management fees (recovery)	10	15,000	(43,950)	236,736	76,748
Office and miscellaneous		13,713	5,157	35,557	21,975
Professional fees		8,076	30,536	15,831	89,436
Rent		-	-	75,000	9,800
Share-based compensation	9,10	-	-	-	252,076
Transfer agent and filing fees		9,435	10,673	35,200	19,317
Travel and promotion		473,974	3,726	792,425	14,191
		(886,047)	(162,807)	(2,563,194)	(1,161,536)
OTHER EXPENSES					
Loss on sale of property	6	-	(1,000)	(201,400)	(1,000)
Foreign exchange loss		(2,481)	-	(4,726)	-
NET LOSS		(888,528)	(163,807)	(2,769,320)	(1,162,536)
Net unrealized loss	12	(57,143)	-	(185,714)	-
NET LOSS AND COMPREHENSIVE LOSS		(945,671)	(163,807)	(2,955,034)	(1,162,536)
LOSS PER SHARE – Basic and diluted		$ (0.02)	$ (0.01)	$ (0.10)	$ (0.30)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		41,996,473	15,339,192	27,230,492	3,923,132

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

MONTEGO RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Common Shares					
	Number of Shares	Amount	Contributed Surplus	Equity Component of Convertible Debentures	Deficit	Total
		$	$	$	$	$
Balance, June 30, 2016	1,192,250	657,969	342,151	-	(945,918)	54,202
Shares issued from private placement	11,497,633	1,448,038	875,186	-	-	2,323,224
Shares issued for exploration and evaluation assets	2,668,000	1,011,000	-	-	-	1,011,000
Share issuance costs	-	(80,739)	34,533	-	-	(46,206)
Subscriptions receivable	-	(165,425)	-	-	-	(165,425)
Share-based payments	-	-	252,076	-	-	252,076
Net loss and comprehensive loss for the period	-	-	-	-	(1,162,536)	(1,162,536)
Balance, March 31, 2017	15,357,883	2,870,843	1,503,946	-	(2,108,454)	2,266,335
Balance, June 30, 2017	15,857,883	4,316,630	628,760	-	(2,800,469)	2,144,921
Shares issued from private placement	28,292,387	2,044,944	2,467,099	-	-	4,512,043
Share issued for exploration and evaluation assets	300,000	55,500	-	-	-	55,500
Equity component of convertible debentures	-	-	-	60,870	-	60,870
Exercise of warrants	308,000	49,280	-	-	-	49,280
Subscriptions receivable	-	(52,080)	-	-	-	(52,080)
Cancellation of shares	(6,700)	-	-	-	-	-
Net loss and comprehensive loss for the period	-	-	-	-	(2,955,034)	(2,955,034)
Balance, March 31, 2018	44,751,570	6,414,274	3,095,859	60,870	(5,755,503)	3,815,500

