STONE RIDGE EXPLORATION CORP.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

FEBRUARY 28, 2018 AND 2017

(Expressed in Canadian dollars)

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7
Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Stone Ridge Exploration Corp.

We have audited the accompanying financial statements of Stone Ridge Exploration Corp. which comprise the statements of financial position as at February 28, 2018 and, 2017, and the statements of comprehensive loss, changes in equity and cash flows for the years then ended and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, 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.

Auditors' 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 audits 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 consolidated financial statements. The procedures selected depend on our 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, we consider 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 based on 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 Stone Ridge Exploration Corp. as at February 28, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Stone Ridge Exploration Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
June 4, 2018

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	February 28, 2018	February 28, 2017
		$	$
ASSETS			
CURRENT			
Cash		575,626	26
Amounts receivable		13,755	7,245
		589,381	7,271
EXPLORATION AND EVALUATION ASSET	6	-	205,433
		589,381	212,704
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	8	110,918	66,578
SHAREHOLDERS' EQUITY			
SHARE CAPITAL	7	1,103,645	681,655
CONTRIBUTED SURPLUS		481,367	215,306
DEFICIT		(1,106,549)	(750,835)
		478,463	146,126
		589,381	212,704

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
SUBSEQUENT EVENT (Note 12)

Approved and authorized for issue on behalf of the Board on June 4, 2018

/s/ "Robert Coltura" Director *Stephen B. Butrenchuk"* Director

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year ended February 28, 2018	Year ended February 28, 2017
		$	$
EXPENSES			
Management fees	8	61,500	74,000
Office and miscellaneous		2,910	19,673
Professional fees	8	58,959	40,223
Rent	8	18,000	22,463
Travel and promotion		627	6,677
Transfer agent and filing fees		22,363	23,859
LOSS BEFORE OTHER ITEM		(164,359)	(186,895)
OTHER ITEM			
Write down of exploration and evaluation asset	6	(191,355)	-
NET LOSS AND COMPREHENSIVE LOSS		(355,714)	(186,895)
LOSS PER SHARE – Basic and diluted		(0.02)	(0.01)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		18,057,348	15,140,975

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Common Shares				
	Number of Shares	**Amount**	**Contributed Surplus**	**Deficit**	**Total**
		$	$	$	$
Balance, February 28, 2016	9,960,000	261,900	183,037	(563,940)	(119,003)
Share issue for cash (Note 7c)	5,500,000	550,000	-	-	550,000
Share issue costs (Note 7c)	250,000	(142,745)	32,269	-	(110,476)
Shares issued for exploration and evaluation assets (Note 7c)	125,000	12,500	-	-	12,500
Net loss for the year	-	-	-	(186,895)	(186,895)
Balance, February 28, 2017	15,835,000	681,655	215,306	(750,835)	146,126
Share issue for cash in private placement (Note 7c)	13,500,000	675,000	-	-	675,000
Share issue costs (Note 7c)	1,350,000	(342,494)	304,695	-	(37,799)
Shares issued from exercise of stock options (Note 7c)	400,000	72,268	(32,268)	-	40,000
Shares issued from exercise of warrants (Note 7c)	108,500	17,216	(6,366)	-	10,850
Net loss for the year	-	-	-	(355,714)	(355,714)
Balance, February 28, 2018	31,193,500	1,103,645	481,367	(1,106,549)	478,463

The accompanying notes are an integral part of these financial statements

STONE RIDGE EXPLORATION CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended February 28, 2018	Year ended February 28, 2017
	$	$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	(355,714)	(186,895)
Item not involving cash:		
Write down of exploration and evaluation asset	191,355	-
	(161,359)	(186,895)
Changes in non-cash working capital balances:		
Amounts receivable	(6,510)	2,249
Prepaid expenses	-	10,000
Accounts payable and accrued liabilities	44,340	(178,272)
Repayments to related party	-	(23,500)
Cash used in operating activities	(126,529)	(376,418)
INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	-	(73,067)
British Columbia Mineral Exploration Tax Credit	14,078	1,501
Cash provided by (used in) investing activities	14,078	(71,566)
FINANCING ACTIVITIES		
Issuance of common shares, net of issuance cost	688,051	439,524
Cash provided by financing activities	688,051	439,524
CHANGE IN CASH	575,600	(8,460)
CASH, BEGINNING OF YEAR	26	8,486
CASH, END OF YEAR	575,626	26
NON-CASH TRANSACTIONS:		
Shares and warrants issued for finder’s fees	372,195	25,000
Shares issued from exercise of options and warrants	38,634	-
SUPPLEMENTAL CASH DISCLOSURES:		
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are an integral part of these financial statements

