LANDSDOWN HOLDINGS LTD.

(an exploration stage company)

FINANCIAL STATEMENTS

(Audited)

For the Years Ended December 31, 2017 and 2016

(Expressed in Canadian dollars)

Landsdown Holdings Ltd.
Index to Financial Statements
As at December 31, 2017 and 2016

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Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: *the Shareholders of*
Landsdown Holdings Ltd.

I have audited the accompanying financial statements of Landsdown Holdings Ltd. (the "Company"), which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of loss and comprehensive loss, statements of cash flows and statements of changes in equity for years ended December 31, 2017 and December 31, 2016, 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.

Auditors' Responsibility
My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

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

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flow for years ended December 31, 2017 and December 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying my opinion, I draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Burnaby, British Columbia
April 10, 2018

Landsdown Holdings Ltd.
Statements of Financial Positions
As at
(Expressed in Canadian dollars)

	Note	December 31, 2017 $	December 31, 2016 $
Assets			
Cash and cash equivalents		335,648	3
Loans receivable	7	28,943	4,319
Prepaid expenses		12,000	-
Current Assets		376,591	4,322
Mineral property	8	10,000	-
Total Assets		386,591	4,322
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses		25,208	15,673
Loans payable	9	518	8,518
		25,726	24,191
Shareholders' Equity (Deficit)			
Share Capital	4	587,094	52,503
Deficit		(226,229)	(72,372)
		360,865	(19,869)
Total Liabilities and Shareholders' Equity		386,591	4,322

Nature and Continuance of Operations (Note 1)
Proposed Transaction (Note 11)

The accompanying notes are integral to these financial statements.

Approved and authorized for issue on April 10, 2018:

/s/ Jamie Macintosh
CEO and President

Landsdown Holdings Ltd.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the Year Ended December 31, 2017 $	For the Year Ended December 31, 2016 $
Expenses		
Consulting	**80,705**	5,000
Business development	**-**	41,000
Transfer agent	**8,445**	-
Exploration (Note 8)	**51,466**	-
Professional fees	**13,048**	17,800
General and administration	**193**	-
Total Expenses	**153,857**	63,800
Net Loss and total comprehensive loss for the year	**(153,857)**	(63,800)
Basic and diluted loss per common share	**(0.02)**	$ (0.02)
Weighted average number of common shares outstanding	**9,915,109**	4,063,240

The accompanying notes are integral to these financial statements.

Landsdown Holdings Ltd.
Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars except the number of shares)

	Common Shares			
	Number	Amount $	Deficit $	Total $
Balance, December 31, 2015	**2,500,500**	**27,503**	**(8,572)**	**18,931**
Issuance of common shares	1,100,000	22,000	-	22,000
Issuance of common shares	600,000	3,000	-	3,000
Net Loss for the year	-	-	(63,800)	(63,800)
Balance, December 31, 2016	**4,200,500**	**52,503**	**(72,372)**	**(19,869)**
Issuance of common shares	10,238,078	541,131	-	541,131
Share issuance costs	-	(6,540)	-	(6,540)
Net loss for the year	-	-	**(153,857)**	**(153,857)**
Balance, December 31, 2017	**14,438,578**	**587,094**	**(226,229)**	**360,865**

The accompanying notes are integral to these financial statements.

Landsdown Holdings Ltd.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Note	Year Ended December 31, 2017 $	Year Ended December 31, 2016 $
Net loss and comprehensive loss for the year		(153,857)	(63,800)
Operating Activities:			
Changes in non-cash working capital items:			
Increase in prepaid expenses		(12,000)	40,000
Increase in accounts payable & accrued Liabilities		9,535	12,800
Cash flows used in operating activities		(156,322)	(11,000)
Investing Activities:			
Mineral property		(10,000)	-
Loans receivable		(24,624)	(2,625)
Cash flows used in Investing activities		(34,624)	(2,625)
Financing Activities:			
Loans payable		(7,999)	(21,482)
Proceeds from subscriptions for common stock, net of share issuance costs		534,590	25,000
Cash flows provided by financing activities		526,591	3,518
Increase in cash and cash equivalents		335,645	(10,107)
Cash & cash equivalents, beginning of the year		3	10,110
Cash & cash equivalents, end of the year		335,648	3

Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

The accompanying notes are integral to these financial statements.

1. Nature and Continuance of Operations:

Landsdown Holdings Ltd. (the "Company") was incorporated on August 9, 2015 under the laws of British Columbia, Canada. Its head office and registered office is located at 401 Bay St., Suite 2702, Toronto, ON. M5H 2Y4, Canada. The Company is in the mining and exploration sector.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully develop its business of exploration of mining.

The recovery of the amounts comprising mineral properties is dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing to successfully complete their exploration and development, and upon future profitable production.

These financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At December 31, 2017, the Company had not yet achieved profitable operations and had accumulated losses of $226,229 since its inception. The Company expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. A number of alternatives including, but not limited to selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. Basis of Presentation:

Statement of Compliance -

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

3. Significant Accounting Policies:

a) Basis of Measurement -

These financial statements have been prepared on a historical cost basis, except for financial instruments classified in accordance with measurement standards under IFRS. All dollar amounts presented are in Canadian dollars unless otherwise specified. These financial statements have been prepared using IFRS principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

b) Significant Accounting Judgments and Estimates -

The preparation of financial statements in conformity with IFRS 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 the reported revenues and expenses during the year. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates. The most significant accounts that require estimates as the basis for determining the stated amounts include valuation of share-based payments and recognition of deferred income tax amounts and provision for restoration, rehabilitation and environmental costs. Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

<u>Economic recoverability and probability of future economic benefits of mineral properties</u>
Management has determined that mineral property costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

<u>Determination of functional currency</u>
The Company determines the functional currency through an analysis of several indicators such as expenses and cash flow, financing activities, retention of operating cash flows, and frequency of transactions with the reporting entity.

<u>Income taxes</u>
In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

Site decommissioning obligations

The Company recognizes a provision for future abandonment activities in the financial statements equal to the net present value of the estimated future expenditures required to settle the estimated future obligation at the statement of financial position date. The measurement of the decommissioning obligation involves the use of estimates and assumptions including the discount rate, the expected timing of future expenditures and the amount of future abandonment costs. The estimates were made by management and external consultants considering current costs, technology and enacted legislation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

c) Financial Instruments -

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

3. Significant Accounting Policies (Continued):

c) Financial instruments (Continued) -

Financial assets and liabilities are classified into one of the following categories based on the purpose for which they were acquired:

- Financial asset or financial liability at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables;
- Available-for-sale financial assets; and
- Other financial liabilities

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset and liability. All transactions related to financial instruments are recorded on a settlement date basis.

Financial asset or financial liability at fair value through profit or loss ("FVTPL")

A financial asset or liability classified at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Financial assets and liabilities are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-Maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investments, including impairment losses, are recognized in the profit or loss.

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand that are not quoted in an active market. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses.

3. Significant Accounting Policies (Continued):

c) Financial instruments (Continued) -

Loans and Receivables (continued)

Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Effective Interest Method

The effective interest method calculates the amortized cost of a financial asset or a financial liability and allocates interest income or interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, to the net carrying amount of the financial asset or financial liability.

Derecognition of Financial Liabilities

The Company derecognizes a financial liability when its obligations are discharged, cancelled or expired.

d) Offsetting of Financial Instruments -

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

e) Impairment of Financial Assets -

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Financial Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

3. Significant Accounting Policies (Continued):

Financial instruments (Continued) -

e) Impairment of Financial Assets (continued)

Financial Assets Carried at Amortized Cost (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to receivables, a provision for impairment is made and an impairment loss is recognized in income when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Impairment of Financial Assets -

Available-for-Sale Financial Assets
If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated comprehensive income to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

f) Comprehensive Income (Loss) -

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholder and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period.

Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholder's equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

3. Significant Accounting Policies (Continued):

g) Loss Per Share -

Basic loss per share is calculated by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the periods presented.

h) Mineral properties -

The Company charges to operations all exploration and evaluation expenses incurred prior to the determination of economically recoverable reserves. These costs would also include periodic fees such as license and maintenance fees.

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Although the Company has taken steps to verify the title to mineral properties in which it has an interest, in accordance with industry practice for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

i) Provision for environmental rehabilitation -

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to 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 Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The increase in the provision due to the passage of time is recognized as interest expense.

3. Significant Accounting Policies (Continued):

j) Income taxes -

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

k) New standards and interpretations not yet applied –

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below.

<u>IFRS 9, Financial instruments</u>

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments bringing together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. IFRS 9 also amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in OCI, and guidance on financial liabilities and derecognition of financial instruments. The mandatory effective date of IFRS 9 will be annual periods beginning on or after January 1, 2018, with early adoption permitted.

4. Share Capital and Reserves:

Authorized – Unlimited Common shares without par value; and

Issued and Outstanding as at December 31, 2017: 14,438,578 (2016: 4,200,500)

During the year ended December 31, 2016, 1,700,000 common shares were issued for proceeds of $25,000.

During the year ended December 31, 2017, the Company issued a total of 10,238,078 common shares for proceeds of $541,131 and incurred share issuance costs of $6,540.

5. Capital Disclosures:

The Company defines its capital as shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration and development 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 to sustain future development of the business. The properties in which the Company currently has an interest are in the exploration stage. As such, the Company has historically relied on the equity markets to fund its activities. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned exploration and pay for administrative costs, the Company will need to raise additional funds. 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 reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

6. Financial and Capital Risk Management:

The three levels of the fair value hierarchy are:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
Level 3 – inputs that are not based on observable market data.

The Company enters into financial instruments to finance its operations in the normal course of business. The fair values of cash, loan receivable, accounts payable and loan payable approximate their carrying values due to the short-term maturity of these instruments.