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

MONTEGO RESOURCES INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS

EXPRESSED IN CANADIAN DOLLARS **UNAUDITED**

	Three months ended March 31, 2018	Three months ended March 31, 2017	Nine months ended March 31, 2018	Nine months ended March 31, 2017
	$	$	$	$
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss	(945,671)	(163,807)	(2,955,034)	(1,162,536)
Items not involving cash:				
Share-based payments	-	-	-	252,076
Depreciation	268	-	872	-
Interest on convertible debt	35,809	-	54,028	-
Loss on sale of property	-	1,000	201,400	1,000
Net unrealized gain on AFS investment	57,143	-	185,714	-
Foreign exchange loss	2,481	-	4,726	-
Sale of property included in accounts receivable	-	300,000	-	300,000
	(849,970)	137,193	(2,508,294)	(609,460)
Changes in non-cash working capital balances:				
Amounts receivable	(7,762)	(306,997)	(72,364)	(332,172)
Prepaid expenses	228,126	(423,227)	(64,666)	(423,227)
Accounts payable and accrued liabilities	(55,834)	26,601	158,512	(2,397)
Cash used in operating activities	(685,440)	(566,430)	(2,486,812)	(1,367,256)
INVESTING ACTIVITIES				
Acquisition of exploration and evaluation assets	(215,843)	-	(448,911)	-
Acquisition of property, plant and equipment	-	(112,730)	(6,037)	(112,730)
Proceeds on disposition of property	-	200,000	-	200,000
Cash provided by (used in) investing activities	(215,843)	87,270	(454,948)	87,270
FINANCING ACTIVITIES				
Shares issued for cash, net	2,397,962	1,039,600	4,459,963	2,111,593
Issuance of convertible debentures	-	-	1,000,000	-
Exercise of warrants	-	-	49,280	-
Cash provided by financing activities	2,397,962	1,039,600	5,509,243	2,111,593
INCREASE IN CASH	1,496,679	560,440	2,567,483	831,607
CASH, BEGINNING OF PERIOD	1,234,582	274,278	163,778	3,111
CASH, END OF PERIOD	2,731,261	834,718	2,731,261	834,718
NON-CASH TRANSACTIONS				
Shares issued for exploration and evaluation assets	-	-	55,500	1,011,000
Shares received from sale of property	-	-	300,000	-

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

1. NATURE OF OPERATIONS

Montego Resources Inc. ("the Company") was incorporated on July 20, 2012 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 800-1199 West Hastings, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at March 31, 2018, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the properties or realizing proceeds from their disposition. The outcome of these matters cannot be predicted at this time, which indicates the existence of a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of $5,755,503 as at March 31, 2018, which has been funded mainly by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. These interim financial statements follow the same accounting policies and methods of computation as compared with the most recent annual financial statements, being for the year ended June 30, 2017, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Accordingly, these condensed interim financial statements should be read in conjunction with the Company's most recent annual financial statements.

These condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on May 30, 2018.

b) Basis of presentation

The condensed interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these condensed interim financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

d) Exploration and evaluation assets

All costs related to the acquisition, exploration and development of mineral properties are capitalized. Upon commencement of commercial production, the related accumulated costs are amortized against projected income using the units-of-production method over estimated recoverable reserves.

Management annually assesses carrying values of non-producing properties and properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if the property has been abandoned, there are unfavourable changes in the property economics, there are restrictions on development, or when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves. Amounts capitalized to mineral properties as exploration and development costs do not necessarily reflect present or future values.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the 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 amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related equity settled share-based payments reserve is transferred to share capital. Charges for options that are forfeited before vesting are reversed from equity settled share-based payment reserve.

Share-based compensation expense relating to deferred share units is accrued over the vesting period of the units based on the quoted market price. As these awards can be settled in cash, the expense and liability are adjusted each reporting period for changes in the underlying share price.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

h) Decommissioning, restoration and similar liabilities

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration or development of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, along with a corresponding liability as soon as the obligation to incur such costs arises. The timing of the actual rehabilitation expenditure is dependent on a number of factors such as the life and nature of the asset, the operating license conditions and, when applicable, the environment in which the mine operates.

Discount rates using a pre-tax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the units-of-production or the straight-line method. The corresponding liability is progressively increased as the effect of discounting unwinds creating an expense recognized in profit or loss.

Decommissioning costs are also adjusted for changes in estimates. Those adjustments are accounted for as a change in the corresponding capitalized cost, except where a reduction in costs is greater than the unamortized capitalized cost of the related assets, in which case the capitalized cost is reduced to nil and the remaining adjustment is recognized in profit or loss.

The operations of the Company have been, and may in the future be, affected from time to time in varying degree by changes in environmental regulations, including those for site restoration costs. Both the likelihood of new regulations and their overall effect upon the Company are not predictable.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

j) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash is classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. As at March 31, 2018, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At March 31, 2018, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

m) Convertible debentures

Convertible debentures, where applicable, are separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was determined based on an estimated interest rate of the debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value and the fair value of the liability component.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND 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 reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the financial position reporting date, that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

i. the assessment of indications of impairment of the mineral property and related determination of the net realizable value and write-down of the mineral property where applicable;

ii. decommissioning liabilities relating to the Company's mineral property;

iii. the measurement of deferred income tax assets and liabilities; and

iv. the inputs used in accounting for share-based payments in profit or loss.