1. NATURE OF OPERATIONS

Stone Ridge Exploration Corp. ("the Company") was incorporated on January 26, 2012 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at February 28, 2018, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amount shown for exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

On February 7, 2018 and amended on March 20, 2018, the Company has entered into a binding definitive agreement with Sproutly Inc. ("Sproutly"), to acquire a 100% of Sproutly. Sproutly is an emerging Canadian cannabis company focused on building new forms of production and consumption technology and creating reliable products and brands in the cannabis industry. The proposed transaction will constitute a reverse takeover of the Company by Sproutly. Pursuant to the proposed transaction, the issued and outstanding common shares of Sproutly will be exchanged for common shares of the Company on a one post-consolidated share for one share basis.

These financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future. The Company incurred a loss of $355,714 for the year ended February 28, 2018. The Company has incurred losses since its inception and had an accumulated deficit of $1,106,549 at February 28, 2018. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon obtaining additional financing or maintaining continued support from its shareholders and creditors, and generating profitable operations in the future. These factors give rise to a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business. Such adjustments could be material.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issue in accordance with a resolution from the Board of Directors on June 4, 2018.

b) Basis of presentation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash equivalents

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

d) Exploration and evaluation assets

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

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

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

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

e) Share-based payments

Share-based payments to employees and others providing similar services are measured at the estimated fair value of the instruments issued on the grant date and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of awards expected to vest. The offset to the recorded cost is to equity settled share-based payments reserve.

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

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

The fair value of warrants issued to agents in connection with private placements (“Agent Warrants”) is recognized on the date of issue as a share issue cost. The Company uses the BlackScholes option pricing model to estimate the fair value of Agent Warrants issued.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.
To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

g) Foreign currency

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

h) Decommissioning, restoration and similar liabilities

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Loss per share

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

j) Share issuance costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issue costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

k) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate resource properties. These equity financing transactions may involved issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each financing agreement, the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the agreement. The Company assigns 100% proceeds to the common shares and $nil to warrants.

l) Income taxes

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

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

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

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

m) Government assistance

British Columbia ("B.C.") mining exploration tax credits for certain exploration expenditures incurred in B.C. are recognized as a reduction of the exploration and development costs of the respective mineral property upon when the amount can be measured reliably and it is probable that the economics will flow to the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Financial assets

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

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

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. At February 28, 2018, the Company has not classified any financial assets as loans and receivables.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At February 28, 2018, the Company has not classified any financial assets as available for sale.

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

o) Financial liabilities

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

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

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At February 28, 2018, the Company has not classified any financial liabilities as FVTPL.

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Significant accounting estimates

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

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

iii. the inputs used in accounting for share-based payments.

Significant accounting judgments

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

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

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

There were no new or revised accounting standards scheduled for mandatory adoption on March 1, 2017 that affected the Company's financial statements.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

5. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

The following accounting policies will be adopted by the Company effective March 1, 2018:

IFRS 9 – *Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

IFRS 2 *'Share-based payments'* In June 2016, the IASB issued the final amendments to IFRS 2 Share-based payments that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

The adoptions of these standards are not expected to have a material impact on the Company's financial statements.

The following standard will be adopted by the Company effective January 1, 2019:

IFRS 16 'Leases': IFRS 16 will be effective for accounting periods beginning on or after January 1, 2019. Early adoption will be permitted, provided the Company has adopted IFRS 15. This standard sets out a new model for lease accounting.

The extent of the impact of adoption of this standard and interpretations on the financial statements of the Company has not been determined.

