

MIDNIGHT STAR VENTURES CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 AND 2017
(Expressed in Canadian Dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Midnight Star Ventures Corp.

Report on the financial statements

We have audited the accompanying financial statements of Midnight Star Ventures Corp., which comprise the statements of financial position as at April 30, 2018 and 2017, and the statements of operations and comprehensive loss, cash flows and changes in equity (deficiency) for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Midnight Star Ventures Corp. as at April 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Vancouver, Canada

June 22, 2018

"Morgan & Company LLP"

Chartered Professional Accountants

MIDNIGHT STAR VENTURES CORP.

STATEMENTS OF FINANCIAL POSITION (Expressed in Canadian Dollars)

	APRIL 30 2018	APRIL 30 2017
ASSETS		
Current		
Cash	\$ 357,328	\$ 2,526
Amounts recoverable	3,700	1,887
Total Current Assets	361,028	4,413
Computer Equipment	-	321
Exploration and Evaluation Assets (Note 5)	137,486	109,871
Total Assets	\$ 498,514	\$ 114,605
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 45,762	\$ 74,850
Notes payable and accrued interest (Note 6)	-	150,571
Total Current Liabilities	45,762	225,421
EQUITY		
Share Capital (Note 7)	1,211,205	430,083
Reserves	10,781	17,900
Deficit	(769,234)	(558,799)
Total Equity (Deficiency)	452,752	(110,816)
Total Liabilities and Equity	\$ 498,514	\$ 114,605

The financial statements were approved and authorized for issue by the Board of Directors on June 22, 2018. They were signed on the Company's behalf by:

"David Ryan"

Director

"Bernie Hoing"

Director

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

MIDNIGHT STAR VENTURES CORP.

STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS (Expressed in Canadian Dollars)

	YEARS ENDED APRIL 30	
	2018	2017
Expenses		
Communications	\$ 2,060	\$ 1,669
Consulting (Note 11)	-	900
Depreciation	321	660
Interest on notes payable	5,075	8,324
Management fees (Note 11)	36,000	36,000
Office and miscellaneous	514	2,959
Professional fees (Note 11)	141,400	56,227
Promotion	-	4,470
Regulatory and filing fees	14,242	12,323
Rent	12,000	12,000
Travel	-	657
	211,612	136,189
 Net loss before other item	 (211,612)	 (136,189)
Gain on settlement of notes payable (Note 6)	1,177	-
	1,177	-
 Net Loss and Comprehensive Loss for the Year	 \$ (210,435)	 \$ (136,189)
 Loss Per Share, Basic and Diluted	 \$ (0.01)	 \$ (0.01)
 Weighted Average Number of Shares Outstanding	 20,246,547	 14,561,935

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

MIDNIGHT STAR VENTURES CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	YEARS ENDED	
	APRIL 30	
	2018	2017
Cash Provided By (Used In):		
Operating Activities		
Net loss for the year	\$ (210,435)	\$ (136,189)
Items not involving cash:		
Accrued interest	4,390	8,324
Depreciation	321	660
Foreign exchange	(410)	-
Gain on settlement of notes payable	(1,177)	-
Net changes in non-cash operating working capital items:		
Amounts recoverable	(1,813)	(135)
Prepaid expenses	-	1,689
Accounts payable and accrued liabilities	32,630	27,404
	(176,494)	(98,247)
Financing Activities		
Proceeds from notes payable	38,936	100,000
Repayment of notes payable	(17,778)	-
Proceeds from issuance of shares	581,934	-
Share issue costs	(44,181)	-
	558,911	100,000
Investing Activity		
Exploration and evaluation assets	(27,615)	(25,745)
Net Increase (Decrease) In Cash	354,802	(23,992)
Cash, Beginning of Year	2,526	26,518
Cash, End of Year	\$ 357,328	\$ 2,526

Supplementary cash flow information (note 13)

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

MIDNIGHT STAR VENTURES CORP
STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

FOR THE YEARS ENDED APRIL 30, 2018 AND 2017
(Expressed in Canadian Dollars)

