fNo securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This Prospectus does not constitute a public offering of securities.

PROSPECTUS

Non-Offering Prospectus **January 25, 2019**

MONTEREY MINERALS INC.

No securities are being offered pursuant to this Prospectus

This final prospectus (the "**Prospectus**") is being filed with the British Columbia Securities Commission, the Alberta Securities Commission and the Ontario Securities Commission in connection with the application by Monterey Minerals Inc. (the "**Company**") to list the common shares (the "**Common Shares**") in the capital of the Company on the CSE.

Since no securities are being offered pursuant to this Prospectus, no proceeds will be raised and all expenses in connection with the preparation and filing of this Prospectus will be paid by the Company from its general corporate funds.

There is currently no market in Canada through which Common Shares may be sold and shareholders may not be able to resell the Common Shares owned by them. This may affect the pricing of the Common Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Common Shares and the extent of issuer regulation. See "*Risk Factors*".

The Company has applied to list its Common Shares on the CSE. The CSE has conditionally approved the listing of the Common Shares. Listing is subject to the Company fulfilling all the listing requirements of the CSE.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., or a marketplace outside Canada and the United States of America.

In reviewing this Prospectus, you should carefully consider the matters described under the heading "*Risk Factors*".

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of its contents.

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

Table of Contents

PROSPECTUS SUMMARY

The following is a summary of the Company and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

The Company:	The Company was incorporated on May 9, 2014 pursuant to the BCBCA under the name "1001886 B.C. Ltd." and on July 5, 2015 changed its name to Monterey Minerals Inc. The Company's head and registered office is located at 890-1140 West Pender Street, Vancouver, British Columbia, V6E 2R9.
Business of the Company:	The Company is a junior mining exploration company. Its current focus is to conduct the proposed exploration program on the Cobalt Mountain Property as more particularly set out in the Technical Report, along with continuing to identify and potentially acquire additional property interests, assess their potential and engage in exploration activities. See "*Business of the Company*".
Listing:	The Company has applied to list its Common Shares on the CSE. The CSE has conditionally approved the listing of the Common Shares. Listing is subject to the Company fulfilling all of the requirements of the CSE.

Directors and Management:

James Macintosh	President, CEO and Director
Julio DiGirolamo	CFO, Corporate Secretary and Director
Bruce Reid	Director and Non-Executive Chairman
Samuel Hardy	Director

See "*Directors and Executive Officers*".

Risk Factors:

Investment in the Company involves a substantial degree of risk and must be regarded as highly speculative due to the proposed nature of the Company's business and its present stage of development. Prospective investors should carefully consider, in addition to matters set forth elsewhere in this Prospectus, the risks described under "Risk Factors", which are summarized below:

- An investment in the Company is highly speculative in nature and future investors could lose part or all of their investment.
- The Company does not expect to pay any cash dividends.
- If the Company does not obtain additional financing, its business may fail.
- The Company has no operating history or revenue which would permit you to judge the probability of its success.
- The Company is subject to risks inherent in the establishment of a new business enterprise.

- The Company’s property does not contain a known commercially viable mineral deposit.
- The management of the Company may not be successful in managing the business and the Company may fail as a result.
- Compared to other mineral exploration companies, the Company is very small, has few resources and must limit its exploration.
- The Company will have to suspend its exploration plans if it does not have access to all of the supplies and materials needed in order to carry out such plans.
- There are inherent dangers involved in mineral exploration and the Company may incur liability or damages as it conducts its business.
- If the Company becomes subject to burdensome government regulation or other legal uncertainties, there could be a negative impact on the Company’s business.
- New mineral exploration companies have a high failure rate.
- Fluctuations in metal prices may adversely affect the Company’s prospective revenue, profitability and working capital position.
- The Company’s exploration and development properties may not be successful and are highly speculative in nature.
- Environmental and other regulatory risks may adversely affect the Company.
- Climate change may adversely affect the Company.
- Title to some of the Company's mineral properties may be challenged or defective.
- Current global financial conditions may adversely impact the Company and the value of the Common Shares.
- The Company may not be able to obtain or renew licenses or permits that are necessary to its operations.
- The Company may actively pursue the acquisition of exploration, development and production assets consistent with its acquisition and growth strategy. However, such transactions involve inherent risks.
- If you purchase Common Shares of the Company in an offering, you may experience dilution.
- Future sales of Common Shares by existing shareholders could cause the share price to fall.
- There can be no assurance that the Company’s business and strategy will enable it to become profitable or sustain profitability in future periods.
- While the Company has obtained insurance to address certain risks in such amounts as it considers reasonable, such insurance has

limitations on liability that may not be able to cover all the potential liabilities and the insurance may not continue to be available or may not be adequate to cover any resulting liability.

- Legal proceedings may arise from time to time in the course of the Company's business.
- The Company relies on outside parties whose work may be negligent, deficient or not completed in a timely manner.
- The Company may experience significant fluctuations in its quarterly and annual results of operations for a variety of reasons, many of which are outside of the Company's control.
- During the fiscal year ended April 30, 2018, the Company had negative cash flow from operating activities.
- The Company may be subject to potential conflicts of interest.
- The Company's projects may be adversely affected by risks outside the control of the Company.
- Land reclamation requirements may be burdensome.
- There is no assurance that the Company has been or will at all times be in full compliance with all laws and regulations or hold, and be in full compliance with, all required health and safety permits.
- Infrastructure required to carry on the Company's business may be affected by unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure.
- The markets that the Company participates in may not grow as expected or at all.
- There can be no assurance that market fluctuations and volatility will not affect the price of the Company's securities in the future or that the price of the Common Shares will not decrease after listing on the CSE.
- There can be no guarantee that an active and liquid trading market will develop or be maintained, the failure of which may have a material adverse effect on the value of the Common Shares and the ability of a purchaser to dispose of the Common Shares in a timely manner, or at all.

This information is presented as of the date of this Prospectus and is subject to change, completion, or amendment without notice. See "*Business of the Company*", "*Directors and Executive Officers – Conflicts of Interest*", "*Available Funds*" and "*Risk Factors*".

Summary of Financial Information:

The following selected financial information has been derived from and is qualified in its entirety by the audited financial statements of Landsdown for the financial years ended December 31, 2016 and December 31, 2017, the audited financial statements of the Company for the financial years ended April 30, 2017 and April 30, 2018, and the consolidated unaudited financial statements of the Company for the nine month period ended September 30, 2018 and notes thereto included in this Prospectus and should be read in conjunction with such financial statements and related notes thereto, along with the MD&A included in this Prospectus. All financial statements have been prepared in accordance with IFRS.

Financial information of Landsdown:

	Year ended December 31, 2017	**Year ended December 31, 2016**
Revenue	0	0
Expenses	$153,857	$63,800
Other (income) expense items	0	0
Net loss	$(153,857)	$(63,800)
Net loss per share	$(0.02)	$ (0.02)
Total assets	$386,591	$4,322
Total liabilities	$25,726	$24,191

Financial information of the Company:

	Nine month period ended September 30, 2018	**Year ended April 30, 2018**	**Year ended April 30, 2017**
Revenue	0	0	0
Expenses	$321,043	$69,120	$9,292
Other (income) expense items	0	0	0
Net loss	$(321,043)	$(69,120)	$(9,292)
Net loss per share	$(0.02)	$(0.92)	$ (9,292)
Total assets	$536,917	$156,305	-
Total liabilities	$24,582	$57,519	$32,031

See “*Business of the Company*” and “*Financial Statements*”.

Use of Available Funds:	As at December 31, 2018, the Company had approximately $350,000 of working capital available. The table below sets out the expected principal purposes for which such funds will be used.

Principal Purposes:	
Total funds available	**$350,000**
To pay the estimated cost of the remainder of the recommended exploration program and budget on the Cobalt Mountain Property as outlined in the Technical Report	$60,000(1)
Payment required under Option Agreement for Cobalt Mountain Property	$30,000(2)
Prospectus and CSE listing costs	$25,000(3)
Operating expenses for 12 months(1)	$118,850(4)
Unallocated working capital	$116,150
Estimated Total Funds Used:	**$350,000**

Notes

(1) The Company expects to have expended the remaining $60,000 of the budgeted expenditures by the end of Q3 of 2019.

(2) Payment due in February 2019.

(3) Expected to be completed during January 2019.

(4) Estimated operating expenses for the next 12 months include the following: rent, ($9,650), salaries ($90,000), transfer agent fees ($2,400), SEDAR filing fees ($1,700), exchange fees ($7,800) and travel and related expenses ($7,300).

See "*Use of Available Funds*"

Currency: Unless otherwise specified, all dollar amounts in this Prospectus are expressed in Canadian dollars.

GLOSSARY

1. “**BCBCA**” means the *Business Corporations Act (British Columbia).*

2. “**Board**” means the board of directors of the Company.

3. “**Common Shares**” means the common shares without par value in the share capital of the Company.

4. “**company**” Unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.

5. “**Company**” means Monterey Minerals Inc., a corporation incorporated pursuant to the laws of the province of British Columbia.

6. “**CSE**” or “**Exchange**” means the Canadian Securities Exchange.

7. “**Escrow Agent**” means Integral Transfer Agency at its office located at 203-100 Queen Street East, Toronto, Ontario, M5C 1S6.

8. “**insider**” If used in relation with an issuer, means:

   (a) a director or officer of the issuer;

   (b) a director or officer of the company that is an insider or subsidiary of the issuer;

   (c) a person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or

   (d) the issuer itself if it holds any of its own securities.

9. “**Listing**” means the proposed listing of the Common Shares on the CSE for trading.

10. “**MD&A**” means the management’s discussion and analysis of Landsdown for the year ended December 31, 2017, and of the Company for the year ended April 30, 2018 and the nine month period ended September 30, 2018.

11. “**Person**” means any individual, corporation, partnership, trust, limited liability company, association or other entity.

12. “**Technical Report**” means the technical report entitled “National Instrument 43-101 Technical Report on the Cobalt Mountain Property” dated effective January 10, 2019. The report was prepared by Jeremy Hanson, B.Sc. P.Geo.

13. “**Transfer Agent**” means Integral Transfer Agency at its office located at 203-100 Queen Street East, Toronto, Ontario, M5C 1S6.

FORWARD-LOOKING INFORMATION

This Prospectus contains forward-looking statements or information (collectively, "forward-looking statements") that relate to the Company's management's current expectations and views of future events. The forward-looking statements are contained principally in the sections of the Prospectus titled "*Prospectus Summary*", "*Business of the Company*", "*Management's Discussion and Analysis*", "*Use of Available Funds*" and "*Risk Factors*".

In some cases, these forward-looking statements can be identified by words or phrases such as "may", "will", "expect", "anticipate", "aim", "estimate", "intend", "plan", "seek", "believe", "potential", "continue", "is/are likely to" or the negative of these terms, or other similar expressions intended to identify forward looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- expectations regarding revenue, expenses and operations;
- the Company having sufficient working capital and be able to secure additional funding necessary for the exploration of the Company's property interests;
- expectations regarding the potential mineralization, geological merit and economic feasibility of the Company's projects;
- expectations regarding drill programs and the potential impacts successful drill programs could have on the life of the mine and the Company;
- mineral exploration and exploration program cost estimates;
- expectations regarding any environmental issues that may affect planned or future exploration programs and the potential impact of complying with existing and proposed environmental laws and regulations;
- receipt and timing of exploration and exploitation permits and other third-party approvals;
- government regulation of mineral exploration and development operations;
- expectations regarding any social or local community issues that may affect planned or future exploration and development programs; and
- key personnel continuing their employment with the Company.

Forward-looking statements are based on certain assumptions and analysis made by the Company in light of its experience and perception of historical trends, current conditions and expected future developments and other factors it believes are appropriate, and are subject to risks and uncertainties. Although the Company's management believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect. Given these risks, uncertainties and assumptions, prospective purchasers and current holders of the Company's securities should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including those listed under "*Risk Factors*", which include, among others, risks related to:

- arbitrary price for securities;
- the Company's ability to acquire funding;
- no operating history or revenue;
- risks inherent in the establishment of a new business enterprise;
- no known commercially viable mineral deposit;
- dependence on key personnel;
- being a small, junior mineral exploration company in an industry dominated by many larger companies;
- access to supplies and materials;
- inherent dangers involved in mineral exploration;
- becoming subject to burdensome government regulation or other legal uncertainties;
- new mineral exploration companies having a high failure rate;
- fluctuations in metal prices;
- availability of capital in the future;
- the speculative nature of exploration and development properties;
- environmental and other risks;
- climate change;
- title to property issues;
- risks related to global financial uncertainty;
- the Company's ability to obtain and renew licenses and permits;
- risks inherent in acquisitions;
- dilution of the Company's Common Shares;
- share prices falling due to future sales by existing shareholders;
- the profitability of the Company;
- insurance and uninsured risks;
- indigenous land claims;
- dependent on information technology systems;
- the possibility of litigation;
- dependence on outside parties;
- risks related to possible fluctuations in revenues and results;
- potential conflicts of interest;
- force majeure;
- land reclamation requirements may be burdensome;
- health and safety compliance;
- competition;
- infrastructure remaining intact;
- trends, risks and uncertainties;

- risks related to market demands;
- fluctuation of stock exchange prices; and
- availability of a market for the Company's securities.

Although the forward-looking statements contained in this Prospectus are based upon what the Company's management believes are reasonable assumptions, these risks, uncertainties, assumptions and other factors could cause the Company's actual results, performance, achievements and experience to differ materially from its expectations, future results, performances or achievements expressed or implied by the forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "*Risk Factors*".

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated on May 9, 2014 pursuant to the BCBCA under the name "1001886 B.C. Ltd." and on July 5, 2015 changed its name to Monterey Minerals Inc. The Company's head and registered and records office is located at 890-1140 West Pender Street, Vancouver, British Columbia, V6E 2R9. The Company is currently a reporting issuer in British Columbia and Alberta.

Intercorporate Relationships

The Company currently has one wholly-owned subsidiary, Landsdown Holdings Ltd. ("**Landsdown**"), a corporation incorporated under the laws of the Province of British Columbia. Landsdown became a subsidiary of the Company in June 2018 upon completion of the transactions set out in the Share Exchange Agreement (as defined and described in greater detail below).