(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	**Exploration Costs**	**Total**
	$	$	$
Balance, February 28, 2016	12,647	108,720	121,367
Issuance of common shares	12,500	-	12,500
Cash payments	26,220	-	26,220
Other exploration costs	-	46,847	46,847
BCMETC credit	-	(1,501)	(1,501)
Balance, February 28, 2017	51,367	154,066	205,433
BCMETC credit	-	(14,078)	(14,078)
Write down of exploration and evaluation asset	(51,367)	(139,988)	(191,355)
Balance, February 28, 2018	-	-	-

Hanson Mineral Property

Pursuant to an option agreement (the "Original Agreement") dated January 26, 2012, with KGE Management Ltd. ("KGE") and John Chapman, collectively, the "Optionors ", the Company was granted an option to acquire a 100% undivided interest in the Hanson Mineral Property (the "Property") in the Omineca Mining Division of British Columbia. The terms of the Original Agreement were amended on February 25, 2012, August 1, 2013, September 19, 2014, February 23, 2015, July 23, 2015, November 13, 2015, January 14, 2016 and April 24, 2017 (collectively, the "Option Agreement").

In accordance with the Option Agreement, the Company had the option to acquire a 100% undivided interest in the Property by issuing a total of 630,000 common shares of the Company to the Optionors, making cash payments totaling $161,220, and incurring a total of $2,600,000 in exploration expenditures on and before the fourth anniversary. The Optionors would retain a 3% Net Smelter Returns royalty on the Property. The Company had the right to purchase 1.5% of the royalty for $3 million at any time prior to the commencement of commercial production.

During the year ended February 28, 2018, the Company received $14,078 (2017 - $1,501) in British Columbia Mining Exploration Tax Credits ("BCMETC"). Management decided not to pursue the interest in this property and as a result, the Company recorded a write down of exploration and evaluation asset of $191,355.

(Expressed in Canadian dollars)

7. SHARE CAPITAL

a) Authorized:

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

b) Escrow Shares:

The Company entered into an escrow agreement, whereby common shares will be held in escrow and are scheduled for release at 10% on the listing date and 15% on every six month from date of listing. At February 28, 2018, there were 2,250,000 shares held in escrow.

c) Issued and Outstanding: As at February 28, 2018, there were 31,193,500 common shares outstanding.

February 28, 2018

(i) The Company issued 13,500,000 units for gross proceeds of $675,000. Each unit consisted of one common share of the Company and one-half of a common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share at a purchase price of $0.10 per share for a period of one year. The Company incurred $37,799 professional fees, issued 1,350,000 agent units with a fair value of $67,500 and 1,350,000 agent warrants with a fair value of $304,695 as finder's fees. Each agent unit consisted of one common share and one-half of a common share purchase warrant. Each whole agent warrant entitles the holder to purchase one common share at $0.10 per share for one year. The fair market value of the 1,350,000 agent warrants was estimated using the Black-Scholes option pricing model with the following assumptions:

Risk-free rate	1.75%
Exercise price	$0.10
Expected life of warrants in years	1
Expected volatility	212%
Expected dividend yield	0%

(ii) The Company issued 400,000 common shares for proceeds of $40,000 from the exercise of stock options.

(iii) The Company issued 108,500 common shares for proceeds of $10,850 from the exercise of warrants.

February 28, 2017

The Company issued 5,500,000 common shares at $0.10 per share for gross proceeds of $550,000. In connection with the transaction, the Company issued to an agent 250,000 common shares with a fair value of $25,000 and paid agent commission and other fees of $110,476. In addition, the Company also issued 550,000 warrants with a fair value of $32,269 to the agent. Each agent warrant entitles the holder to purchase one additional common share at $0.10 per share until April 13, 2018. The fair value of the agent warrants was estimated using the assumptions of: risk-free rate of 0.68%; expected life of 2 years; expected volatility of 115% and expected dividends of $Nil.

The Company issued 125,000 common shares with a fair value of $12,500 in connection with the Option Agreement (Note 6).