	<u>SHARE CAPITAL</u>				<u>TOTAL</u>
	<u>SHARES</u>	<u>AMOUNT</u>	<u>RESERVES</u>	<u>DEFICIT</u>	<u>EQUITY</u> <u>(DEFICIENCY)</u>
Balance, May 1, 2016	14,561,935	\$ 430,083	\$ 17,900	\$ (422,610)	\$ 25,373
Net loss for the year	-	-	-	(136,189)	(136,189)
Balance, April 30, 2017	14,561,935	430,083	17,900	(558,799)	(110,816)
Shares issued on settlement of notes payable	3,499,992	236,250	-	-	236,250
Shares issued for cash	8,500,000	573,750	-	-	573,750
Share issue costs	-	(44,181)	-	-	(44,181)
Shares issued on exercise of Agent's Options	81,841	15,303	(7,119)	-	8,184
Net loss for the year	-	-	-	(210,435)	(210,435)
Balance, April 30, 2018	26,643,768	\$ 1,211,205	\$ 10,781	\$ (769,234)	\$ 452,752

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

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

a) Nature of Operations

Midnight Star Ventures Corp (the "Company") was incorporated under the Business Corporations Act of British Columbia on April 19, 2013. The principal business of the Company is the acquisition and exploration of resource properties in North America.

The address of the Company's corporate office and principal place of business is Suite 1085 - 555 Burrard Street, Two Bentall Centre, P.O. Box 201, Vancouver BC, V7X 1M8.

On August 4, 2015, the Company listed on the Canadian Securities Exchange, and trades under the symbol "STV".

b) Going Concern

These statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown in these financial statements and do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

During the year ended April 30, 2018, the Company incurred a net loss of \$210,435 (2017 - \$136,189) and at April 30, 2018 has an accumulated deficit of \$769,234 (2017 - \$558,799). The operations of the Company have been funded by the issuance of common shares and promissory notes payable. Continued operations of the Company are dependent on the Company's ability to complete equity financings and issue additional notes payable. Management's plan in this regard is primarily to secure additional funds through future equity financings, which may be unavailable or unavailable on reasonable terms. These factors may cast significant doubt on the use of the going concern basis of accounting.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (Continued)

b) Basis of Presentation

These financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The functional currency of the Company is the Canadian dollar, being the currency of the economic environment of the Company's operations. The functional currency is also the presentation currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. See Note 4 for Critical Accounting Estimates and Judgments made by management in the application of IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements set out below have been applied consistently in all material respects.

Cash and Cash Equivalents

Cash consists of cash held in an interest bearing bank account. For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. The Company has no cash equivalents as at April 30, 2018 and 2017.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect the potential dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basic and Diluted Loss per Share (Continued)

Diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired.

Financial assets are classified into one of four categories: Financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, available-for-sale ("AFS") financial assets and loans and receivables.

The Company has classified cash as FVTPL.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Financial assets are impaired when one or more events that occurred after the initial recognition of the financial asset have been recognized.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss.

The carrying amount of trade receivables is reduced through the use of an allowance. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in net income.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

Impairment losses on loans and receivables carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

Financial liabilities within the scope of International Accounting Standards ("IAS") 39 are classified as financial liabilities at FVTPL, or other financial liabilities, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and subsequently classified as other financial liabilities.

The Company's financial liabilities include accounts payable and accrued liabilities. Subsequent to initial recognition, accounts payable and accrued financial liabilities are measured at amortized cost using the effective interest method.

Financial instruments subject to fair value measurement are classified within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets, or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities which are not based on observable market data.

Translation of Foreign Currencies

The financial statements are presented in Canadian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined and are not subsequently retranslated.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the statement of operation in the period in which they arise.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense with a corresponding increase to share-based payment reserve in the financial statements.