Significant accounting judgments

i. the determination of categories of financial assets and financial liabilities; and

ii. the evaluation of the Company's ability to continue as a going concern.

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

New accounting standards adopted by the Company

The mandatory adoption of the following new and revised accounting standards and interpretations on July 1, 2016 had no significant impact on the Company's financial statements for the years presented.

New Accounting Standards, Amendments and Interpretations Not Yet Effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Corporation may have been excluded from the list below. The Company is evaluating any impact the standards noted below may have on the Company's financial statements and this assessment has not been completed.

Standards effective for annual periods beginning on or after January 1, 2018:

IFRS 15 *Revenue from Contracts with Customers* - In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 9 *Financial Instruments* – In November 2009, as part of the IASB project the ASB intends to replace IAS 39 - Financial Instruments: Recognition and Measurement in its entirety with IFRS 9 – Financial Instruments ("IFRS 9") which is intended to reduce the complexity in the classification and measurement of financial instruments. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flows characteristics. The standard is effective for annual periods beginning on or after January 1, 2018.

(Expressed in Canadian dollars) UNAUDITED

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS (continued)

New Accounting Standards, Amendments and Interpretations Not Yet Effective (continued)

Standards effective for annual periods beginning on or after January 1, 2018: (continued)

IFRS 2 *Share-based Payment* - In November 2016, the IASB has revised IFRS 2 to incorporate amendments issued by the IASB in June 2016. The amendment provide guidance on the accounting for i) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; ii) share-based payment transactions with a net settlement feature for withholding tax obligations and iii) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

Standard is effective for annual periods beginning on or after January 1, 2019:

IFRS 16 Leases - In June 2016, the IASB issued IFRS 16 - Leases. IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

5. PREPAID EXPENSES

The Company had the following prepaid expenses:

	March 31, 2018	**June 30, 2017**
	$	$
Lease payment	5,638	15,785
Consulting fees	378,561	308,435
Insurance	4,687	-
	388,886	324,220

(Expressed in Canadian dollars) UNAUDITED

6. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	Exploration Costs	Total
	$	$	$
Balance, June 30, 2016	33,500	129,078	162,578
Acquisition costs – cash paid	231,131	-	231,131
Acquisition costs – common shares issued	1,421,400	-	1,421,400
Impairment of exploration and evaluation assets	(33,500)	(129,078)	(162,578)
Balance, June 30, 2017	1,652,531	-	1,652,531
Disposal – sale of property	(501,400)	-	(501,400)
Acquisition costs – cash paid	404,650	-	404,650
Acquisition costs – common shares issued	55,500	-	55,500
Property acquisition and staking costs	44,261	-	44,261
Balance, March 31, 2018	1,655,542	-	1,655,542

Redtop Sunrise Group

Pursuant to an option agreement dated July 25, 2012, with Rich River Exploration Ltd. and Craig Alvin Lynes, collectively, the “Optionors”, the Company was granted an option to acquire a 100% undivided interest in the Redtop Sunrise Group property (the “Property”) comprised of 11 mineral claims located near the Clearwater region of British Columbia. To earn the 100% interest, the Company agreed to issue 17,500 common shares of the Company to the optionors, make cash payments totaling $100,000, and incur a total of $1,000,000 in exploration expenditures.

During the year ended June 30, 2016 the Company received $25,384 in British Columbia Mineral Exploration tax credits (“METC”) which were offset again capitalized exploration costs.

During the year ended June 30, 2017, the Company decided not to continue exploration on the property and as a result it has provided for an impairment charge of $162,578.

