

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
JULY 31, 2018**
(Expressed in Canadian Dollars)

**NOTICE OF NO AUDITOR REVIEW OF THE
CONDENSED INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited condensed interim financial statements of Midnight Star Ventures Corp. (the "Company") for the three months ended July 31, 2018 have been prepared by and are the responsibility of the Company's management, and have not been reviewed by the Company's auditors.

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (Expressed in Canadian Dollars)

	JULY 31, 2018	APRIL 30 2018
ASSETS		
Current		
Cash	\$ 40,439	\$ 357,328
Amounts recoverable	7,952	3,700
Prepaid expenses	3,150	-
Total Current Assets	51,541	361,028
Deferred Financing Costs (Note 14)	273,806	-
Exploration and Evaluation Assets (Note 5)	137,486	137,486
Total Assets	\$ 462,833	\$ 498,514
 LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 42,140	\$ 45,762
Notes payable and accrued interest (Note 6)	-	-
Total Current Liabilities	42,140	45,762
 EQUITY		
Share Capital (Note 7)	1,211,205	1,211,205
Share Subscriptions Received (Note 7)	2,596	-
Reserves	10,781	10,781
Deficit	(803,889)	(769,234)
Total Equity	420,693	452,752
Total Liabilities and Equity	\$ 462,833	\$ 498,514

The financial statements were approved and authorized for issue by the Board of Directors on September 21, 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.

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

	THREE MONTHS ENDED JULY 31	
	2018	2017
Expenses		
Communications	\$ 181	\$ 967
Depreciation	-	165
Interest on notes payable	-	2,801
Management fees (Note 11)	9,000	9,000
Office and miscellaneous	87	51
Professional fees (Note 11)	15,473	19,715
Promotion	1,591	-
Regulatory and filing fees	5,079	1,910
Rent	3,000	3,000
Travel	244	-
	34,655	37,609
Net Loss and Comprehensive Loss for the Period	\$ (34,655)	\$ (37,609)
Loss Per Share, Basic and Diluted	\$ (0.00)	\$ (0.00)
Weighted Average Number of Shares Outstanding	26,643,768	14,561,935

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

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

	THREE MONTHS ENDED JULY 31	
	2018	2017
Cash Provided By (Used In):		
Operating Activities		
Net loss for the period	\$ (34,655)	\$ (37,609)
Items not involving cash:		
Accrued interest	-	2,801
Depreciation	-	165
Net changes in non-cash operating working capital items:		
Amounts recoverable	(4,252)	(2,186)
Prepaid expenses	(3,150)	-
Accounts payable and accrued liabilities	(3,622)	26,090
	(45,679)	(10,739)
Financing Activities		
Proceeds from notes payable	-	10,000
Share subscriptions received	2,596	-
Deferred financing fees	(273,806)	-
	(271,210)	10,000
Net (Decrease) In Cash	(316,889)	(739)
Cash, Beginning of Period	357,328	2,526
Cash, End of Period	\$ 40,439	\$ 1,787
Supplemental Cash Flow Information		
Interest Paid	\$ -	\$ -
Income Tax Paid	\$ -	\$ -

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

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

FOR THE PERIOD FROM APRIL 30, 2017 TO JULY 31, 2018
(Expressed in Canadian Dollars)

	SHARE CAPITAL		SHARE SUBSCRIPTIONS RECEIVED	RESERVES	DEFICIT	TOTAL TOTALEQUITY (DEFICIENCY)
	SHARES	AMOUNT				
Balance, April 30, 2017	14,561,935	\$ 430,083	\$ -	\$ 17,900	\$ (558,799)	\$ (110,816)
Net loss for the period	-	-	-	-	(37,609)	(37,609)
Balance , July 31, 2017	14,561,935	430,083	-	17,900	(596,408)	(148,425)
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 period	-	-	-	-	(172,826)	(172,826)
Balance, April 30, 2018	26,643,768	1,211,205	-	10,781	(769,234)	452,752
Share subscriptions received	-	-	2,596	-	-	2,596
Net loss for the period	-	-	-	-	(34,655)	(34,655)
Balance, July 31, 2018	26,643,768	\$ 1,211,205	\$ 2,596	\$ 10,781	\$ (803,889)	\$ 420,693

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

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(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 three months ended July 31, 2018, the Company incurred a net loss of \$34,655 (2017 - \$37,609) and at July 31, 2018 has an accumulated deficit of \$803,889 (April 30, 2018 - \$769,234). 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 condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS34") using accounting policies consistent with the International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They do not include all information required for full annual financial statements and should be read in conjunction with the Audited Financial Statements of the Company for the year ended April 30, 2018.