The fair value determined at the grant date of equity-settled share based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of shares that will eventually vest. Upon exercise of the stock options, consideration paid by the option holder together with the amount previously recognized in share-based payment reserve is recorded as an increase to share capital. Upon expiry, the amounts recorded for share-based compensation are transferred to the deficit from the share-based payment reserve. Shares are issued from treasury upon the exercise of equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Exploration and Evaluation Assets

Pre-exploration costs

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

Exploration and evaluation costs for mineral properties

Once the legal right to explore a property has been acquired, exploration and evaluation expenditures are recognized and capitalized. Mineral exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Once the technical feasibility and commercial viability of extraction of the mineral resources has been determined, the property is considered to be a property under development and is reclassified as such costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and Evaluation Assets (Continued)

Exploration and evaluation costs for mineral properties (Continued)

On an annual basis or when impairment indicators arise, the Company evaluates the future recoverability of its mineral property costs. Impairment losses or write-downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows attributable to such assets.

The recoverability of the amounts capitalized for the undeveloped mineral property is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, the title to its properties are in good standing.

Management's capitalization of exploration and development costs and assumptions regarding the future recoverability of such costs are subject to significant measurement uncertainty. Management's assessment of recoverability is based on, among other things, the Company's estimate of current mineral reserves and resources which are supported by geological estimates, estimated commodity prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.

Impairment of Long-lived Assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-lived Assets (Continued)

Impairment losses are recognized in net income for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Computer equipment

Computer equipment is recorded at cost and depreciated over its estimated useful life at 33% straight line per annum.

The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

Rehabilitation Provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset. The liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognition in net income.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Rehabilitation Provisions (Continued)

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

The Company's estimates are reviewed at each reporting date for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to net income for the year.

Share Capital

Common shares are classified as equity. Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Costs directly identifiable with share capital financing are charged against share capital. Share issuance costs incurred in advance of share subscriptions are recorded as non-current deferred assets. Share issuance costs related to uncompleted share subscriptions are charged to operations in the year they are incurred.

The reserves recorded in equity on the Company's Statement of Financial Position includes Share-based Payments Reserve which is used to recognize the fair value of stock option grants prior to exercise, expiry or cancellation of and the fair value of other share-based consideration recorded at the date of issuance.

Income Taxes

Income tax expense comprises both current and deferred tax. Current and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current income taxes are the expected taxes payable on taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

Deferred tax assets and liabilities are recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Accounting Standards Issued but Not Yet Applied

International Financial Reporting Standard 9, Financial Instruments (“IFRS 9”), was issued in November 2009. It addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: Amortized cost and Fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard is required to be applied for accounting periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income.

International Financial Reporting Standard 15, Revenue from Contracts with Customers (“IFRS 15”) replaces IAS 18 – Revenue and IAS 11 – Construction Contracts and establishes a five-step model industry. The standard’s requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity’s ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

International Financial Reporting Standard 16, Leases (“IFRS 16”) replaces IAS 17 – Leases and requires lessees to account for leases on the balance sheet by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
(Expressed in Canadian Dollars)

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after expenditures are capitalized, information becomes available suggesting that the recovery of expenditures is unlikely, the amounts capitalized are written off to net income in the period the new information becomes available.

ii) Impairment

At each reporting period, long-lived assets, including exploration and evaluation assets, are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The assessment of the recoverable amount often requires estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance.

iii) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determining the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield, and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

iv) Title to Mineral Property Interest

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, and title may be affected by undetected defects.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
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4. USE OF ESTIMATES AND JUDGMENTS (Continued)

v) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law.

For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision.

Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

vi) Rehabilitation Provision

The application of the Company's accounting policy for rehabilitation is based on internal estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management.

Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates will result in changes to provisions from period to period. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs which will reflect the market conditions at the time when the rehabilitation costs are actually incurred.

vii) Determination of Going Concern Assumption

The preparation of these financial statements requires management to make judgments regarding the ability of the Company to continue as a going concern as discussed in Note 1.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
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5. EXPLORATION AND EVALUATION ASSETS

	FISH CLAIMS	
	APRIL 30 2018	APRIL 30 2017
Property Acquisition Costs		
Balance, beginning of year	\$ 28,765	\$ 15,482
Additions in the year	15,600	13,283
Balance, end of year	\$ 44,365	\$ 28,765
Deferred exploration expenditures		
Balance, beginning of year	\$ 81,106	\$ 68,644
Additions in the year		
Advances	-	874
Claim maintenance fees	12,015	11,588
	12,015	12,462
Balance, end of year	\$ 93,121	\$ 81,106
Total balance, end of year	\$ 137,486	\$ 109,871

Fish Claims

On August 28, 2013, the Company entered into an earn-in agreement with Pengram Corporation ("Pengram") where Pengram agreed to grant to the Company an option to acquire an 80% interest in 56 unpatented lode mining claims covering approximately 1,275 acres located in the Lone Mountain Mining District of Esmeralda County, Nevada, USA. Pengram has an existing option to acquire the property through an underlying agreement with Claremont Nevada Mines LLC ("Optionor").

On August 28, 2016, the Company entered into a New Option Agreement with Claremont Nevada Mines LLC under the terms of which Midnight Star has an option to acquire up to a 100% interest in the Fish Project. This agreement replaces the original earn-in agreement between Midnight Star and Pengram Corporation.

The agreement provides that the Company can acquire an 100% interest in the claims by making staged advance royalty payments as follows:

- i) \$2,860 (US\$2,500) on or before February 28, 2014 (paid);
- ii) \$2,756 (US\$2,500) on or before August 28, 2014 (paid);
- iii) \$9,866 (US\$7,500) on or before August 28, 2015 (paid);
- iv) \$2,623 (US\$2,000) on or before August 28, 2016 (paid);
- v) \$10,660 (US\$8,000) on or before October 12, 2016 (paid);
- v) \$15,600 (US\$12,500) on or before August 28, 2017 (paid)
- iv) \$19,260 (US\$15,000) on or before August 28, 2018.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (Continued)

In addition to the advanced royalty payments, the Company must deliver \$1,000 and either a copy of a mine plan or final feasibility study on or before August 28, 2018. If the Company cannot meet these requirements, the option may be extended for an additional five years. If the option is extended, the Company will be required make an advance royalty payment of \$16,050 (US\$12,500) on August 28, of each year of the extended term.

In addition to the above, the Company has the obligation to maintain the mineral lode claims in good standing by payment of all Bureau of Land Management Fees, Claim Fees, Taxes and Rentals, and the performance of all other actions which may be necessary in that regard in order to keep the mineral claims free and clear of all liens and other charges arising from the Company's activities except those at the time contested in good faith by the Company.

The agreement is subject to a 3% Net Smelter Returns Royalty upon commencement of commercial production.

During the year ended April 30, 2018, the Company paid claim maintenance fees of \$12,015 (US\$10,485) on the property.

During the year ended April 30, 2017, the Company incurred \$13,283 (US\$10,000) in advance royalty payments and \$11,588 (US\$8,835) of claim maintenance fees on the property. The Company also made exploration advances of \$874 (US \$672).

6. NOTES PAYABLE

	YEARS ENDED APRIL 30	
	2018	2017
Balance, beginning of year	\$ 150,571	\$ 42,247
Additions	38,936	100,000
Repayments	(18,463)	-
Accrued interest	5,075	8,324
Foreign exchange gain	(410)	-
Settlement by share issuance (Note 7(b)(ii))	(174,532)	-
Gain on settlement	(1,177)	-
Balance, end of year	\$ -	\$ 150,571

The promissory notes are unsecured, bear interest ranging from 5%-10% per annum and are repayable on demand.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017

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7. SHARE CAPITAL

a) Authorized

Unlimited common shares, without par value.