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

d) Stock Options:

The Company grants incentive stock options as permitted pursuant to the Company's Stock Option Plan (the "Plan") approved by the shareholders which complies with the rules and policies of the Canadian Securities Exchange. Under the Plan, the aggregate number of common shares which may be subject to option at any time may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the Optionee. If the Optionee ceases to be qualified to receive options from the Company those options shall immediately expire. All options vest when granted unless otherwise specified by the Board of Directors. Options granted to persons providing investor relations activities to the Company must vest in stages over at lease one-year period and no more than one-quarter of such options may be vested in any three month period.

The following table summarizes stock option transactions:

	Number of Options	**Weighted Average Exercise Price**
		$
Outstanding, February 29, 2016 and February 28, 2017	800,000	0.10
Exercised	(400,000)	0.10
Outstanding, February 28, 2018	400,000	0.10

The following table summarizes the stock options outstanding and exercisable as at February 28, 2018 is:

Exercise Price	**Number of options**	**Exercisable**	**Expiry date**
$ 0.10	400,000	400,000	May 5, 2020

The weighted average remaining useful life of outstanding options is 2.18 years as at February 28, 2018.

e) Warrants:

The following table summarizes warrants transactions:

	Number of Options	**Weighted Average Exercise Price**
		$
Outstanding, February 29, 2016	-	-
Issued	550,000	0.10
Outstanding, February 28, 2017	550,000	0.10
Issued – private placement	6,750,000	0.10
Issued – agent warrants	2,025,000	0.10
Exercised	(108,500)	0.10
Outstanding, February 28, 2018	9,216,500	0.10

(Expressed in Canadian dollars)

7. SHARE CAPITAL (continued)

e) Warrants (continued):

The table below summarizes the warrants outstanding and exercisable as at February 28, 2018 is:

Exercise Price	Number of warrants	Exercisable	Expiry date
$ 0.10	441,500*	411,500*	April 13, 2018
$ 0.10	8,775,000	8,775,000	January 12, 2019

*Subsequent to February 28, 2018, 440,620 warrants were exercised.

The weighted average remaining useful life of outstanding options is 0.84 years as at February 28, 2018.

8. RELATED PARTY BALANCES AND TRANSACTIONS

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

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

	February 28, 2018	February 28, 2017
	$	$
Accounts payable and accrued liabilities	93,736	53,955

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

The Company had the following related party transactions:

	Year ended February 28, 2018	Year ended February 28, 2017
	$	$
Professional fees	22,100	22,000
Rent	18,000	22,463
Total	40,100	44,463

Professional fees and rent are paid to companies controlled by the officer and a former director of the Company.

(Expressed in Canadian dollars)

8. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

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

	Year ended February 28, 2018	**Year ended February 28, 2017**
	$	$
Management fees	61,500	69,000

Management services were provided by companies owned by the officer and a former director of the Company. Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

9. INCOME TAXES

The Company has losses carried forward of $747,000 available to reduce income taxes in future years which expire between 2032 and 2038.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	Year ended February 28, 2018	**Year ended February 28, 2017**
Canadian statutory income tax rate	26%	26%
	$	$
Income tax recovery at statutory rate	93,000	49,000
Effect of income taxes of:		
Change in rate and others	10,000	-
Permanent differences	27,000	29,000
Change in deferred tax assets not recognized	(130,000)	(78,000)
Deferred income tax recovery	-	-

The temporary differences that give rise to significant portions of the deferred tax assets not recognized are presented below:

	February 28, 2018	**February 28, 2017**
	$	$
Non-capital loss carry forwards	202,000	139,000
Mineral properties	38,000	(13,000)
Share issue costs	42,000	26,000
Deferred tax assets not recognized	(282,000)	(152,000)
	-	-

10. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

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

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

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

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

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

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

Fair Value of Financial Instruments

The Company's financial assets include cash and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position as at February 28, 2018 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	$	$	$	$
Cash	575,626	-	-	575,626

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at February 28, 2018 because of the demand nature or short-term maturity of these instruments.

11. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Financial risk management objectives and policies

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

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

(ii) *Interest rate risk*

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

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

(iii) *Credit risk*

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

(iv) *Liquidity risk*

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

12. SUBSEQUENT EVENT

Subsequent to February 28, 2018, 440,620 warrants were exercised for cash proceeds of $44,150.