BUSINESS OF THE COMPANY

General Description of the Business

The Company is a junior mining exploration company. Its current focus is to conduct the proposed exploration program on the Cobalt Mountain Property as more particularly set out in the Technical Report, along with continuing to identify and potentially acquire additional property interests, assess their potential and engage in exploration activities.

Company's History from Incorporation

On May 9, 2014, Monterey Minerals, Inc. was incorporated as a wholly-owned subsidiary of Evitrade Health Systems Corp. (formerly Auxellence Health Corporation) ("**Evitrade**") under the laws of British Columbia under the name 1001886 B.C. Ltd. Evitrade is a reporting issuer in British Columbia, Alberta and Ontario with its common shares listed on the CSE under the trading symbol "EVA".

From the date of incorporation until the date of the Share Exchange Agreement (as defined and described in greater detail below), the Company had not undertaken any significant business activity other than entering into the transactions described below. Since the completion of the transactions set out in the Share Exchange Agreement, the Company has effectively carried on the business of Landsdown, being the exploration of the Cobalt Mountain Property.

Plans of Arrangement

2014 Plan of Arrangement

On June 13, 2014, the Company entered into a Plan of Arrangement (the "**2014 POA**") with Evitrade (the Company's parent company at the time), and Evitrade's other wholly-owned subsidiaries. On November 18, 2014, the sole outstanding share of the Company, which was held by Evitrade, was transferred to the sole director of the Company, and the Company ceased to be a wholly-owned subsidiary of Evitrade. On April 3, 2018, the 2014 POA was completed and the Company issued 1,010,549 Common Shares to the shareholders of Evitrade.

2016 Plan of Arrangement

On September 30, 2016, the Company signed letters of intent (the "**LOIs**") with each of Landsdown, GCK Forestry Ltd., 2265040 Ontario Inc. (o/a EVI Tech Group) and Railhead Resources Ltd. (collectively, the "**Purchasers**") to form the Subsidiaries to facilitate transactions in which the Subsidiaries would purchase all of the issued and outstanding capital stock from each of the respective Purchasers' shareholders and be spun-out from the Company.

On October 19, 2016, the Company incorporated four wholly-owned subsidiaries: 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and 1093684 BC Ltd. (now Blue Aqua Holdings Ltd) (collectively, the "**Subsidiaries**"). Each of the Subsidiaries were incorporated under the laws of the Province of British Columbia for the purpose of completing the proposed transactions under the Company's 2016 POA (as described below).

On November 29, 2016, the Company received court approval for a Plan of Arrangement (the "**2016 POA**") that was intended to result in transferring the LOIs and $1,000 (the "**Assets**") to and divesting itself of each of 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and 1093684 BC Ltd. (now Blue Aqua Holdings Ltd.).

On April 16, 2018, the Company announced that it would be implementing the 2016 POA through the spin-out of its four wholly-owned subsidiaries noted above to the Company's shareholders of record as at April 18, 2018.

On June 12, 2018, the spin-out of Blue Aqua Holdings Ltd. ("**Blue Aqua**") from the Company was completed through the authorization of the issuance of 1,010,549 common shares of Blue Aqua to shareholders of the Company. On August 28, 2018, the spin-out of the Company's remaining subsidiaries was completed and 1,010,549 common shares of each of the subsidiaries were issued to the shareholders of the Company. This completed the Company's 2016 POA, which also triggered the cancellation of the 4,042,196 Class A preferred shares of the Company that were outstanding at that time.

Private Placement

On May 17, 2018, the Company completed a private placement financing, pursuant to which it issued 4,903,929 Common Shares at a price of $0.07 per Common Share for aggregate gross proceeds of $343,275.

Other Recent Events

On June 26, 2018, the Company entered into a share exchange agreement (the "**Share Exchange Agreement**") with Landsdown. Landsdown is a private company engaged in the mining and exploration industry that was incorporated on August 9, 2015 under the laws of the Province of British Columbia. Pursuant to the Share Exchange Agreement, each of the shareholders of Landsdown transferred to the Company all of the issued and outstanding common shares of Landsdown (being 14,438,578 common shares) in exchange for 14,438,578 Common Shares of the Company. On July 26, 2018, the transactions contemplated under the Share Exchange Agreement were completed. As part of the share exchange transaction, the Option Agreement previously entered into by Landsdown with respect to the Cobalt Mountain Property was transferred to the Company.

In connection with the completion of the transactions under the Share Exchange Agreement, Monterey changed its year end from April 30 to December 31.

On August 1, 2018, Gary Handley resigned as Chief Executive Officer, Chief Financial Officer and a director of the Company and Michael Kraemer resigned as a director of the Company. Mr. Samuel Hardy remained on the board of directors.

Also effective as of August 1, 2018, the following individuals were appointed as officers and directors of the Company:

James Macintosh – President, Chief Executive Officer and Director

Julio DiGirolamo – Chief Financial Officer, Corporate Secretary and Director

Bruce Reid – Non-Executive Chairman and Director

MINERAL PROJECT - TECHNICAL REPORT ON THE COBALT MOUNTAIN PROPERTY

Current Technical Report

The Technical Report relating to the Cobalt Mountain Property is titled “National Instrument 43-101 Technical Report on the Cobalt Mountain Property”, and dated effective January 10, 2019. The author of the Technical Report was Jeremy Hanson, B.Sc. P.Geo.

Property Description and Location

Location

The Cobalt Mountain Project is located within the Hazelton Mountains in the Rocher de Boulé Range approximately 14 km south of Hazelton, 45 km northwest of Smithers and 200 km northeast of Prince Rupert (Figure 4.1 and 4.2). The property is located on NTS map sheets 093M03 and 093M04 or BCGS map sheets 093M002, 003, 012 and 013. The geographic centre of the property is 55 10’ 41” north latitude, 127° 35' 36" west longitude or UTM 589698E, 6108803N, NAD 83, Zone 9.

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Figure 0.1 Cobalt Mountain project location.

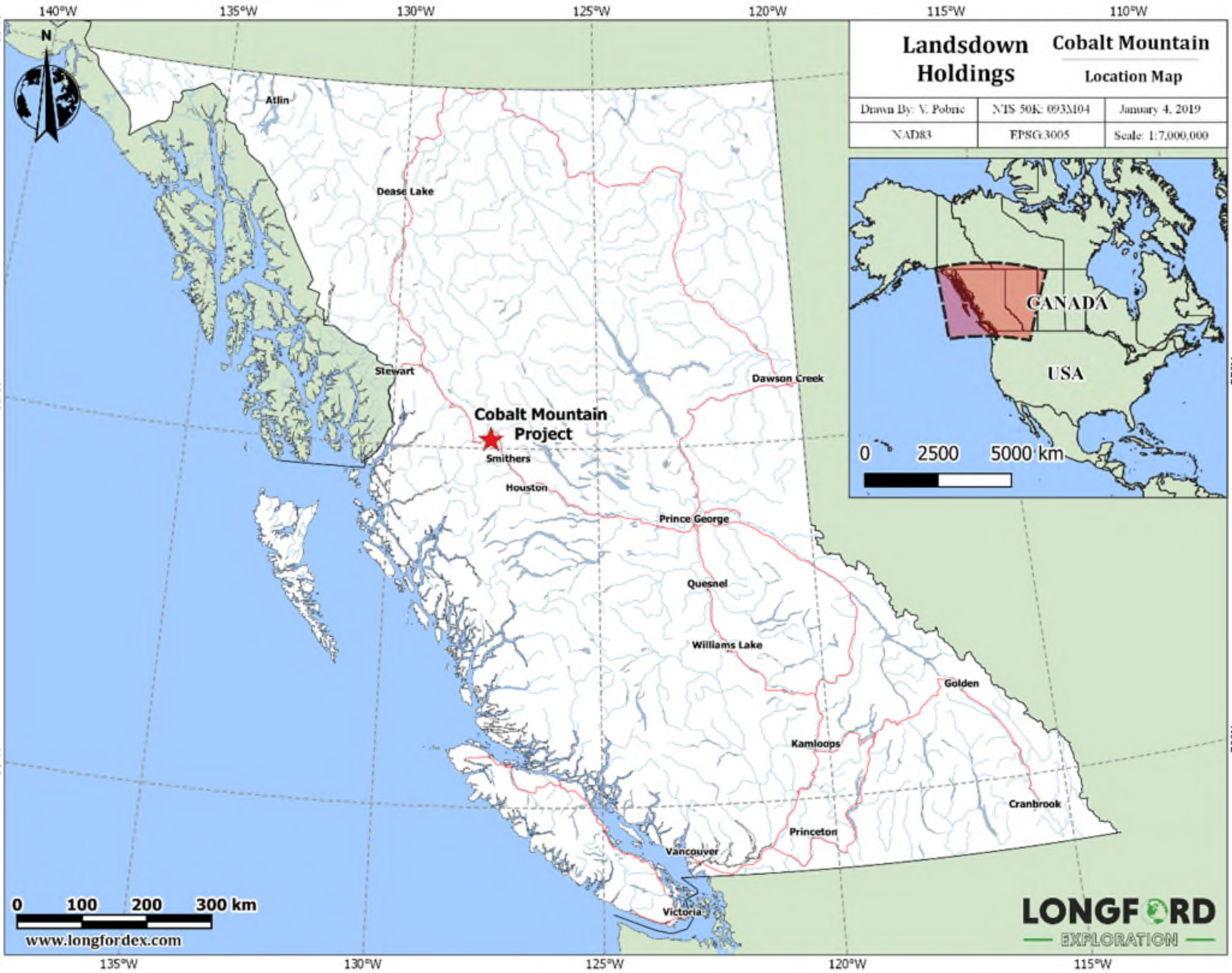
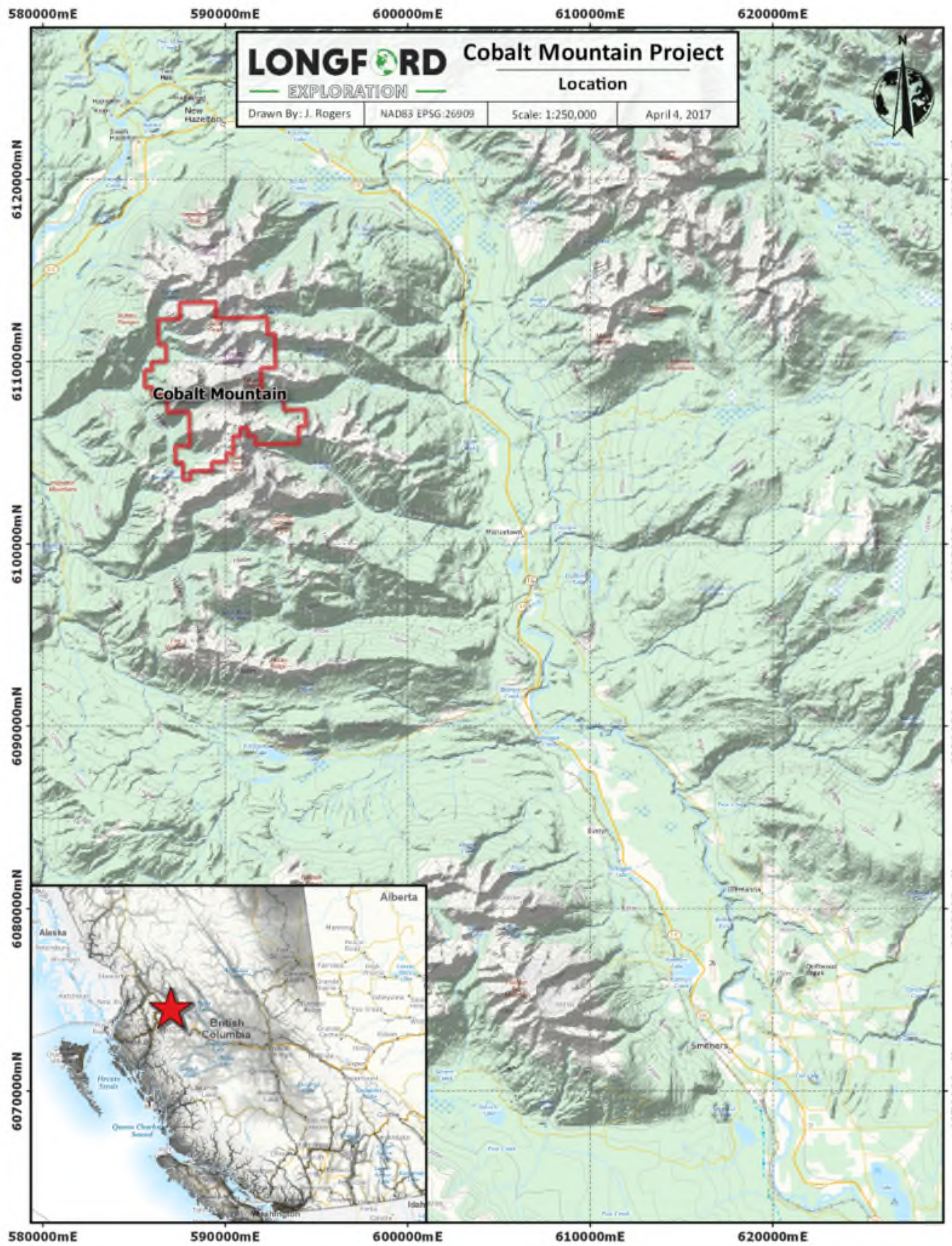


Figure 0.2 The Cobalt Mountain Project is centred approximately 14km south of Hazelton and 45km northwest of Smithers.



Mineral Tiles

The Cobalt Mountain Project consists of 14 contiguous mineral claims covering 4.921.46 ha located in the Omineca Mining Division of northwest British Columbia (Figure 4.3, Table 4.1).