Unlimited preferred shares, without par value (none issued).

b) Issued

During the year ended April 30, 2018, the Company:

i) Issued 8,500,000 common shares pursuant to a Private Placement Offering at a price of \$0.0675 per Share for total proceeds of \$573,750. Pursuant to the financing the Company paid commissions or finders fees to registered brokers of \$44,181.

ii) Issued 3,499,992 common shares with a deemed price of \$0.0675 and made a cash payment of \$7,778 pursuant to settlement agreements entered into on September 13, 2017 and September 27, 2017, to settle notes payable and accrued interest aggregating \$183,487 and accounts payable and accrued liabilities of \$61,718.

iii) Issued 81,841 common shares upon the exercise of 81,841 Agent's Options at \$0.10 for aggregate proceeds of \$8,184. As a result of the issuance, \$7,119 was transferred from reserves to share capital.

During the year ended April 30, 2017, the Company undertook no share issuance transactions.

c) Agent's options

As at April 30, 2018, agent's options were outstanding for the purchase of common shares as follows:

NUMBER OF SHARE AGENTS OPTIONS	EXERCISE PRICE	NUMBER EXERCISABLE AT APRIL 30 2018	EXPIRY DATE
123,939	\$ 0.10	123,939	August 4, 2018

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

c) Agents options

As at April 30, 2018 the agent's options outstanding have a weighted average remaining contractual life of 0.26 years.

A summary of changes in agent's options for the years ended April 30, 2018 and 2017 is presented below:

	YEAR ENDED APRIL 30, 2018		YEAR ENDED APRIL 30, 2017	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of year	205,780	\$ 0.10	205,780	\$ 0.10
Exercised	(81,841)	(0.10)	-	
Balance, end of year	<u>123,939</u>	\$ 0.10	<u>205,780</u>	\$ 0.10

d) Stock options

On December 22, 2014, the Company adopted an incentive stock option plan, which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the requirements of the Canadian Securities Exchange, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company.

Compensation costs attributable to the granting and vesting of share purchase warrants and options are measured at fair value and expensed with a corresponding increase to share-based payment reserve. Upon exercise of the share purchase warrants and options, consideration paid by the option holder together with the amount previously recognized in share-based payment reserve is recorded as an increase to share capital. Upon expiry, the amounts recorded for share-based compensation are transferred to the deficit from the share-based payment reserve.

As at April 30, 2018 no stock options have been granted pursuant to the plan.

e) Shares in Escrow

Pursuant to an escrow agreement dated March 9, 2015, 3,550,001 common shares and 750,000 warrants held by the directors were placed in escrow.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
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7. SHARE CAPITAL (Continued)

f) Shares in Escrow (Continued)

Pursuant to the agreement, upon the listing date, 10% of the shares subject to the escrow agreement were released, and every 6 months thereafter 15% of the original securities taken to Escrow will be released. Upon the exercise of 240,000 share purchase warrants by the President during April 2016, an additional 240,000 shares became subject to the escrow agreement, of which 52,500 were released immediately. The balance of the share purchase warrants that were subject to the escrow arrangement expired. As at April 30, 2018, 532,501 common shares and no share purchase warrants remain in escrow agreement.

8. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. The disclosures in the notes to these financial statements describe how the categories of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognized.

As at April 30, 2018 and 2017 the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

	LEVEL	FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	CARRYING VALUE	FAIR VALUE
AS AT APRIL 30, 2018					
Financial assets					
Cash	1	\$ 357,328	\$ -	\$ 357,328	\$ 357,328
Financial liabilities					
Accounts payable and accrued liabilities	1	\$ -	\$ 45,762	\$ 45,762	\$ 45,762

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017
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8. FINANCIAL INSTRUMENTS (Continued)

	LEVEL	FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	CARRYING VALUE	FAIR VALUE
AS AT APRIL 30, 2017					
Financial assets					
Cash	1	\$ 2,526	\$ -	\$ 2,526	\$ 2,526
Financial liabilities					
Accounts payable and accrued liabilities	1	\$ -	\$ 74,850	\$ 74,850	\$ 74,850
Notes and interest payable	1	\$ -	\$ 150,571	\$ 150,571	\$ 150,571

At April 30, 2018 and 2017 the carrying values of cash, accounts payable and accrued liabilities and notes and interest payable, approximate their fair values due to the short-term nature of these balances.