Kiyuk Lake Property

On August 29, 2016, the Company entered into a purchase and sale agreement with Northern Empire Resources Corp. (“Northern Empire”) to acquire the Kiyuk Lake property (“Kiyuk”), located in Nunavut, Canada. As consideration, the Company issued 668,000 common shares with a fair value of $701,400 to Northern Empire. In connection with the purchase and sale agreement, the Company also entered into a services agreement whereby Northern Empire will provide various services on the property to the Company.

Kiyuk consists of 57 mineral claims, aggregating 491 square kilometers in southern Nunavut, Canada. As part of the Agreement, the Company is subject to 2% net smelter royalty to be paid to the original vendor of Kiyuk.

On February 28, 2017, the Company entered into an option agreement with Cache Exploration Inc. (“Cache”) whereby Cache can earn 100% interest in Kiyuk. To earn the 100% interest, Cache will pay the Company an aggregate amount of $500,000, of which $200,000 (has been received), $200,000 on or before six months from the closing date and the remaining $100,000 on or before the date which is twelve months from the closing date. The $200,000 received has been recorded as a reduction of acquisition costs.

(Expressed in Canadian dollars) UNAUDITED

6. EXPLORATION AND EVALUATION ASSET (continued)

Kiyuk Lake Property (continued)

During the nine months ended March 31, 2018, the Company received the final payment from Cache Exploration Inc. to acquire 100% of the Kiyuk Lake gold property. The payment of $300,000 was received through issuance of Cache Exploration Inc. shares having a deemed value of $0.105 per share. The Company incurred a loss of $201,400 on the disposal of this property.

Black Dog Property

On March 9, 2017, the Company entered into an option agreement with Caprock Ventures Ltd. ("Caprock") to acquire the 100% interest in the Black Dog gold project ("Black Dog"), located in the Northern Quebec area which is approximately 60 kilometers north of Nemiscau, Quebec. The 1,400-hectare Black Dog project consists of a block of 27 mineral claims.

To earn the 100% interest in Black Dog, the Company is required to make cash payments of $1,900,000, issue 2,000,000 common shares of the Company and incur an aggregate exploration expenditures of $1,400,000 as follows:

	Number of Common Shares	Cash	Exploration Expenditures
		$	$
Upon closing of the agreement (issued and paid)	2,000,000	50,000	-
Within 60 days of the closing of the agreement (paid)	-	50,000	-
On or before the 1st anniversary date of the agreement (paid)	-	100,000	100,000
On or before the 2nd anniversary date of the agreement (paid)	-	200,000	200,000
On or before the 3rd anniversary date of the agreement	-	500,000	500,000
On or before the 4th anniversary date of the agreement	-	1,000,000	600,000
Total	2,000,000	1,900,000	1,400,000

The property is subject to a 2% net smelter return royalty to the Optionor.

As of March 31, 2018, the Company has paid $441,481 and issued 2,000,000 common shares with a fair value of $510,000 to the Optionor.

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6. EXPLORATION AND EVALUATION ASSET (continued)

Taylor Silver Property

On March 28, 2017, the Company entered into an option agreement with Silver Predator Corp. ("Silver") to acquire 100% interest in the mining claims of the Taylor Silver property ("Taylor"), located in White Pine county in the state of Nevada, USA.

To earn the 100% interest in Taylor, the Company is required to make cash payments of US$1,200,000, issue 2,500,000 common shares of the Company and incur an aggregate exploration expenditures of US$700,000 as follows:

	Number of Common Shares	**Cash**	**Exploration Expenditures**
		US$	US$
Upon closing of the agreement (issued and paid)	500,000	200,000	-
On or before 6 months from closing of the agreement (issued and paid)	300,000	100,000	-
On or before 12 months from closing of the agreement	400,000	200,000	100,000
On or before 24 months from closing of the agreement	500,000	300,000	250,000
On or before 36 months from closing of the agreement	800,000	400,000	350,000
Total	2,500,000	1,200,000	700,000

The property is subject to a 2% net smelter return royalty and 1% net profit royalty to the Optionor.

As of March 31, 2018, the Company has paid $394,300 (US$300,000) and issued 800,000 common shares with a fair value of $265,500 to the Optionor.