The vendors and registered owners for 13 of the 14 claims each owning 20% of the mineral titles are (the "Vendors"):

- Ridge Resources Ltd., a British Columbia company having an office at 1658 Tower St. Telkwa, BC V0J 2X0 (“Ridge”), of which Samuel Hardy (a director of the Company) is the sole officer, director and shareholder
- Crucible Resources Ltd., a British Columbia company having an office at 7069 McBride St. Burnaby, BC V5E 1R1 (“Crucible”)
- 477291 BC Ltd., a British Columbia company having an office at 1416 Acadia Road, Vancouver, BC, V6T 1P6 (“477”)
- MVR Consulting Inc., a British Columbia company having an office at 5320 McHardy St., Vancouver, BC, V5R 4C5 (“MVR”)
- Timothy Arthur Johnson, a person residing at 2674 Pylades Dr., Ladysmith BC V9G 1E5 (“Johnson”)

The claims are under option (the “**Option Agreement**”) to Landsdown Holdings Ltd. a British Columbia corporation having an office at 2702 - 401 Bay Street, Toronto, ON M5H 2Y4 who have the right to earn a 100% undivided interest in the property from the original vendors in exchange for payments of:

- $10,000 within 10 days of the signing date of February 17, 2017
- make cash payments of:
  - $20,000 12 months from the date of signing of the agreement;
  - $30,000 24 months from the date of signing of the agreement;
- issue to the Vendors, 400,000 common shares of the Purchaser upon Exchange acceptance of this agreement the (“Approval Date”), each as to 80,000 Ridge, 80,000 Crucible, 80,000 MVR, 80,000 Johnson and 80,000 477;
- issue to the Vendors, 600,000 common shares of the Purchaser 12 months from the Approval Date, each as to 120,000 Ridge, 120,000 Crucible, 120,000 MVR, 120,000 Johnson and 120,000 477, and;
- issue to the Vendors, 800,000 common shares of the Purchaser 24 months from the Approval Date, each as to 160,000 Ridge, 160,000 Crucible, 160,000 MVR, 160,000 Johnson and 160,000 477.
- The original vendors will retain a 2% net smelter royalty of which 1% can be purchased for $1,000,000 at any time.

The 14th claim that comprises the Cobalt Mountain project area was staked on September 11, 2018 and is 100% owned by Douglas Warkentin. This claim is not currently subject to an option agreement.

As of the date of this Prospectus, the first two payments required under the Option Agreement, being $10,000 payable within 10 days of the date of signing of the Option Agreement and $20,000 payable 12 months from the date of signing of the Option Agreement, have been made. The next payment under the Option Agreement will be in the amount of $30,000, which will be payable on February 19, 2019.

There are 14 independently owned crown-granted tenures which underlie portions of the Cobalt Mountain project area. These areas include the Red Rose past producing mine and mill site and partial overlap with the Brunswick claim. There are also minute fractions of crown grant tenures overlapping with the Ohio East and Armagosa claims (Figure 4.3).

Table 4.1 Cobalt Mountain Project mineral tenures.

Title Number	Claim Name	Issue Date	Good To Date	Status	Area (ha)
1037653	EAST SULTANA	2015/AUG/01	2020/JUN/01	GOOD	37.02
1038181	SLATER NW	2015/AUG/25	2020/JUN/01	GOOD	36.99
1044459	OHIO EAST	2016/JUN/01	2020/JUN/01	GOOD	73.93
1045275	PORPHYRY	2016/JUL/11	2020/JUN/01	GOOD	314.33
1045347	SULTANA	2016/JUL/15	2020/JUN/01	GOOD	370.21
1045348	BIG BORU	2016/JUL/15	2020/JUN/01	GOOD	259.15
1045349	KILLARNEY	2016/JUL/15	2020/JUN/01	GOOD	111.12
1045350	BRIAN BORU	2016/JUL/15	2020/JUN/01	GOOD	370.37
1045351	TINA	2016/JUL/15	2020/JUN/01	GOOD	647.44
1045352	JUPITER	2016/JUL/15	2020/JUN/01	GOOD	906.95
1045353	SLATER	2016/JUL/15	2020/JUN/01	GOOD	666.05
1045354	BRUNSWICK	2016/JUL/15	2020/JUN/01	GOOD	517.87
1045355	ARMAGOSA	2016/JUL/15	2020/JUN/01	GOOD	499.18
1062978	NORTH SULTANA	2018/SEP/11	2020/JUN/01	GOOD	111.00
				TOTAL (ha)	4921.46

Mineral Rights in British Columbia

Mineral Claims in British Columbia are subdivided into two major categories: Placer and Mineral. Both are acquired using the Mineral Titles Online (MTO) system. The online MTO system allows clients to acquire and maintain (register work, payments, etc.) mineral and placer claims. Mineral Titles can be acquired anywhere in the province where there are no other impeding interests (other mineral titles, reserves, parks, etc.).

The electronic Internet map allows you to select single or multiple adjoining grid cells. Cell sizes vary from approximately 21 hectares (457m x 463m) in the south to approximately 16 hectares at the north of the province. Cell size variance is due to the longitude lines that gradually converge toward the North Pole.

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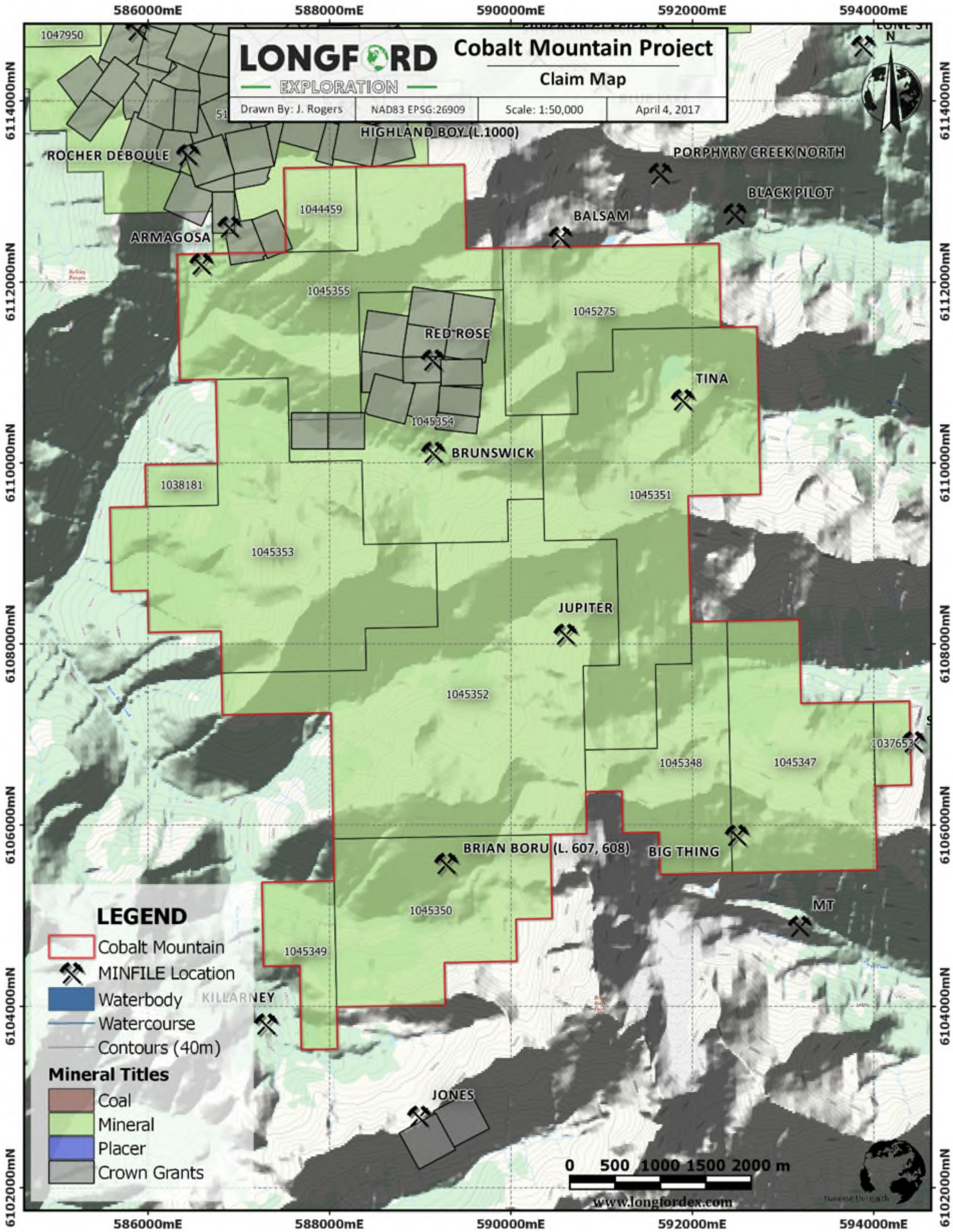
Figure 0.3 Claim map of the Cobalt Mountain Project.



4831-6032-1926, v. 3

MTO will calculate the exact area in hectares according to the cells you select, and calculate the required fee. The fee is charged for the entire cell, even though a portion may be unavailable due to a prior legacy title or alienated land. The fee for Mineral Claim registration is $1.75 per hectare.

Upon immediate confirmation of payment, the mineral rights title is issued and assigned a tenure number for the registered claim. Email confirmation of your transaction and title is sent immediately.

Rights to any ground encumbered by existing legacy claims will not be granted with the cell claim except through the Conversion process. However, the rights held by a legacy claim or lease will accrue to the cell claim if the legacy claim or lease should terminate through forfeiture, abandonment, or cancellation, but not if the legacy claim is taken to lease. Similarly, if a cell partially covers land that is alienated (park, reserve etc.) or a reserve, no rights to the alienated or reserved land are acquired. But, if that alienation or reserve is subsequently rescinded, the rights held by the cell expand over the former alienated or reserve land within the border of the cell.

Upon registration, a cell claim is deemed to commence as of that date ("Date of Issue"), and is good until the "Expiry Date" (Good to Date) that is one year from the date of registration. To maintain the claim beyond the expiry date, exploration and development work must be performed and registered, or a payment instead of exploration and development may be registered. If the claim is not maintained, it will forfeit at the end of the "expiry date" and it is the responsibility of every recorded holder to maintain their claims; no notice of pending forfeiture is sent to the recorded holder.

A mineral or placer claim has a set expiry date (the "Good to Date"), and in order to maintain the claim beyond that expiry date, the recorded holder (or an agent) must, on or before the expiry date, register either exploration and development work that was performed on the claim, or a payment instead of exploration and development. Failure to maintain a claim results in automatic forfeiture at the end (midnight) of the expiry date; there is no notice to the claim holder prior to forfeiture.

When exploration and development work or a payment instead of work is registered, you may advance the claim forward to any new date. With a payment, instead of work the minimum requirement is 6 months, and the new date cannot exceed one year from the current expiry date; with work, it may be any date up to a maximum of ten years beyond the current anniversary year. "Anniversary year" means the period of time that you are now in from the last expiry date to the next immediate expiry date.

All recorded holders of a claim must hold a valid Free Miners Certificate ("FMC") when either work or a payment is registered on the claim.

Clients need to register a certain value of work or a "cash-in-lieu of work" payment to their claims in MTO. The following tables outline the costs required to maintain a claim for one year:

Table 0.1 BC work requirements for mineral tenures.

Anniversary Years	Work Requirements
1 and 2	$5 / hectare
3 and 4	$10 / hectare
5 and 6	$15 / hectare
7 and subsequent	$20 / hectare

Table 4.3 BC cash-in-lieu for mineral tenures.

Anniversary Years	Cash Payment-in-Lieu of Work
1 and 2	$10 / hectare
3 and 4	$20 / hectare
5 and 6	$30 / hectare
7 and subsequent	$40 / hectare

Property Legal Status

The Mineral Titles Online website (https://www.mtonline.gov.bc.ca/mtov/home.do) confirms that all claims of the Cobalt Mountain property as described in Table 4.1 were in good standing at the date of this report and that no legal encumbrances were registered with the Mineral Titles Branch against the titles at that date. The author makes no further assertion with regard to the legal status of the property. The property has not been legally surveyed to date and no requirement to do so has existed.

There are no other royalties, back-in rights, environmental liabilities, or other known risks to undertake exploration.

Surface Rights in British Columbia

Surface rights are not included with mineral claims in British Columbia.

Permitting

Any work which disturbs the surface by mechanical means on a mineral claim in British Columbia requires a Notice of Work (NOW) permit under the Mines Act. The owner must receive written approval from a Provincial Mines Inspector prior to undertaking such work. This includes but is not limited to the following types of work: drilling, trenching, excavating, blasting, construction of a camp, demolition of a camp, induced polarization surveys using exposed electrodes, and reclamation.

Exploration activities which do not require a NOW permit include: prospecting with hand tools, geological/geochemical surveys, airborne geophysical surveys, ground geophysics without exposed electrodes, hand trenching, and the establishment of grids. These activities and those that require Permits are outlined and governed by the Mines Act of British Columbia.

The Chief Inspector of Mines makes the decision if land access will be permitted. Other agencies, principally the Ministry of Forests, Lands and Natural Resources (FLNRO), determine where and how the access may be constructed and used. With the Chief Inspector's authorization, a mineral tenure holder must be issued the appropriate "Special Use Permit" by FLNRO, subject to specified terms and conditions. The Ministry of Energy and Mines makes the decision whether land access is appropriate and FLNRO issue a Special Use Permit. However, a collaborative effort and authorization between ministries, jointly determine the location, design and maintenance provisions of the approved road.

Notification must be provided before entering private land for any mining or exploration activity, including non-intrusive forms of mineral exploration such as mapping surface features and collecting rock, water or soil samples. Notification may be hand delivered, mailed, emailed or faxed to the owner shown on the British Columbia Assessment Authority records or the Land Title Office records. Mining activities cannot start sooner than eight days after notice has been served. Notice must include a description or map of where the work will be conducted and a description of what type of work will be done, when it will take place and approximately how many people will be on the site.

The issuer does not currently have any permits pertaining to exploration on the property.

Accessibility

Accessibility

The Cobalt Mountain property is located 14 km south of Hazelton and 45 km northwest of Smithers within the Hazelton Mountains in the Rocher Deboulé Range. Access is limited to helicopter above treeline and with historical mine roads and trails reaching the property from the west and east. The west side of the property is accessed via the Rocher Deboulé mine road which leaves Highway 16 at Skeena Crossing and follows Juniper Creek for approximately 12 km before heading east on the Red Rose mine road for 4 km. This road is washed out in several locations and is only accessible by ATV after the first 5 km. The east side of the property is accessed by a 12.5 km long ATV trail running along Boulder Creek (built by Sultana Silver Mines Ltd.) which can be accessed from Highway 16 approximately 10 km north of Moricetown.

Due to the nature of these trails, and the topography of the project area, helicopter access from Smithers is the most efficient mode of transportation.