9. RISK MANAGEMENT

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include currency, credit, interest rate and liquidity risks. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar ("CDN\$"). Periodically the Company incurs charges on its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company holds an interest in 58 unpatented mining claims located in the USA and the advance royalty agreement is denominated in the US Dollar ("USD\$"). As a result the Company is subject to foreign currency and exchange risk on the translation of these transactions and year end balances to the reporting currency. Any gains or losses arising in the period are included in operations for the year.

As at April 30, 2018, a 1% strengthening in the USD relative to the CDN\$ does not have a significant impact on the net loss for the year or the future estimated cash flows arising to complete the acquisition of the property.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

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9. RISK MANAGEMENT (Continued)

b) Credit Risk

Credit risk is the risk of a financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is primarily held in large Canadian financial institutions. Management believes that the credit risk concentration with respect to cash is remote.

c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of cash is limited because the majority of the Company's cash is held by a Canadian chartered bank.

d) 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's approach to manage liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Accounts payable and accrued liabilities are due within the current operating period and the Company had sufficient liquidity to meet these obligations.

e) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. CAPITAL MANAGEMENT

When managing capital, the Company's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management adjusts the capital structure as necessary in order to support the acquisition and exploration of mineral properties.

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 team to manage its capital.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

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10. CAPITAL MANAGEMENT (Continued)

The property in which the Company currently has an interest are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management considers its approach to capital management to be appropriate given the relative size of the Company. The Company is not subject to externally imposed capital requirements.

11. RELATED PARTY TRANSACTIONS

Related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company, and include both executive and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Related party transactions that have not been disclosed elsewhere in the financial statements include the following:

As at April 30, 2018, accounts payable and accrued liabilities include \$3,150 (2017 - \$Nil) for management fees charged by a company controlled by the President, \$Nil (2017 - \$14,400) for management fees charged directly by the Company President, \$Nil (2017 - \$618) for expenses incurred by the President on behalf of the Company, and \$4,000 (2017 - \$20,265) for services rendered to the Company by a company controlled by an officer of the Company.

Amounts paid or accrued in the statements of operations for the years ended April 30, 2018 and 2017 include:

	YEARS ENDED APRIL 30	
	2018	2017
Consulting fees	\$ -	\$ 900
Management fees	36,000	36,000
Professional fees	23,500	21,700
Total	<u>\$ 59,500</u>	<u>\$ 58,600</u>

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2018 and 2017

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12. INCOME TAXES

A reconciliation of income taxes at statutory rates of 26% (2017 – 26%) with the reported taxes follows:

	YEARS ENDED	
	APRIL 30	
	2018	2017
Expected income tax recovery	\$ (55,400)	\$ (35,400)
Effect of rate change	(7,000)	-
Non-deductible items and other	(10,500)	(3,700)
Change in unrecognized tax assets	72,900	39,100
	<u> </u>	<u> </u>
Deferred income tax recovery	\$ -	\$ -

The significant components of the Company's deferred income tax assets were as follows:

	APRIL 30	
	2018	2017
Deferred income tax assets:		
Non-capital losses carried forward	\$ 201,400	\$ 134,100
Exploration and evaluation assets	(200)	700
Other deductible temporary differences	17,800	11,200
	<u>219,000</u>	<u>146,000</u>
Tax benefits not recognized	(219,000)	(146,000)
	<u> </u>	<u> </u>
Net deferred income tax assets	\$ -	\$ -

The Company has available for deduction against future taxable income exploration pool costs of approximately \$137,000 (2017 - \$113,000) and non-capital losses carried forward of approximately \$746,000 (2017 - \$516,000).