Expenditures related to the Company's exploration and evaluation property interests are as follows:

	Redtop Sunrise Group Property	**Kiyuk Lake**	**Black Dog**	**Silver Taylor**	**Total**
	$	**$**	**$**	**$**	**$**
Balance as at June 30, 2016	**162,578**	**-**	**-**	**-**	**162,578**
Property acquisition and staking costs		701,400	672,731	478,400	1,852,531
Recoveries	-	(200,000)	-	-	(200,000)
Impairment of exploration and evaluation assets	(162,578)	-	-	-	(162,578)
Balance as at June 30, 2017	**-**	**501,400**	**672,731**	**478,400**	**1,652,531**
Property acquisition and staking costs	-	-	278,750	225,661	504,411
Disposal – sale of property	-	(501,400)	-	-	(501,400)
Balance as at March 31, 2018	**-**	**-**	**951,481**	**704,061**	**1,655,542**

(Expressed in Canadian dollars) UNAUDITED

7. PROPERTY, PLANT AND EQUIPMENT

		Sea Container
Cost		
Balance as at June 30, 2017	$	-
Additions		6,037
Balance as at March 31, 2018	$	6,037
Depreciation		
Balance as at June 30, 2017	$	-
Charge during the period		(872)
Balance as at March 31, 2018	$	(872)
Net book value		
Balance as at June 30, 2017	$	-
Balance as at March 31, 2018	**$**	**5,165**

8. CONVERTIBLE DEBENTURES

On November 14, 2017, the Company closed its non-brokered private placement of secured convertible debentures. The private placement of consisted of proceeds of $1,000,000, and the debentures are expected to mature 12 months from the date of issue, accrue interest at a rate of 8% per year and are convertible into units of the Company at $0.13 per unit. Each unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price $0.25 expiring 12 months from the date of close of the private placement.

For accounting purposes, the convertible debentures are separated into their liability and equity components using the effective interest method. The fair value of the liability component at the time of issue was determined based on an estimated rate of 15% for convertible debentures without the conversion feature. The fair value of the equity component was determined as the difference between the face value of the convertible debentures and the fair value of the liability component.

The following table summarizes the outstanding balance and changes in the components of the convertible debentures during the nine months ended March 31, 2018:

(Expressed in Canadian dollars) UNAUDITED

8. CONVERTIBLE DEBENTURES (continued)

	March 31, 2018
Principal	
Beginning balance	$ -
Advanced during the period	1,000,000
Equity component	(60,870)
Liability component initially recognized	939,130
Accretion expense	54,028
Ending balance	993,158
Equity	
Beginning balance	-
Equity component recognized	60,870
Ending balance	$ 60,870

9. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

As at March 31, 2018, there are 128,250 issued and outstanding common shares of the Company held in escrow.

c) Issued and Outstanding as at March 31, 2018: 44,751,570 (June 30, 2017: 15,857,883) common shares

(i) During the year ended June 30, 2017, the Company completed a share consolidation on the basis of one new common share for every 10 old common shares. All share amounts have been retroactively restated in these financial statements.

(ii) The Company issued 500,000 common shares with a fair value of $210,000 in relation to the option agreement for the Taylor Silver property (see Note 6).

(iii) The Company issued 2,000,000 common shares with a fair value of $510,000 in relation to the option agreement for the Black Dog project (see Note 6).

(iv) The Company completed a non-brokered private placement of 10,000,000 units at a price of $0.12 per unit for total proceeds of $1,200,000. Each unit is comprised of one common share and one purchase warrant. Each warrant entitles the holder to purchase a common share of the Company at $0.16 for two years.

(v) The Company issued 668,000 common shares with a fair value of $701,400 for the acquisition of the Kiyuk property (see Note 6).