The closest town is Hazelton (population: 305) followed by the larger town of Smithers (population: 5404) which is a hub for the mining and forestry industries in northern British Columbia. Mining and exploration personnel and services are readily available including numerous helicopter, drilling, expediting, heavy equipment, pad and camp construction companies as well as the Smithers Branch of the Ministry of Energy and Mines. There are also daily commercial flights to Smithers from Vancouver.

History

The Cobalt Mountain area has a history of mineral exploration and limited production dating back to at least 1910. Substantial production from high-grade vein deposits occurred between 1915 and 1954 from the Roché Deboulé and Red Rose mines. Lesser production from the nearby Victoria, Cap, and Highland Boy mines also occurred in the same time frame.

Past work on the Cobalt Mountain property has been intermittent by various companies at different times. More recently, the area was consolidated and the current property made up the majority of the Porphyry Creek Project which was explored by Duncastle Gold Corp. in 2010-2011 before their claims were sold in 2014.

British Columbia's Minfile database lists seven separate occurrences within the Cobalt Mountain property. An eighth occurrence, Red Rose, is within underlying crown grant tenures owned by Freeport Resources Inc. The crown grants are entirely encompassed within the Brunswick claim. A summary of the historical work completed on the Cobalt Mountain claims, including Red Rose due to its local significance, is tabulated below in Table 6.1 and 6.2 and historic rock and silt samples from 2008 and 2017 shown in Figure 6.1.

Sultana

The Sultana prospect was first described as the Last Chance and Little Wonder prospects by the Geological Survey of Canada in the 1910 Summary Report. Prospectors explored the property in 1912 but work was not officially recorded until 1921 in the British Columbia Minister of Mines Annual Reports where it was referred to as the Sultana property. During 1921 – 1923, prospectors McDonald and Hicks improved the trail and excavated trenches to trace mineralization. Samples returned values up to 0.22 oz/t Au, 112 oz/t Ag, and 16.0% Cu over 125 feet strike length 4-20 feet wide.

In 1923, the Granby Consolidated Mining, Smelting and Power Company optioned the property and resampled trenches and completed one 80 foot drill hole. Results were disappointing and the option lapsed.

In 1939 the claims were staked and worked briefly before being dropped again until G. Parent & Associates re-staked the area in 1951 and conducted limited surface work through to 1952. The property was optioned to the Northern B.C. Mining Co. in 1953 who mapped and sampled the trenches in order to recommend drill hole locations.

In 1966 Sultana Silver Mines Ltd. re-staked the Sultana area within the Silvertip group of claims. During the next 7 years, a variety of work was carried out including 911 meters of drilling in 13 holes. Additional work included 20 trenches, mapping and geophysical and geochemical surveys some of which was conducted while the property was under option to Utah Construction Co. in 1970 – 1971. Following this work, a 1982 desktop review of the property mentions limited prospecting taking place.

Figure 6.1 Work history of mineral occurrences on the Cobalt Mountain Property.

Year	Occurrence	Performed By	Work	Summary	Comments	Reference
1912 - 1931	Brunswick	J. Miller	Drifting, mining, surface work	Upper and lower adits to 65 ft and 170 ft respectively	Mostly singlehanded	Annual Report_1925, 1931 Annual Report of the Minister of Mines
1912	Sultana	Brewer Brothers	Surface work	Trenching and open cuts	Limited information	ARIS_00092A Geological Report Sultana Group of Mineral Claims
1914 - 1917	Brian Boru	J. Creagh	Discovery and staking	Crown-granted in 1917	Limited information	EMPR Bulletin 43
1920 - 1922	Sultana	Macdonald and Hicks	Trenching, trail building	9 trenches	Up to 0.22oz/t Au, 122oz/t Ag, 16% Cu	Annual Report_1921, 1922 Annual Report of the Minister of Mines, ARIS_00092A
1923	Sultana	Granby Consolidated Mining, Smelting and Power Co.	Drilling, pack trail maintenance	Cleaned and deepened trenches, 1 80ft hole	Limited testing, negative results, option dropped	ARIS_00092A Geological Report Sultana Group of Mineral Claims
1926 - 1927	Brian Boru	J. Dunbar & J. Creagh	Drifting, trenching	Short adits, trenches	Limited details	AR_14632 Geology, Rock and Soil Geochemistry Brian Boru Prospect
1939	Sultana	G. Christensen	Surface work	Small amount of surface work	Limited information, claims dropped soon after	ARIS_00092A Geological Report Sultana Group of Mineral Claims
1950 - 1951	Sultana	G. Parent & Associates	Surface work	Small amount of surface work	Limited information	ARIS_00092A Geological Report Sultana Group of Mineral Claims
1951 - 1952	Brunswick, Armagosa	Skeena Silver Mines Ltd.	Staking, prospecting, drifting, drilling	69.5m of drifting, 5 drill holes, discovered scheelite at Armagosa	Followed Brunswick vein to fault, drilled to find the offset	Annual Report_1952 Annual Report of the Minister of Mines
1953	Sultana	Northern B.C. Mining Co. Ltd.	Mapping and sampling of old trenches	3 grab samples, 5 chip samples	Grab sample from 1923 trench: 0.03oz/t Au, 19.5oz/t Ag, 1.2% Cu; chip sample from 1923 trench: 0.08oz/t Au, 66.95oz/t Ag, 6.15% Cu	ARIS_00092A Geological Report Sultana Group of Mineral Claims
1956	Sultana	Canusa Mining	Drilling	Several short holes	Limited information, claims dropped soon after	EMPR Bulletin 43
Early 1960's	Brunswick	J.T. Williamson	Mapping, sampling, drilling	No details		ARIS_04839 Geological and Geophysical Report on the Brunswick Project
1966 - 1973	Sultana	Sultana Silver Mines Ltd.	Drilling, trenching, geochemical surveys, geophysical surveys	13 drill holes (911m), 20 trenches	Limited details	PF_38949 Schemo Property
1970 - 1971	Sultana	Utah Construction Co. /ltd.	Mapping, geochemical survey, geophysics, drilling	81 rock samples, IP survey, 2 drillholes	301m drilled, Cu anomaly coinciding with IP anomaly	ARIS_02855 Geology, Geochemistry, Geophysics - Sultana Group
1972 - 1973	Brunswick	Arcadia Explorations Ltd.	Surveying, mapping, drift extension, prospecting, ground geophysics	8 rock samples, EM survey	Best sample, from upper adit portal: 8.4% Pb, 6.6% Zn, 67oz/t Ag	ARIS_04839 Geological and Geophysical Report on the Brunswick Project

Year	Occurrence	Performed By	Work	Summary	Comments	Reference
1979 - 1981	Brian Boru	Asarco Exploration Ltd.	Staking, geochemical survey, mapping, geophysics	156 soil samples, 4.1km IP survey, primarily over Killarney showing	Limited work on current property	AR_08332 Soil Geochemistry - Brian Boru Prospect, AR_09587 Report on Geophysical Surveys, Brian Boru Prospect and Jones Showing
1982	Sultana, Jupiter, Tina	Pharaoh Mines Ltd.	Desktop review	Evaluation of 3 claims known as the Schemo property	Variety of follow-up work recommended	PF_38949 Schemo Property
1984	Brian Boru	Asarco Exploration	Prospecting	4 samples to identify source of Killarney soil anomaly	Best sample: 2.1% Zn, 11.1g/t Ag, 0.17g/t Au	AR_12712 Geochemical Rock Sampling
1985	Brian Boru	Asarco Exploration	Geochemical survey	341 soil samples primarily over Killarney showing, 22 rock, 35 talus, 36 silt to south of Brian Boru prospect	Closed off weak Pb-Zn-Ag anomaly	AR_14632 Geology, Rock and Soil Geochemistry Brian Boru Prospect
1984 - 1985	Brunswick	Robert Holland	Staking		Staked and optioned to Catoosea Resources in 1985	ARIS_16012 Prospecting Report on the Brunswick Mineral Claim
1986	Brunswick	Catoosea Resources Corp.	Mapping, prospecting	No samples taken	2 new veins identified above Brunswick	ARIS_16012 Prospecting Report on the Brunswick Mineral Claim
1987	Armagosa	Southern Gold Resources Ltd.	Mapping, prospecting, ground geophysics	9 rock samples, 38 soil/talus samples, 800m of line geophysics	Best float sample: 1% Cu, 3.5% Pb, 1.7% Zn, other float: 1.28oz/t Au	AR_16714 Summary Report - 1987 Exploration Program
2006	Armagosa, Brunswick	Crucible Resources Ltd.	Prospecting, geochemical sampling	4 rock samples, 1 tailings sample, 1 stream sediment sample, 3 soil samples	Best sample from Brunswick: 12.2% Zn, 3.9% Pb, 48oz/t Ag	ARIS_29082 RD Project - Reconnaissance and Sampling
2007	Armagosa, Brunswick, Brian Boru	Crucible Resources Ltd.	Prospecting, geochemical sampling	17 rock samples, 10 stream sediment samples	Anomalous Au, Cu and Mo from Armagosa area	ARIS_29502 RD Project - Reconnaisance and Sampling
2008	Armagosa, Brunswick, Jupiter, Brian Boru	Duncastle Gold Corp.	Prospecting, stream sediment sampling	57 silt samples, 43 rock samples	Best sample from Brunswick: 11% Pb, 19% Zn, 2566g/t Ag	ARIS_30431 West Side of Rocher Deboule Range - Stream and Rock Geochemistry Report
2010	Armagosa, Red Rose*, Tina, Brunswick, Jupiter, Sultana, Big Thing, Brian Boru	Duncastle Gold Corp.	Airborne geophysics	495 line km covering Cobalt Mountain property and areas to the north.	Dominant structural orientations and trends, magnetic fabric and potassic alteration identified.	ARIS_31728 Airborne Geophysical Interpretation of the Porphyry Creek Survey

Year	Occurrence	Performed By	Work	Summary	Comments	Reference
2010	Sultana, Tina, Big Thing	Ranex Exploration Ltd. / Duncastle Gold Corp.	Drilling, geochemical sampling, mapping	3 holes for 1330m, 480 soil samples, 31 rock samples	Anomalous Cu, Mo, Au, Ag from Sultana sampling. Anomalous Cu and Mo from drill holes beneath Sultana. Best rock sample: 18.25g/t Au, 865g/t Ag, 17.87% Cu,	ARIS_32516 2010 Surface Exploration and Diamond Drilling Assessment Report
2011	Sultana	Duncastle Gold Corp.	Drilling	6 NQ holes totalling 2594m	Best intercept: 0.11% Cu, 0.029% Mo, 1.53g/t Ag over 36.2m	AR_32636 2011 Core Drilling Report on the Porphyry Creek Property (Sultana Prospect Area)

Table 6.2 Work history of the past producing Red Rose mine contained within crown grants on the Cobalt Mountain Property.

Year	Occurrence	Performed By	Work	Summary	Comments	Reference
1912	Red Rose *	C. Peterson & C. Ek	Discovery and Staking		Contact between granodiorite intrusive and metasediments	Annual Report_1914 Annual Report of the Minister of Mines
1914 - 1916	Red Rose *	Skeena Develeopment Company	Drifting, mining	4 adits, 800ft of drifts	Best sample: 0.84oz/t Au, 3.2oz/t Ag, 3.9% Cu	Annual Report_1916 Annual Report of the Minister of Mines
1923	Red Rose *	W.S. Sargent	Discovery	Tungsten vein 210m above current workings	6ft sample returned 21% WO3	Annual Report_1923 Annual Report of the Minister of Mines
1939 - 1943	Red Rose *	Consolidated Mining and Smelting Co. of Canada Ltd.	Drilling, mining, milling	25950 tons of ore mine and milled from tungsten vein	~2150ft of drifting, crosscutting and raising, 25 ton/day capacity	Annual Report_1941, 1943 Annual Report of the Minister of Mines
1951 - 1954	Red Rose *	Western Tungsten Copper Mines Ltd.	Mining, exploration drilling	3657m of underground development, 114175 tons of ore mined	563oz Au, 823oz Ag, 59708lb Cu, 1698 tons WO3 concentrate	Annual Report_1954 Annual Report of the Minister of Mines
1981	Red Rose *	Cominco	Geochemical survey	Unknown number of samples	2 silt samples anomalous in Cu and Mo	1988 Geological Report on the Red Rose Project
1987 - 1988	Red Rose *	Freeport Resources	Drilling, property purchase	2 diamond drill holes	Mineralization intersected at depth	1988 Geological Report on the Red Rose Project
1988 - 2016	Red Rose *	Freeport Resources	Re-evaluation			www.freeportresources.com

In 2010, Duncastle Gold Corp. conducted a 425 line km airborne magnetic and radiometric geophysical survey across the Rocher DeBoule Range. Geophysical targets at Sultana were drill tested in 2010 -2011 with 3,924 m in 9 holes (Figure 6.2). Drill results expanded anomalous copper-molybdenum, porphyry style mineralization and alteration over a 300 x 200 meter area.

Armagosa

First accounts of the Armagosa showing is documented in the 1912 and 1916 Annual Report of the Minister of Mines. The showing is located between the Red Rose and Rocher Deboule mines but has not seen a significant amount of work.

Skeena Silver Mines Ltd. discovered a scheelite vein above the old workings in 1952 while they were focussed on developing the nearby Brunswick showing.

In 1987, Southern Gold Resources Ltd. conducted some geochemical and geophysical work in the Armagosa area as part of a broader exploration program focussed primarily on the Roché Déboulé prospect to the north.

In 2006 and 2007, Crucible Resources Ltd. optioned the property and conducted reconnaissance sampling which returned some anomalous gold, copper, and molybdenum values in the area.

In 2008, Duncastle Gold Corp. collected 10 rock samples in the area as part of a broader exploration program. Results returned anomalous gold, copper, and molybdenum.

Brunswick

The Brunswick prospect was initially staked by J. Miller in 1912. Miller explored and developed the property through to 1931, much of the time single handed. The claims lapsed and were re-staked in 1950 by Skeena Silver Mines Ltd. Work included reopening and extending the adits and tracing the vein with four diamond drill holes. The ground was staked again in the early 1960's by J.T. Williamson who completed additional drilling, prospecting and underground rehabilitation.