The non-capital losses, if not utilized, will expire as follows:

2034	\$ 72,000
2035	125,000
2036	170,000
2037	146,000
2038	<u>233,000</u>
	<u>\$ 746,000</u>

The Company has not recognized deferred income tax assets as it is not probable that there will be sufficient taxable income to realize the benefits.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

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13. SUPPLEMENTAL CASH FLOW INFORMATION

	YEARS ENDED APRIL 30	
	2018	2017
Supplemental cash flow information		
Interest paid	\$ 685	\$ -
Income tax paid	\$ -	\$ -
Supplementary disclosures for Non-Cash Financing and Investing Activities		
Fair value of common shares issued on settlement of notes payable and accrued interest	\$ 174,532	\$ -
Fair value of shares issued on settlement of accounts payable and accrued liabilities	\$ 61,718	\$ -
Reallocation of share based compensation reserve to share capital upon the exercise of Agents Options	\$ 7,119	\$ -

14. PROPOSED TRANSACTION

On April 19, 2018, the Company entered into a Share Purchase Agreement (The "SPA") with BioHarvest Ltd. ("BioHarvest") whereby, subject to shareholder and regulatory approval, the Company will acquire a 100% interest in Dolarin Ltd. ("Dolarin"), a controlled subsidiary of BioHarvest.

Pursuant to the agreement the Company will issue common shares to BioHarvest equal to 50% of the current issued and outstanding share capital of the Company. As a result of the agreement Midnight will become the sole shareholder of Dolarin, and BioHarvest will control the Company. The completion of this transaction will constitute a Reverse Takeover of the Company by Dolarin.

As a condition of the Transaction a Financing will be conducted by the Company to raise a minimum of \$3,300,000 by issuing up to 22,000,000 Units at a subscription price of \$0.15 per Unit. Each Unit is comprised of one common share and one common share purchase warrant of the Company. Each warrant is exercisable into one common share of the Resulting Issuer at an exercise price of \$0.23 for a period of 24 months following the closing of the Transaction. Agents were retained for the Financing. The Agents will receive a cash commission of 5% of the gross proceeds and broker's warrants equivalent to 5% of the number of Units issued. Each broker's warrant is exercisable into one common share of the Company at \$0.23 for a period of 24 months following closing.

MIDNIGHT STAR VENTURES CORP.

NOTES TO FINANCIAL STATEMENTS

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14. PROPOSED TRANSACTION (Continued)

As compensation for brokering the transaction the Company will pay \$109,395 (US\$85,000) and issue common shares equivalent to 3% of the number of shares issued to BioHarvest to an unrelated 3rd party.

The Transaction also provides for the Company to adopt a Stock Option plan whereby Employee Stock Option Plan ("ESOP") shares shall constitute 10% of the issued and outstanding share capital of the Company. Such stock options shall be granted immediately upon closing and vest over a 2-year period on a quarterly basis to employees of Dolarin.

On April 19, 2018, BioHarvest and Dolarin entered into a Licence Agreement, which has an effective date of the closing of the Transaction. Pursuant to the licence agreement Dolarin shall acquire certain worldwide, non-transferable, royalty bearing licences in perpetuity from BioHarvest for the use of BioHarvest's biotechnology for the production and sale of cannabis products for the medical and recreational markets.

Dolarin shall acquire the licences for the following consideration:

- a) The issuance of 900,000 common shares of Dolarin to BioHarvest.
- b) The payment of \$205,920 (US\$160,000) in 16 equal monthly payments of \$12,870 (US\$10,000) commencing on the effective date.
- c) The payment to BioHarvest of a milestone payment comprising \$1,081,080 (US\$840,000) upon the commencement of construction of the first manufacturing facility for relevant licenced product.

On April 19, 2018, BioHarvest and Dolarin also entered into a Services Agreement with an effective date of the closing of the Transaction. Pursuant to the Servicing Agreement Dolarin will contract BioHarvest to perform certain limited research, development and commercialization of BioHarvest's technology for the field of cannabis including the equipment, materials, facilities and personnel. The initial period of the agreement shall be for 16 months, from closing of the transaction at a budgeted cost of \$1,979,406 (US\$1,538,000). Further expenditures may be required if the objectives of the research are not met during the initial period.

Under the terms of the transaction, the Board of Directors or the Resultant Issuer will consist of six persons three of whom shall be nominated by BioHarvest.

Subsequent to year-end, the Company made a payment to BioHarvest of \$129,436 (US\$ - 100,105) as an advance relating to the proposed transaction.