9. SHARE CAPITAL (continued)

c) Issued and Outstanding as at March 31, 2018: 44,751,570 (June 30, 2017: 15,857,883) common shares (continued)

(vi) The Company completed a private placement of 1,497,633 units at a price of $0.75 per unit for $1,123,225, of which $5,225 has yet to be received. Each unit is comprised of one common share and one half purchase warrant. Each whole warrant entitles the holder to acquire a common share of the Company at $1.00. In connection with this private placement, the Company paid $46,206 and issued 61,608 finder's warrants with a fair value of $34,533 as finder's fees. Each finder's warrant entitles the holder to purchase a common share of the Company at $1.00 for two years.

(vii) The Company issued 300,000 common shares with a fair value of $55,500 for the acquisition of the Taylor Silver property (see Note 6).

(viii) On November 14, 2017, the Company closed its non-brokered private placement of 15,384,615 units at a price of $0.13 per unit for gross proceeds of $2,000,000. Each unit is comprised of one common share and one common share purchase warrant of the issuer. Each full common share purchase warrant entitles the holder to acquire a common share of the Company at a price of $0.25 expiring 12 months from the date of close of the private placement. In connection with the private placement, the Company paid $530,843 and issued 1,076,923 finder's warrants with a fair value of $61,773 as finder's fees. Each finder's warrant entitles the holder to purchase one common shares of the Company, having the same terms as the share purchase warrants.

(ix) On November 14, 2017, the Company closed its non-brokered private placement of secured convertible debentures. The private placement consisted of proceeds of $1,000,000, and the debentures are expected to mature 12 months from the date of issue, accrue interest at a rate of 8% per year and are convertible into units of the Company at the same price as the private placement at a per-unit conversion price equal to $0.13. Each unit comprised of one common share and one common share purchase warrant of the Company. Each warrant entitles the holder to acquire one additional common share of the Company at an exercise price $0.25 expiring 12 months from the date of close of the private placement (see Note 8).

(x) During the nine months ended March 31, 2018, 308,000 warrants were exercised at a price of $0.16 per unit, for total proceeds of $49,280.

(xi) On January 15, 2018, the Company closed its non-brokered private placement of 12,907,772 units at a price of $0.25 per unit for gross proceeds of $3,226,943. Each unit comprises one common share and one common share purchase warrant of the issuer. Each full common share purchase entitles the holder to acquire a common share of the Company at a price of $0.50 expiring 12 months from the date of close of the private placement. In connection with the private placement, the Company paid $184,058 and issued 359,716 finder's warrants with a fair value of $102,840 as finder's fees. Each finder's warrant entitles the holder to purchase one common shares of the Company, having the same terms as the share purchase warrants.

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9. SHARE CAPITAL (continued)

d) Share Options

The Company has established a stock option plan for officers, directors, employees and consultants. Under the Company's stock option plan, the exercise price of each option is determined by the Board, subject to the Discounted Market Price policies of the TSX Venture Exchange. The aggregate number of shares issuable pursuant to options granted under the plan is limited to 10% of the issued and outstanding common shares.

The changes in stock options are as follows:

	Options	Weighted Average Exercise Price
		$
Balance, June 30, 2015 and 2016	80,000	1.00
Granted	250,000	1.40
Cancelled	(330,000)	1.32
Balance at June 30, 2017 and March 31, 2018	-	-

During the year ended June 30, 2017, the Company has granted 250,000 options to directors and officers. Options vested on grant date, are exercisable at $1.40 per share for three years. The fair value of the stock options was $252,076 which was estimated using the Black-Scholes pricing model with the assumptions of share price of $1.40 per share, expected volatility 124%, risk-free rate 0.60%, dividend yield 0%, forfeited rate of 0% and expected life of 3 years.

e) Share Purchase Warrants

The changes in share purchase warrants are as follows:

	Warrants	Weighted Average Exercise Price
		$
Balance, June 30, 2017	10,810,425	0.22
Granted	29,729,026	0.36
Exercised	(308,000)	0.16
Balance, March 31, 2018	40,231,451	0.33

During the year ended June 30, 2017, the Company issued 61,608 finder's warrants in connection with the private placement of 1,497,633 units (see Note 9c(vi)). The fair value of the finder's warrants was $34,533 which was estimated using the Black-Scholes pricing model with the assumptions of expected volatility of 118%, risk-free rate 0.55%, dividend yield 0% and expected life of two years.