In 1972, Arcadia Explorations Ltd. optioned the property and recommended a drift extension program. Strong mineralization was confirmed in the upper adit while metal values in the lower adit were less economical. A ground-based EM geophysical survey centered on old workings found insufficient conductivity contrast to be of much use. However, a separate self-potential survey suggests the vein continues at least 150 feet upslope.

Robert Holland staked the area in 1984 and optioned it to Catoosea Resources Corp. in 1985. Two days were spent prospecting the area in 1986 and two new veins were discovered were not sampled.

In 2006, Crucible Resources Ltd. held an option covering the Brunswick showing and collected 1 sample from each of the old adits. The chip sample from the upper adit returned 48.1oz/t Ag, 3.9% Pb and 12.2% Zn.

Duncastle Gold Corp. held an option covering the Brunswick showing from 2010 – 2011, however besides an airborne geophysical survey, no other work has been recorded.

Figure 6.1 Location of 2011 drill holes at Sultana prospect.

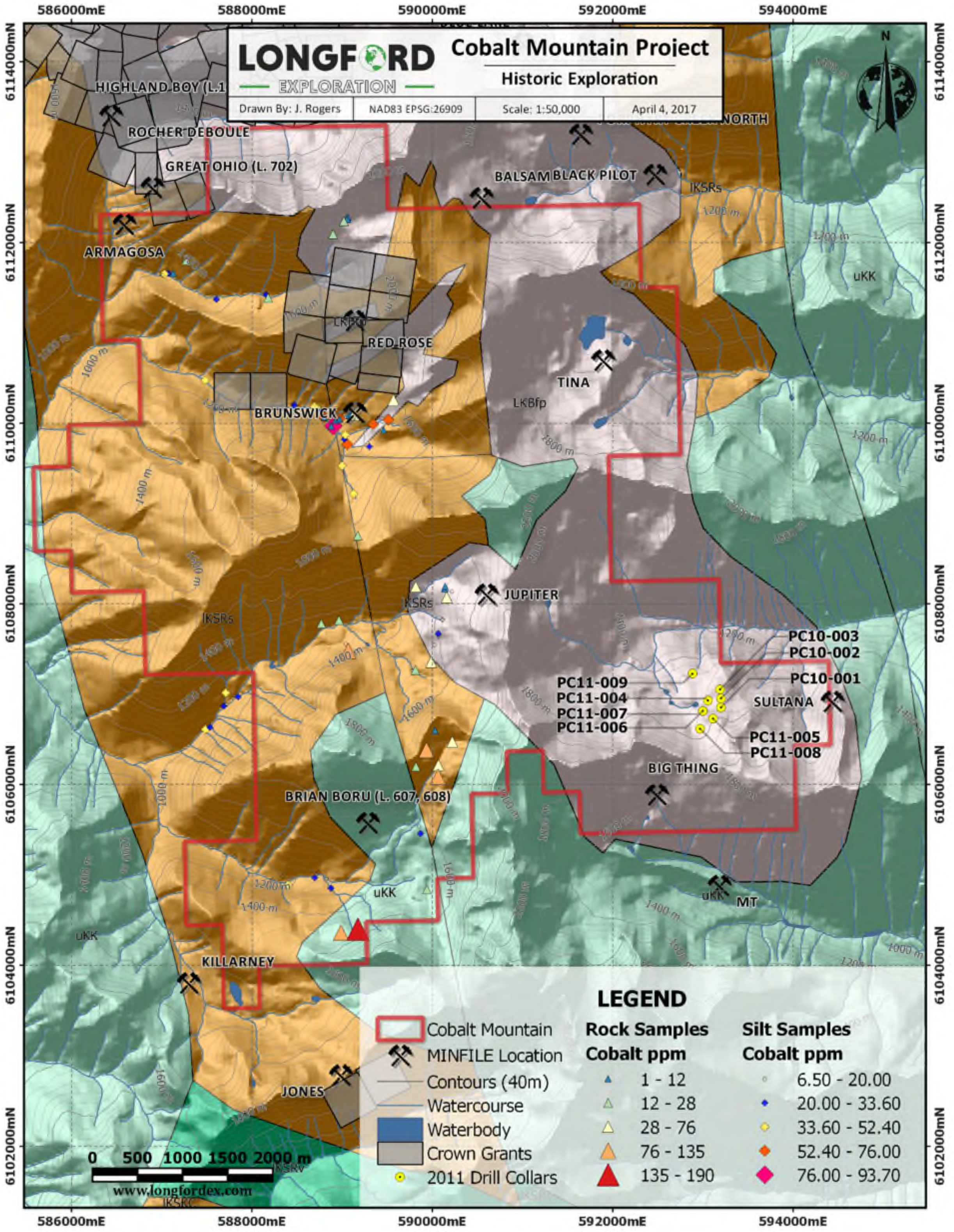
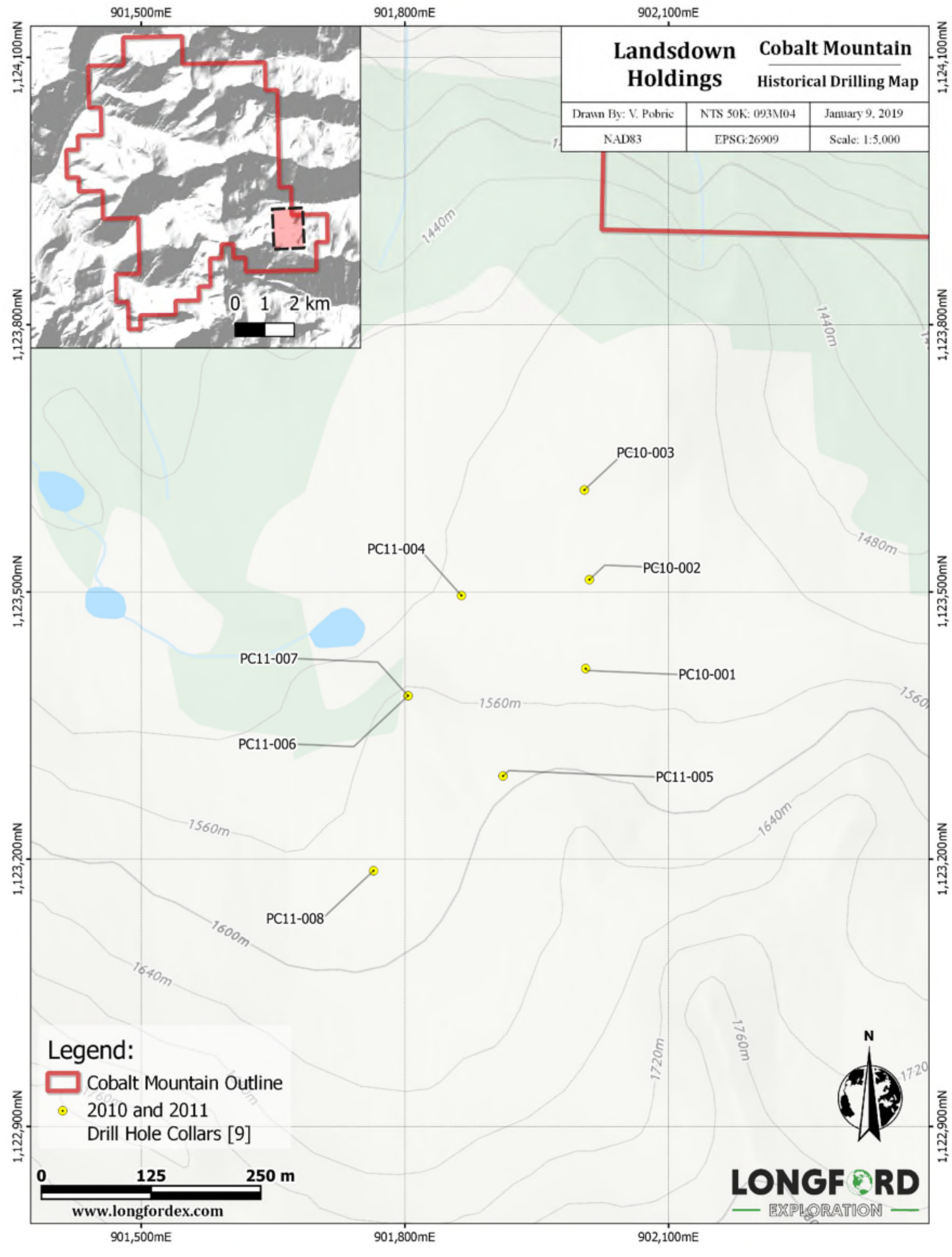


Figure 0.4 2010 and 2011 drill hole locations at the Sultana prospect.



Brian Boru

Mineralization in this area was first discovered in 1914 and saw intermittent work by prospectors up to 1927 including some adits, drifting and trenching which exposed irregular veinlets containing lead, silver, arsenic and gold.

In 1979, Asarco Ltd. staked four contiguous claims in the area, part of which covers the current property. Their work through to 1985 focussed on geochemical sampling and geophysics of the nearby Killarney and Jones prospects without much attention paid to areas within the current claim boundary.

In 2007, Crucible Resources collected five stream sediment samples from this area as part of a larger reconnaissance program over their claims and to follow up on a previous government regional survey. The following year, Duncastle Gold Corp. collected a number of stream sediment samples as well as 10 rock samples from the Brian Boru creek drainage, two of which returned 14.3% and 22.3% Zn. A broad zone of anomalous copper is also noted in stream sediment sampling in the upper parts of the Brian Boru creek drainage.

Tina

Reference is made to an unnamed molybdenum showing in this location in a 1969 compilation map, however further details of its discovery and history are unknown.

In 1982, Pharaoh Exploration Inc. owned the Schemo property in which the Tina showing is located. A desktop study was undertaken, but other than reference to some prospecting taking place, no other records specific to the Tina showing have been located.

In 2010, Duncastle Gold Corp. followed up an airborne geophysical survey by conducting reconnaissance in the area to the west of the Tina showing. Five representative samples but failed to return anomalous metal values.

Jupiter

Reference is made to an unnamed molybdenum and copper showing in this location in a 1969 compilation map, however further details of its discovery and history are unknown.

In 1982, Pharaoh Exploration Inc. owned the Schemo property in which the Jupiter showing is located. A desktop study was undertaken, but other than reference to some prospecting taking place, no other records specific to the Jupiter showing have been located.

In 2008, Duncastle Gold Corp. collected four samples near the Jupiter showing, one of which returned 9.0% Zn and 115g/t Ag.

Big Thing

Reference is made to an unnamed molybdenum and copper showing in this location in a 1969 compilation map, however further details of its discovery and history are unknown.

In 2010, Duncastle Gold Corp. conducted reconnaissance in the area and collected 3 representative samples. Sample Mwpc10-02A returned weakly anomalous gold (0.207 g/t), zinc (0.1 %) and arsenic (0.3%). Follow up mapping and sampling was recommended in this area but was ranked as a low priority.

Red Rose

The Red Rose past producing mine is located within 14 crown grants owned by Freeport Resources Inc. The Crown grants are encompassed within the Cobalt Mountain property and therefore included in the history summary below.

The Red Rose occurrence was discovered and staked in 1912 by C. Peterson and C. Ek. Early development work included drifts, adits and some mining while optioned by the Skeena Development Company from 1914 – 1916.

A vein hosted tungsten showing was discovered in 1923 above the mine workings but no other work was reported until 1939 when The Consolidated Mining and Smelting Company of Canada Ltd. purchased the property. During 1940 – 1943, underground development and mining was carried out on the tungsten vein. A 25 ton-per-day mill constructed on site, processed 25,950 tons of ore during that time.

Between 1951 and 1954, Western Tungsten Copper Mines optioned the property and continued to develop the underground workings and mined 88,225 tons of ore. Total production for the mine was 114,175 tons of ore which yielded 563 oz Au, 823 oz Ag, 59,708 lbs Cu, and 1,698 tons of tungsten concentrate. Operations were shut down due to difficulty to produce viable concentrate and reduced demand for the metal after WWII.

The upper extents of the orebody is interpreted to be largely mined out. The deposit remains open to depth and to the south where the ore body intersects a major diorite body. In 1955, Farwest Tungsten Copper Mines Ltd acquired all of the assets of Western Tungsten Copper Mines and sold all the machinery and equipment on the property.

Cominco (formerly The Consolidated Mining and Smelting Company of Canada Ltd.) maintained ownership of the crown grants overlying the Red Rose mine site until 1987. At that time, Freeport Resources Inc. purchased 100% interest in the property and drilled two holes confirming mineralization below the 1100 level. Freeport Resources Inc. is the current owner of the Red Rose Crown Grants.

In 2006, Crucible Resources Ltd. optioned property containing the Red Rose mine. One day was spent in the field area. Two rock samples and 1 tailings sample were collected.

No other work specific to this area has been filed since.

Mapping and Prospecting

Intermittent mapping and prospecting have taken place across the property since the early 1900's. The majority of the documented historical work consists of partial reports lacking exact sample location information, sampling methodology and analysis.

In 2007, Duncastle Gold Corp. conducted limited prospecting around the Armagosa showing collecting a total of seven samples which returned anomalous values for Au, Cu, and Mo.

In 2008, Duncastle Gold Corp. conducted a much broader prospecting program, collecting a total of 43 samples from across the property. These samples were predominantly taken from talus and occasionally outcrop. Rock samples were dried, crushed, split and pulverized before being analyzed for gold by fire assay and for a 53-element scan by ICP-MS following an aqua regia digestion. Noteworthy samples are tabulated below:

Table 6.3 Selected results from the 2008 prospecting program conducted by Duncastle Gold Corp.

Sample ID	Northing	Easting	Area	Au (g/t)	Mo (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Ag (ppb)	Co (ppm)
22936	588925	6110030	Brunswick	1.30	1.60	1018	4600	10000	126000	9.80
22937	589073	6110082	Brunswick	0.79	1.96	251	1950	4401	82938	1.70
22946	589129	6110090	Brunswick	0.86	5.68	>10000	110800	189400	2566000	40.90
22947	589095	6110085	Brunswick	0.42	2.21	5410	49400	41800	1131000	9.40
22949	588970	6110047	Brunswick	0.07	2.12	286	3071	3679	66615	6.50
23176	589174	6104398	Brian Boru	1.11	1.54	1277	900	222700	66000	190.30
23178	590158	6108071	Jupiter	0.01	1.15	2676	7200	90100	115000	53.60
23201	588986	6104360	Brian Boru	0.10	0.51	4955	2700	142600	152000	134.70

The rock types encountered during this program consisted of volcanic rocks intruded by various phases of diorite, granodiorite and granite. Alongside the north-south oriented volcanic rocks, sediments composed of argillite, siltstone with minor conglomerate are mapped to the west. Mineralization and alteration were encountered throughout all rock types. Mineralogy and assemblages included chlorite, limonite, biotite, k-spar, magnetite, hematite, pyrite, pyrrhotite, galena, sphalerite, chalcopyrite, malachite, molybdenum, native copper and abundant silicification. The mineralization was observed as quartz stringers, pods and disseminations.