6. Financial and Capital Risk Management: *(continued)*

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at December 31, 2017 as follows:

		Level 1	Level 2	Level 3		Total
Financial Assets						
Cash	$	335,648	-	-	$	335,648
	$	335,648	-	-	$	335,648

The Company is exposed to varying degrees to a variety of financial instrument related risks:

Foreign exchange risk
The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Credit risk
The Company's cash is largely held in large Canadian financial institutions. The Company does not have any asset-backed commercial paper. The Company maintains cash deposits with Schedule A financial institution, which from time to time may exceed federally insured limits. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

Interest rate risk
Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The Company does not hold any financial liabilities with variable interest rates. The Company does maintain bank accounts which earn interest at variable rates but it does not believe it is currently subject to any significant interest rate risk.

Liquidity risk
The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances and through short-term borrowing. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk
The ability of the Company to explore its mineral properties and the future profitability of the Company are directly related to the market price of precious metals. The Company monitors precious metals prices to determine the appropriate course of action to be taken by the Company.

7. Loans Receivable:

The Company has demand loans receivable of $28,943 as at December 31, 2017 (2016: $4,319). The amounts are unsecured and due upon demand without interest.

8. Mineral property:

The Company's mineral property interests are comprised of properties located in Canada.

	Cobalt	Total
Mineral property		
Balance, December 31, 2016	$ -	$ -
Acquisition costs	10,000	10,000
Balance, December 31, 2017	$ 10,000	$ 10,000

	Cobalt	Total
Exploration expenditures		
Consulting	$ 2,511	$ 2,511
Field works	17,352	17,352
Geological	31,603	31,603
Total at December 31, 2017	$ 51,466	$ 51,466

On February 17, 2017, the Company entered into an option agreement with Ridge Resources Ltd, Crucible Resources Ltd, 477291 B.C. Ltd, MVR Consulting Inc. and Timothy Arthur Johnson (collectively, the "Vendors") whereby the Vendors granted the Company the right to acquire a 100% interest in and to the Cobalt Property. In order to acquire the 100% interest in the Property, the Company shall pay cash and issue shares as follows:

(a) Cash payment of $10,000 within 10 days of execution of this agreement (Paid during the year ended December 31, 2017)

(b) Cash payments to Ridge:
  (i) $20,000 on or before February 17, 2018 (Paid in February, 2018); and
  (ii) $30,000 on or before February 17, 2019

(c) and issuance of 1,800,000 common shares of the Company as follows:
  (i) 400,000 shares of the Company upon Exchange acceptance of this agreement ("Approval Date");
  (ii) 600,000 shares of the Company – 12 months from the Approval Date; and
  (iii) 800,000 shares of the Company – 24 months from the Approval Date;

9. Loans Payable:

As at December 31, 2017, the Company had demand loans payable of $518 (2015: $8,518). The amounts owed are unsecured and upon demand without interest.

10. Income Taxes:

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2017 $	December 31, 2016 $
Loss before income taxes	(153,857)	(63,800)
Statutory rates	26%	26.00%
Expected income tax recovery at statutory rates	(40,003)	(16,588)
Effect of an increase in tax rates	(3,952)	—
Non-deductible expenses and other deductions	—	—
Current and prior tax attributes not recognized taxes	43,955	16,588
Deferred income tax recovery	—	—

Details of deferred tax assets are as follows:	December 31, 2017 $	December 31, 2016 $
Deferred tax assets:		
Non-capital losses carried forward value	47,186	18,817
Mineral properties	13,896	—
Total deferred tax assets	61,082	18,817
Less: unrecognized deferred tax assets	(61,082)	(18,817)
Deferred tax assets	—	—

The Company has approximately $174,000 of non-capital losses available, which begin to expire in 2025 through to 2037 and may be applied against future taxable income. The Company also has approximately $61,000 of exploration and development costs which are available for deduction against future income for tax purposes. At December 31, 2017, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

11. Proposed Transaction:

On September 30, 2016, the Company signed a non-binding letter of intent (the "LOI") with Monterey Minerals Inc. (the "Seller") whereby the Seller would form a newly incorporated wholly-owned subsidiary (the "Newco") to a facilitate a spin-out transaction under the Seller's 2016 Plan of Arrangement in which Newco will purchase all of the issued and outstanding capital stock from the Company's shareholders through a share exchange (the "Proposed Transaction"), resulting in the Company becoming a reporting issuer in B.C. and Alberta upon completion. Upon closing, the Seller would transfer a $1,000 deposit and a letter of intent for business concepts to Newco.

As of December 31, 2017, no payments have been made under the Proposed Transaction and no definitive agreement has been reached with the Seller pursuant to the LOI.

12. Segmented Information:

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral properties in Canada. As the operations comprise a single reporting segment, amounts disclosed also represent segment amounts.

13. Related Party Transactions:

The Company incurred the following charges with directors and/or officers of the Company and/or companies controlled by them during the years ended December 31, 2017 and 2016:

	2017	**2016**
	$	**$**
Consulting	16,950	-
	16,950	157,592

All related party transactions are in the normal course of operations and have been measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.