These condensed interim financial statements were authorized for issue by the Board of Directors on September 21, 2018.

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(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 preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at April 30, 2018. The accompanying condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended April 30, 2018.

Newly Adopted Accounting Standards

Subsequent to April 30, 2018 the company has adopted the following new accounting standards.

Financial instruments

Upon initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at amortized cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL.

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Standards (Continued)

Financial instruments (Continued)

Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated, and instead the hybrid financial instrument as a whole is assessed for classification. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (loss). This election is made on an investment-by-investment basis.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to initial recognition and how changes in value are recorded. The following accounting policies apply to the subsequent measurement of financial assets.

- a) Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
- b) Financial assets at amortized cost - These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
- c) Financial assets at FVOCI - These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Gains or losses recognized on the sale of the equity investment are recognized in other comprehensive income (loss) and are never reclassified to profit or loss.

There has been no change in the classification of cash as the Company continues to classify cash as FVTPL. Deferred financing cost have also been classified as FVTPL.

Financial liabilities are designated as either fair value through profit or loss, or other financial liabilities. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Other financial liabilities are carried on the statement of financial position at amortized cost.

An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments.

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Standards (Continued)

Financial instruments (Continued)

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized.

Derivative contracts are recognized at fair value on initial recognition. Subsequently, derivatives are remeasured at their fair value. The method of recognizing any resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged:

- a) Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk
- b) The effective portions of changes in the fair values of derivatives that are designated and qualify as cash-flow hedges are recognized in equity. The gain or loss relating to any ineffective portion is recognized immediately in profit or loss.
- c) Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in profit or loss.

Amounts accumulated in the hedge reserve are recycled in the statement of loss in the periods when the hedged items will affect profit or loss (for instance when the forecast sale that is hedged takes place).

If a forecast transaction that is hedged results in the recognition of a non-financial asset or a liability, the gains and losses previously deferred in the hedge reserve are included in the initial measurement of the cost of the asset or liability.

There has been no change in the classification of accounts payable and accrued liabilities as the Company continues to classify them as other financial liabilities and are recorded at amortised cost.

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:

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Newly Adopted Accounting Standards (Continued)

Financial instruments (Continued)

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.

Accounting Standards Issued but Not Yet Applied

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.

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.

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CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(Expressed in Canadian Dollars)

4. USE OF ESTIMATES AND JUDGMENTS (Continued)

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.

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.

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(Expressed in Canadian Dollars)

4. USE OF ESTIMATES AND JUDGMENTS (Continued)

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.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	FISH CLAIMS	
	JULY 31 2018	APRIL 30 2018
Property Acquisition Costs		
Balance, beginning of period	\$ 44,365	\$ 28,765
Additions in the period	-	15,600
Balance, end of period	<u>\$ 44,365</u>	<u>\$ 44,365</u>
Deferred exploration expenditures		
Balance, beginning of period	\$ 93,121	\$ 81,106
Additions in the period		
Claim maintenance fees	-	12,015
	<u>-</u>	<u>12,015</u>
Balance, end of period	<u>\$ 93,121</u>	<u>\$ 93,121</u>
Total balance, end of period	<u>\$ 137,486</u>	<u>\$ 137,486</u>

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. Subsequent to the period end, on September 11, 2018, the option agreement was amended. The amendment provided for the payment originally due on August 28, 2018 to be extended to October 28, 2018. No other terms of the agreement were amended.

The amended 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) \$19,650 (US\$15,000) on or before October 28, 2018.

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(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 period ended July 31, 2018, the Company incurred no expenses on the property.

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).

Subsequent to the period end, the Company, paid claim maintenance fees of \$12,541 (US\$9,267) on the property.

6. NOTES PAYABLE

	THREE MONTHS ENDED JULY 31 2018	YEAR ENDED APRIL 30 2017
Balance, beginning of period/year	\$ -	\$ 150,571
Additions	-	38,936
Repayments	-	(18,463)
Accrued interest	-	5,075
Foreign exchange gain	-	(410)
Settlement by share issuance (Note 7(b)(ii))	-	(174,532)
Gain on settlement	-	(1,177)
Balance, end of period/year	\$ -	\$ -

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(Expressed in Canadian Dollars)

6. NOTES PAYABLE (Continued)

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

7. SHARE CAPITAL

a) Authorized

Unlimited common shares, without par value.

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

b) Issued

During the three months ended July 31, 2018, there were no share issuances.

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.

c) Share subscriptions Received

On July 31, 2018, the Company received \$2,596 in respect of the exercise of 25,960 Agents options, which as of July 31, 2018 was recorded as share subscriptions received. On August 1, 2018, 25,960 Common shares were issued.