Duncastle Gold Corp. also conducted limited prospecting in 2010 over the Sultana, Tina West and Big Thing prospects. Historic drill core from Sultana was also collected and sampled. The most significant results all came from Sultana with one sample grading 18.2 g/t Au and 17.8% Cu, and another grading 1.08% Mo. The results from the historic drill core also confirmed anomalous values for copper and molybdenum.

Rock Sampling and Trenching

Trenching on the property is limited to work completed in the 1920’s and more recently in 1972. This surface work occurred at the Brunswick and Sultana showings. In the case of the Brunswick showing, trenching took place to improve vein system geometry on surface before excavating underground to access the ore. Some open pits and shafts were also excavated in at the Brian Boru Prospect in the 1920’s

Soil Geochemistry

The most significant soil geochemistry program took place over the Sultana prospect in 2010. Duncastle Gold Corp. collected a total of 480 soil samples 5 to 10 metres apart along several lines 25 to 50 metres apart. The tight spacing was chosen due to the close spacing of pyrite and chalcopyrite bearing quartz veins observed across the showing.

The program covered an area of 250 m x 400 m and results were encouraging enough to warrant a follow up three-hole drill program. Average copper and molybdenum values for all samples collected were approximately six times higher than median concentrations at 168.3 ppm Cu and

22.86 ppm Mo. Maximum values of 3363.2 ppm Cu and 834.2 ppm Mo indicate significant mineralization at surface.

Field Program

Between August 31st and September 1st, 2017 Timothy Johnson and a small crew of samplers visited the Sultana area in the southeast part of the property. Two contoured soil sample lines were taken consisting of 95 samples. These soils expanded on the initial 2014 and 2016 soil grid. 14 rock samples were collected along the soil traverses with sampling prioritizing an area that was covered by snow in the 2016 field program.

On September 22nd and September 26th 2017, Lorie Farrell of Farrell Exploration Services Inc. and Tom Bell of Eagle Eye Ventures visited the Red Rose Creek area in the northwest of the property. This ridge airborne EM and magnetic target was prospected and mapped with 18 rock grab samples taken. Results included sample 126205 that contained 715 ppm Cu and 3.49 ppm Ag in a feldspar porphyry float with quartz/calcite veining and associated chlorite alteration, pyrite and pyrrhotite.

Geophysical Surveys

Localized geophysical surveys targeting specific occurrences are noted through to 1987 and no others occurred until 2010 when Duncastle Gold Corp. completed an airborne multi-sensor geophysical survey. Fugro Airborne Surveys completed 495 line km of helicopter-borne electromagnetic, magnetic and radiometric surveys in July 2010. This survey acquired data on a grid pattern of 200 m spaced east–west flight-lines controlled by 1,000 m spaced north–south tie lines.

The 2010 airborne survey identified property-scale controlling structures and highlighted zones of pronounced potassium alteration. Known mineral occurrences were typically not coincident with any electromagnetic signature, but are associated with positive magnetic anomalies. Limited prospecting followed up the survey and additional groundwork was recommended.

A re-interpretation of the 2010 airborne geophysical survey was undertaken by Campbell & Walker Geophysics Ltd in early 2017.

Re-interpretation of the 2010 airborne geophysical data included application of algorithms developed by the Center for Exploration Targeting at the University of Western Australia. Anomalous geophysical signatures on the Cobalt Mountain area have identified regions of structural complexity and the response of idealized porphyry mineralising systems within magnetic data sets. This study demonstrated that all mineral occurrences on the property are associated with the edges of interpreted anomalies and provides targets for future exploration work. A more detailed discussion of these results can be found in the section titled “Exploration”.

The following text and Figures 6.3 – 6.6 and associated interpretations are taken from the assessment report (Campbell 2017):

> Subsequent to the original airborne geophysical interpretation, the magnetic component of the survey data was re-evaluated utilizing three new approaches consisting of structural analysis, an analysis searching for possible porphyry –type

character, and a 3D inversion of the magnetics.

The former two approaches utilized technology from the Centre for Exploration Targeting at the University of Western Australia. The first of these is a ‘grid analysis’ that automatically maps lineaments and identifies geological structural complexity. The method yields two scenarios of structural complexity detection, contact occurrence density (Figure 9.1) and orientation entropy (Figure 9.2).

The second is an automated image analysis system for gridded data that in principle at least, may provide an accurate and non-subjective way to identify the magnetic response of an idealized porphyry mineralizing system. The method finds circular anomalies that are associated with the central intrusion and inner alteration zone of the porphyry system using a circular feature detection method called the circular feature transform. Then their boundaries are approximated by deformable splines that are drawn to the locations of maximum contrast between the amplitudes of the central 'high' and surrounding area of lower magnetisation (Figure 9.3).

The aeromagnetic data was also inverted using Geosoft’s ‘VOXI’ earth modeling software, which generates 3D voxel models from airborne or ground gravity and magnetic data, leading directly to a solid earth representation of the magnetic susceptibility distribution (Figure 9.4). The inversions were run ‘unconstrained’ by the limited drilling information available, or by representative surface magnetic susceptibility data; should these be made available at some point in the future, then the inversion should be re-run with geological and/or geophysical constraints for better fit.

Figure 6.3 CET Structural Analysais : Orientation Entropy

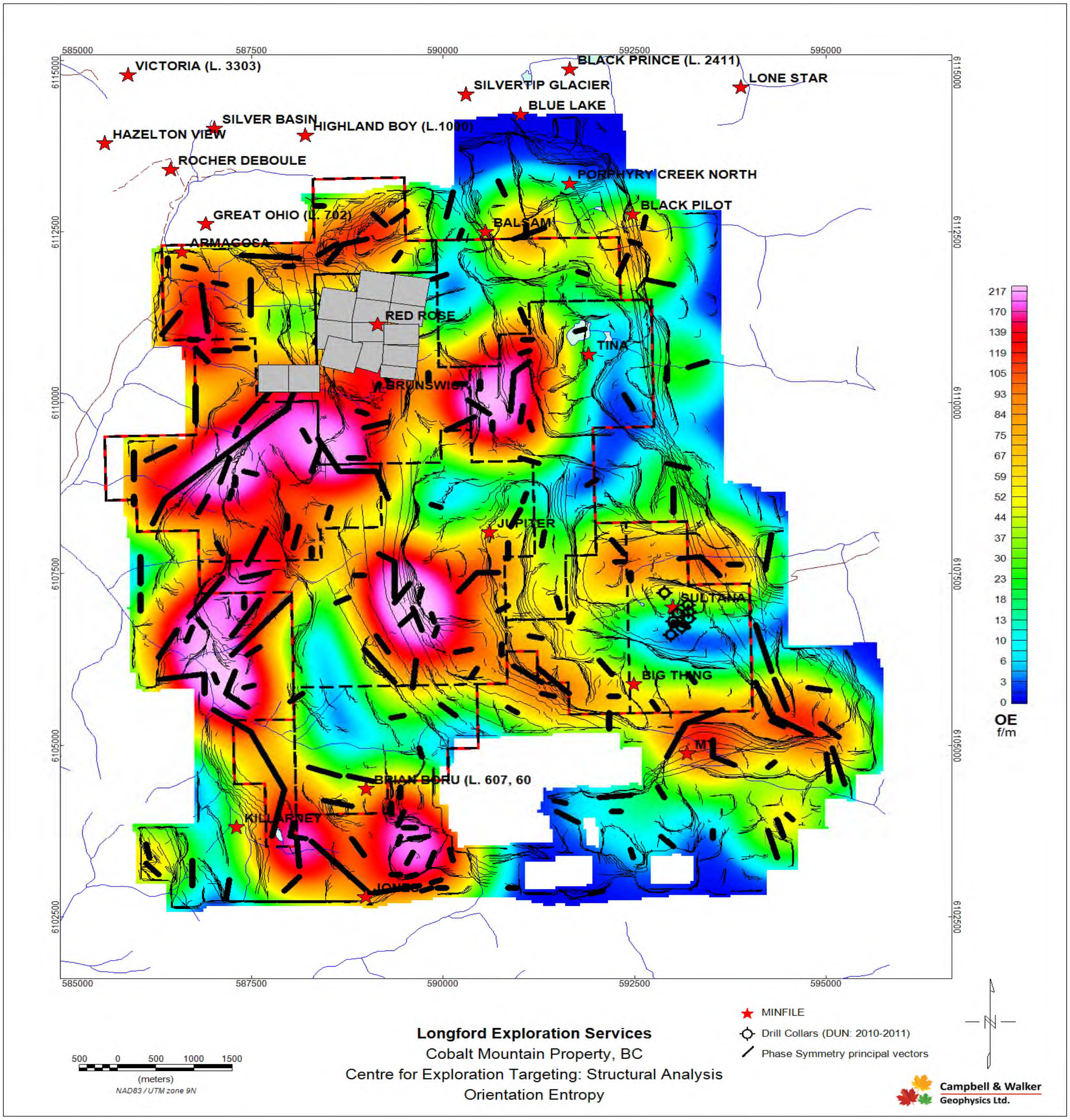


Figure 0.5 CET Structural Analysis: Contact Occurrence Density.

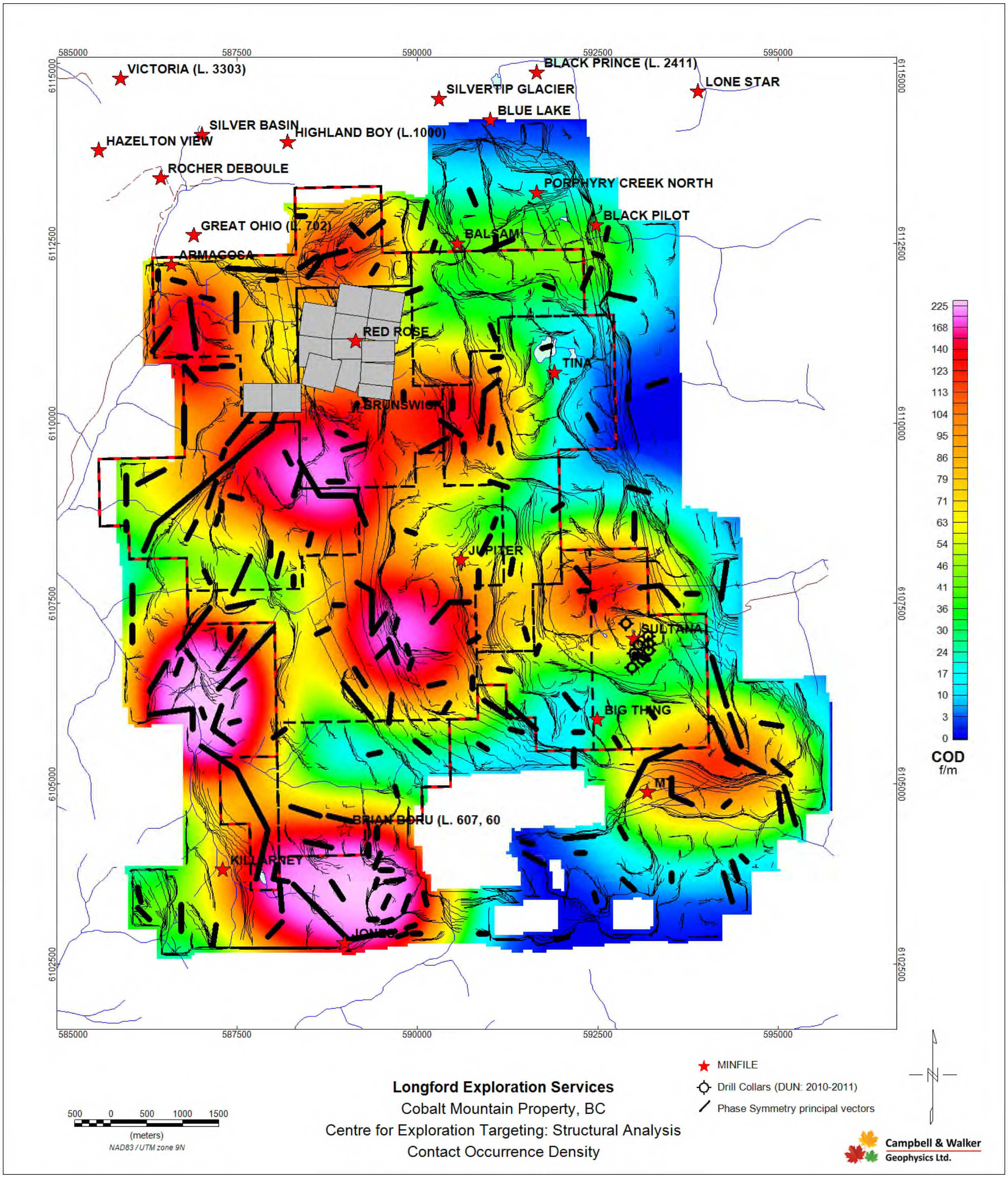


Figure 0.6 CET Porphyry Analysis: Radial Symmetrical Centres over Reduced-to-Pole Magnetic Intensity.