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9. SHARE CAPITAL (continued)

e) Share Purchase Warrants (continued)

On November 14, 2017, the Company issued 15,384,615 share purchase warrants and 1,076,923 finder's warrants in connection with the private placement of 15,384,615 units (see Note 9c(viii)). The aggregate fair value of the warrants was $944,194 which was estimated using the Black-Scholes pricing model with the assumptions of expected volatility of 234.68%, risk-free rate 1.44%, dividend yield 0% and expected life of one year.

On January 15, 2018, the Company issued 12,907,772 share purchase warrants and 359,716 finder's warrants in connection with the private placement of 12,907,772 units (see Note 9c(xi)). The aggregate fair value of the warrants was $1,588,694 which was estimated using the Black-Scholes pricing model with the assumptions of expected volatility of 273.26%, risk-free rate 1.72%, dividend yield 0% and expected life of one year.

As at March 31, 2018, the outstanding warrants are as follows:

Warrants	Weighted Average Exercise Price	Weighted Average Years to Expiry	Expiry Date
	$		
748,817	1.00	0.40	August 24, 2018
61,608	1.00	0.40	August 24, 2018
9,692,000	0.16	0.93	March 6, 2019
16,461,538	0.25	0.62	November 14, 2018
13,267,488	0.50	0.79	January 15, 2019
40,231,451	0.33	0.75	

10. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The following amounts are due to related parties and have been included in accounts payable and accrued liabilities:

	March 31, 2018	**June 30, 2017**
	$	$
Accounts payable and accrued liabilities	4,455	32,550

The amounts are due to companies controlled by directors of the Company. The amounts are non-interest bearing, unsecured and are due upon demand.

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10. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

The Company had the following related party transactions:

Nine months ended March 31,	**2018**	**2017**
	$	$
Expenses paid by director	-	4,200
Professional fees	-	40,000
Property expenditures	15,843	-
Total	15,843	44,200

Professional fees and property expenditures were paid to directors and companies controlled by directors of the Company.

Key management personnel receive compensation in the form of short-term employee benefits. Key management personnel include officers and the directors of the Company. The remuneration of key management is as follows:

Nine months ended March 31,	**2018**	**2017**
	$	$
Management fees	236,737	76,748
Share-based payments	-	252,076
	236,737	328,824

Management services were provided by companies owned by the officers and directors of the Company.

11. MANAGEMENT OF CAPITAL

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 sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

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12. INVESTMENTS

	March 31, 2018		June 30, 2017	
	Cost	Fair value	Cost	Fair value
	$	$	$	$
2,857,143 (June 30, 2017 - Nil) common shares of Cache Exploration Inc., received for the disposal of mining property.	300,000	114,286	-	-

During the nine months ended March 31, 2018, the market value of the investments decreased and an unrealized loss of $185,714 was recognized.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company’s financial instruments include cash and accounts payable. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company’s statements of financial position as at March 31, 2018 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Investments	114,286	-	-	114,286
Cash	2,731,261	-	-	2,731,261

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Financial risk management objectives and policies (continued)

Fair value

The fair value of the Company's financial instruments approximates their carrying value as March 31, 2018 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is limited to one mineral property which is located in Nevada.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is 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.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

14. SUBSEQUENT EVENT

Subsequent to the period ended March 31, 2018, the Company, in view of the general market decline and the effect on its stock price, cancelled the previously announced $500,000 non-brokered private placement. Each unit was priced at $0.29 per unit, with each unit comprising one common share of the issuer and one common share purchase warrant of the issuer. Each warrant was exercisable into a common share of the Company for a period of 12 months at an exercise price of $0.50 during the year.

Furthermore, on April 20, 2017, Mo Ahmad and Kon Tsakumis were appointed to the board of directors and Chris Pennimpede and Michael Durfesne resigned from the board or directors.