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

d) Agents options

As at July 31, 2018, agent's options were outstanding for the purchase of common shares as follows:

NUMBER OF SHARE AGENTS OPTIONS	EXERCISE PRICE	NUMBER EXERCISABLE AT JULY 31 2018	EXPIRY DATE
123,939	\$ 0.10	123,939	August 4, 2018

As at July 31, 2018 the agent's options outstanding have a weighted average remaining contractual life of 0.011 years.

A summary of changes in agent's options for the three month period ended July 31, 2018 and the year ended April 30, 2018 is presented below:

	THREE MONTHS ENDED JULY 31, 2018		YEAR ENDED APRIL 30, 2017	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Balance, beginning of period	123,939	\$ 0.10	205,780	\$ 0.10
Exercised	-	(0.10)	(81,841)	(0.10)
Balance, end of period	123,939	\$ 0.10	123,939	\$ 0.10

During July 2018, the Company received \$2,596 in respect of the exercise of 25,960 Agents options. On August 1, 2018 the Company issued 25,960 common shares pursuant to this exercise. All remaining Agents options expired on August 4, 2018.

e) 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.

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CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

e) Stock options (Continued)

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 July 31, 2018 no stock options have been granted pursuant to the plan.

f) 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.

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 July 31, 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 July 31, 2018 and April 30, 2018 the classification of the financial instruments, as well as their carrying values and fair values, are shown in the table below:

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS (Continued)

	LEVEL	FAIR VALUE THROUGH PROFIT OR LOSS	OTHER FINANCIAL LIABILITIES	CARRYING VALUE	FAIR VALUE
AS AT JULY 31, 2018					
Financial assets					
Cash	1	\$ 40,439	\$ -	\$ 40,439	\$ 40,439
Deferred financing costs	1	\$ 273,806	\$ -	\$ 273,806	\$ 273,806
Financial liabilities					
Accounts payable and accrued liabilities	1	\$ -	\$ 42,140	\$ 42,140	\$ 42,140
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

At July 31, 2018 and April 30, 2018 the carrying values of cash, and accounts payable and accrued liabilities 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.

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9. RISK MANAGEMENT (Continued)

a) Currency Risk

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 July 31, 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.

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.

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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.

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 July 31, 2018, prepaid expenses include \$3,150 (April 30, 2018 – Nil) for management fees paid in advance to a company controlled by the President, and deferred financing costs include \$4,700 (April 30, 2018 - \$Nil) for professional fees paid to a company controlled by an officer of the Company. Accounts payable and accrued liabilities include \$Nil (April 30, 2018 - \$3,150) for management fees charged by a company controlled by the President and \$7,885 (April 30, 2018 - \$4,000) for services rendered to the Company by a company controlled by an officer of the Company.

MIDNIGHT STAR VENTURES CORP.

CONDENSED INTERIM NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JULY 31, 2018

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11. RELATED PARTY TRANSACTIONS (Continued)

Amounts paid or accrued in the statements of operations for the three month periods ended July 31, 2018 and 2017 include:

	THREE MONTHS ENDED JULY 31	
	2018	2017
Management fees	\$ 9,000	\$ 9,000
Professional fees	13,400	5,500
Total	<u>\$ 27,100</u>	<u>\$ 14,500</u>

12. SUBSEQUENT EVENTS

Subsequent to the period end:

- a) The Company issued 25,960 common shares pursuant to the exercise of 25,960 Agents options for gross proceeds of \$2,596
- b) Agents options to acquire 97,979 common shares at \$0.10 expired unexercised.
- c) The Mineral Property option agreement was amended such that the payment originally due on August 28, 2018 was extended to October 28, 2018. No other terms of the agreement were amended.
- d) Deferred exploration expenses of \$ \$12,541 (US\$9,267) were incurred relating to the settlement of claims maintenance fees.

13. 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.

MIDNIGHT STAR VENTURES CORP.

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14. PROPOSED TRANSACTION (Continued)

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 ensure the Company holds the requisite Net Cash Amount of US\$2,000,000 prior to closing of the transaction. The Company will undertake a financing of up to \$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.

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.

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14. PROPOSED TRANSACTION (Continued)

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.

During the three months ended July 31, 2018, the Company has incurred certain costs pursuant to the closing of the transaction. Such cost comprising, legal and professional fees, consultancy fees for valuation services, filing fees and a payment to BioHarvest of \$129,436 (US\$ - 100,105) which aggregated \$273,806 have been categorized as deferred financing costs as at July 31, 2018.