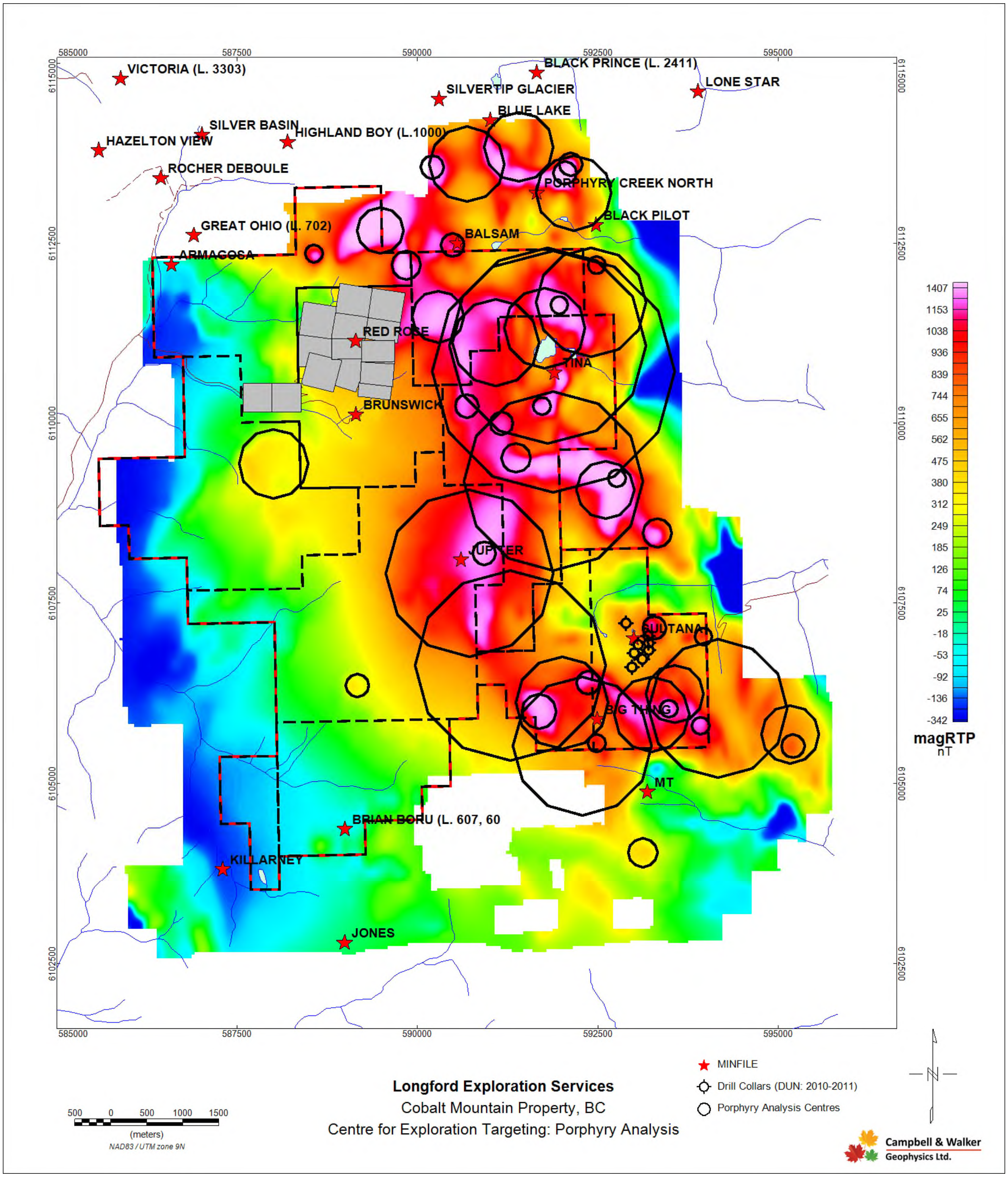
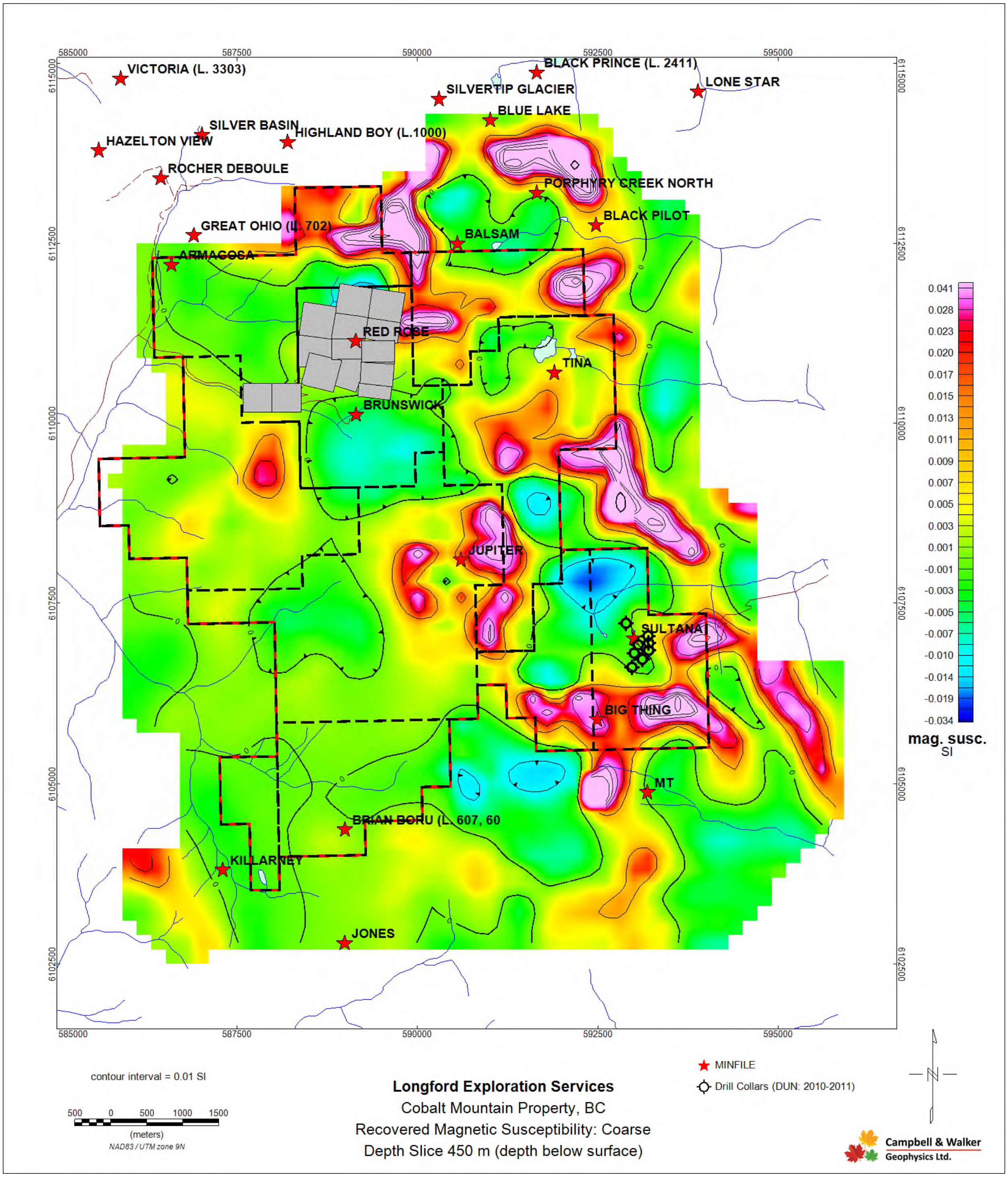


Figure 0.6 3d Voxi: 450m depth slice (below surface) through recovered susceptibility model (coarse).



Geological Setting and Mineralization

Regional Geology

The Cobalt Mountain property is located within Intermontane tectonic province and underlain by rock assemblages of the allochthonous Stikine terrane (Figure 7.1). The Stikine volcanic arc terrane formed outboard of ancestral North America starting in the Late Paleozoic and was accreted initially to other allochthonous terranes; Quesnel and Cache Creek terranes, and then to the North American margin in the Middle Jurassic. Since then, the mosaic has been intruded by post accretion plutonic suites and covered in part by Jurassic and younger syn – and post accretionary siliclastic deposits.

The Stikine Terrane

The Stikine terrane generally trends northwest spanning over 1,500 km across the length of British Columbia and varies in width from over 300 km wide to less than 100 km. It is the largest terrane in BC among the most metallogenetically significant. The Philippine microplate with complex, opposite-facing arcs is considered a present day analog (Marsden and Thorkelson, 1992).

The Stikine terrane is a complex volcanic arc assemblage built during three episodes of island arc formation between the late Paleozoic and early Mesozoic. Each is represented by an unconformity-bounded volcanic-sedimentary sequence and coeval intrusive suite: 1) Devonian to Permian Stikine assemblage and Asitka Group and Forrest Kerr and More Creek plutons, (Logan et al. 2000; Gunning et al. 2006); Middle to Upper Triassic Stuhini and Takla Groups and accompanying intrusions such as the Hotailuh and Hickman batholiths (Souther, 1977; Monger, 1977; Dostal et al. 1999); and Lower to Middle Jurassic Hazelton Group and related high-level intrusions such as the Texas Creek suite (Barresi et al., 2015). Much of the porphyry related metal endowment is contained within sub-volcanic intrusive complexes related to the Stuhini and Hazelton Groups.

Post Accretionary Stratigraphic Rocks

Middle – late Mesozoic Bowser Lake Group and Skeena Group rocks formed in syn -post accretionary basins and cover much of the north-central part of the Stikine terrane. The Bowser Lake Group sedimentary sequence spans the former basin between the Stikine Arch and Skeena Arch and consists of nine different sedimentary assemblages (Evanchick et al., 2001).

Post Accretionary Intrusions

During late Mesozoic to Cenozoic time, intrusive rocks formed in an intracontinental setting, after the outboard host arc and related terranes accreted to the western margin of North America and accumulated siliclastic cover rocks. The intrusive rocks are interpreted to occur in continental back arc settings and individual deposits are generally hosted by older country rocks referred to above. Deposits are generally hosted within the Hazelton group and show a spectrum of metal associations and deposit styles; porphyry copper-molybdenum at the Huckleberry mine (currently on care and maintenance status); porphyry copper-gold at past producing Bell and Granisle mines; porphyry molybdenum at the past producing Kitsault and Endako mines. Precious and base metal vein deposits can occur peripheral to intrusive stocks.

Structure and Folding

Braided sets of post-accretionary, northwest trending, strike-slip faults, transect the mosaic of terranes and set the overall structural grain of the Cordillera. Faults record mainly dextral displacement from mid Cretaceous to Eocene and with a cumulative offset up to 800 km (Gabrielse et al., 2006).

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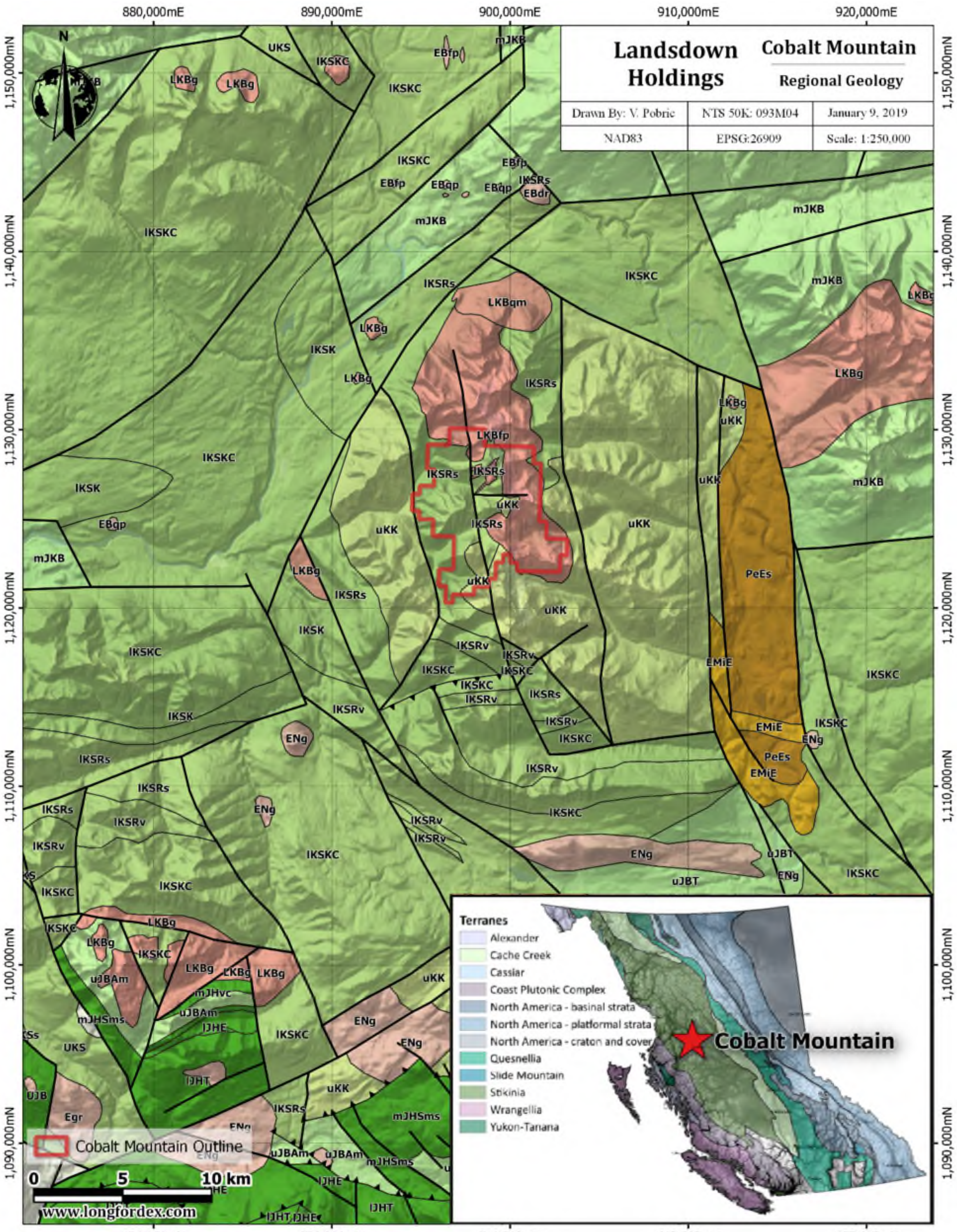

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Figure 0.7 (as shown above) Regional Geology of the Cobalt Mountain Project, refer to legend in Figure 7.2 (inset after Nelson et al. 2013, Geology after BCGS).

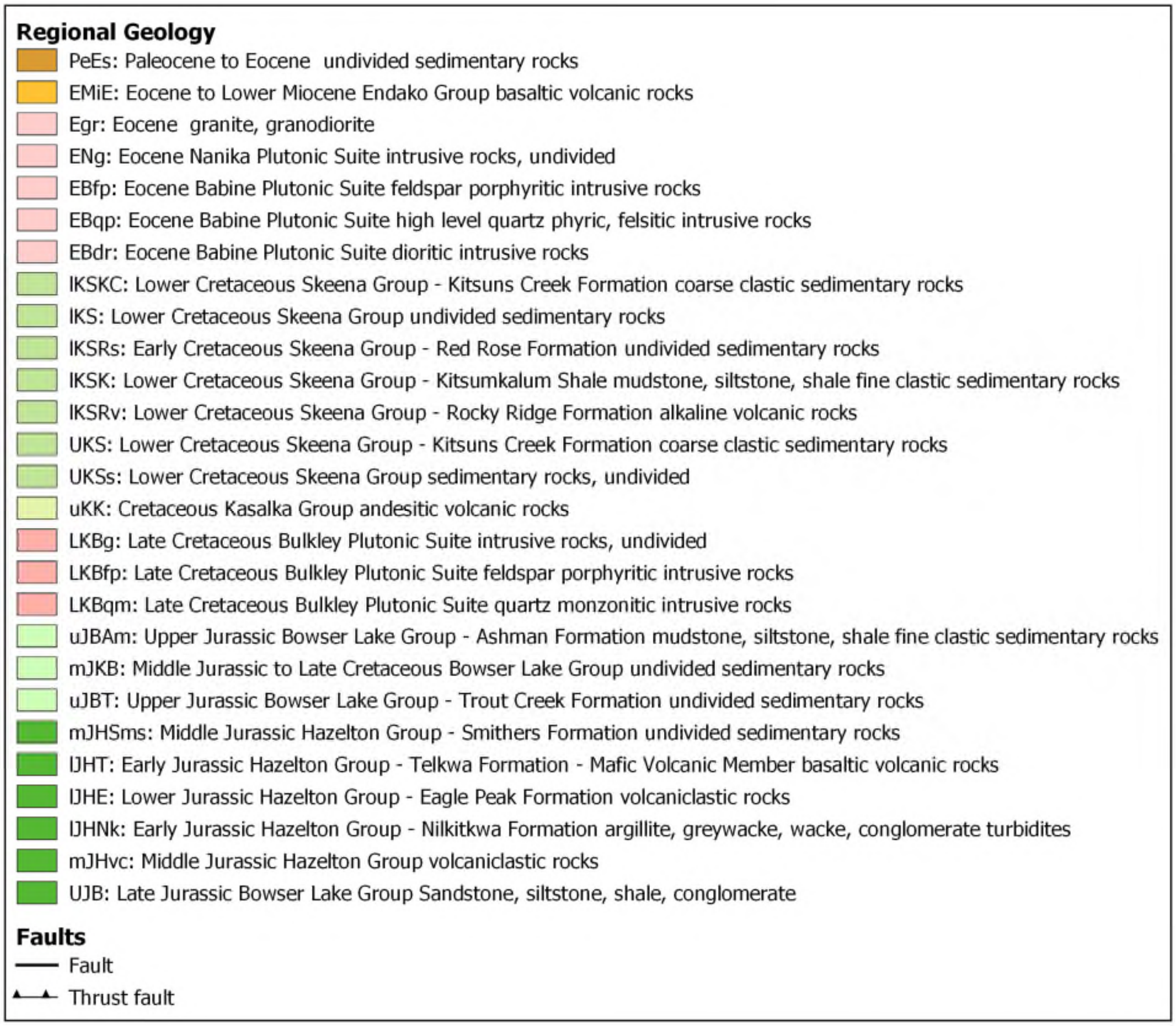

Figure 0.8 (as shown above) Geology legend for Figures 7.1 and 7.3.

The Skeena Arch is a northeast - southwest structural corridor which transects approximately the middle of the Stikine terrane. The Skeena Arch is the topographic highland which separates the Bowser basin sediments to the north and the Netchako plateau to the south. Faults in this area create a mesh-like map pattern which cross-cut the general northwest trend of the Cordillera with east-northeast trending host and graben faults. The Skeena Arch is endowed with over 800 known mineral occurrences detailed in the BC geological Survey's MINFILE database.

The Cobalt Mountain property lies within the Cretaceous Skeena Fold Belt, a regional fold and thrust belt primarily expressed in thinly layered strata of the Bowser Lake Group sedimentary rocks. Folding and faulting from this NE-SW shortening deformation are less prevalent but are present within Stuhini and Hazelton strata. The majority of fold and thrust faults trend northwest and accommodate northeasterly shortening during Cretaceous time. Northeast trending folds in the domains on the western side of the fold belt have similar geometry and scale as northwest trending folds.

Property Geology

Evanchick (2008) completed the most recent iteration of 1:125,000 scale geological mapping of the area and described it in the Geological Survey of Canada Open File 5704. The following rock unit descriptions are based from that report.

The Cobalt Mountain property and greater Rocher Deboulé mountain range is underlain by three stratified assemblages each separated by an unconformity. From oldest to youngest, assemblages include: sedimentary rocks of the Upper Jurassic to Lowest Cretaceous Bowser Lake Group; sedimentary and volcanic rocks of the Lower Cretaceous Skeena Group and intracontinental arc volcanic rocks of the Upper Cretaceous Kasalka Group. Stratified rocks are cut by a Late Cretaceous intrusion of the Bulkley Plutonic Suite (Figure 7.3).

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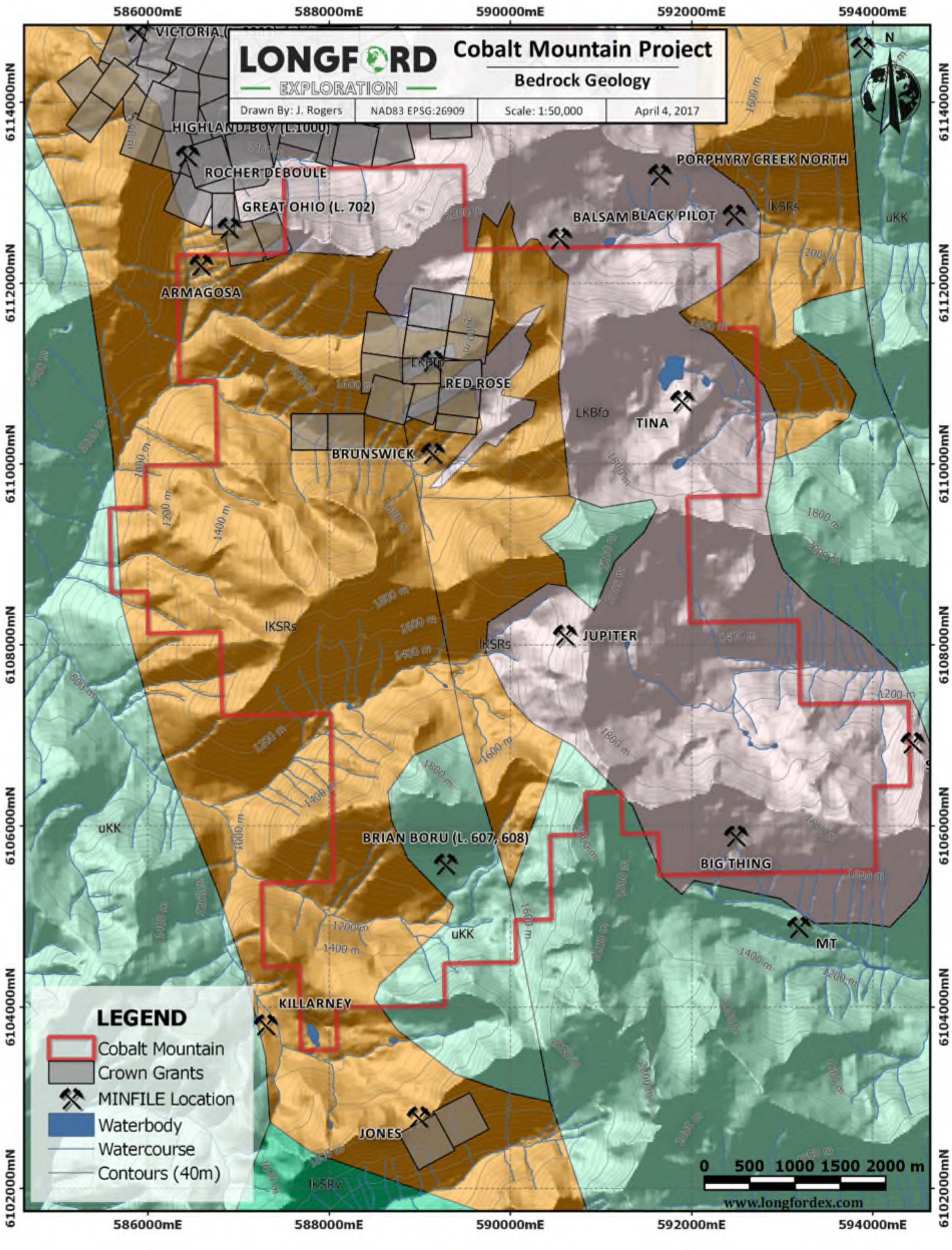
Figure 7.3 Property scale geology of the Cobalt Mountain Project, refer to legend in figure 7.2. Geology after BCGS.



Bowser Lake Group

The Upper Jurassic to Lowest Jurassic Bowser Lake Group (BLG) sedimentary rocks are mapped mostly as undivided marine and non-marine sediments and dominate the western half of the Cobalt Mountain property. A small area in the south-central area of the property is identified as the Muskaboo Creek shelf facies Assemblage. Lithologies include sandstone, siltstone and conglomerate. Primary lithofacies is fine to medium grained sandstone, forming laterally continuous thin to thick-bedded sheets; less common are siltstone interbedded with sandstone; rare lenses of conglomerate; sandstone is green-brown and grey-weathering, thin to thick-bedded, and locally arranged in coarsening upward cycles; includes burrows, bivalve coquina, and other marine fossils, common ripple marks and crossbedding and local hummocky cros-stratification. In the Rocher Deboule Range, the BLG may conformably overly Hazelton Group andesitic arc volcanic rocks and related sedimentary rocks. (Gagnon, 2010, Thorkelson et al., 1995; Richards, 1980, 1990).

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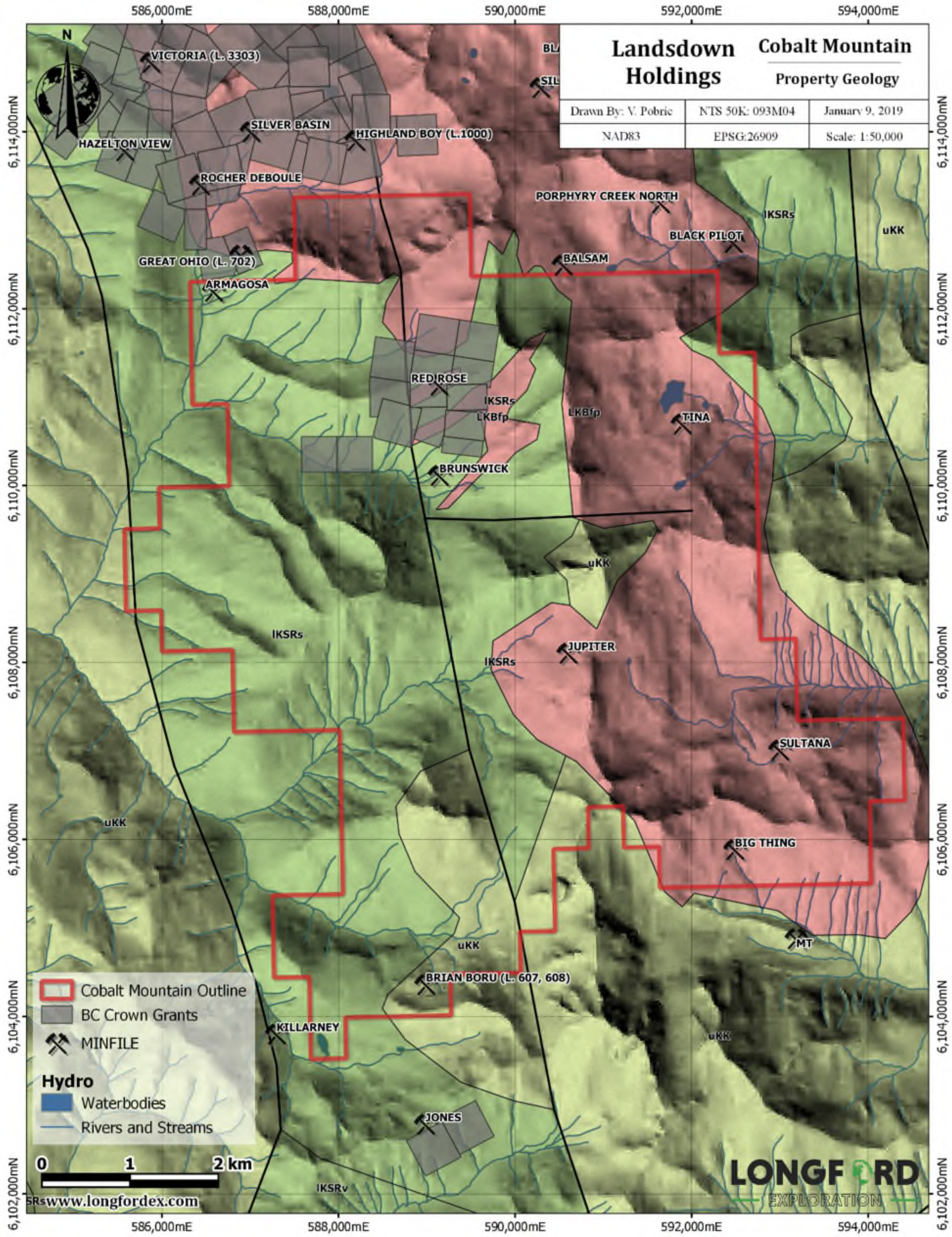
Landsdown Holdings
Cobalt Mountain
Property Geology
Drawn By: V. Pobric
NTS 50K: 093M04
January 9, 2019
NAD83
EPSG:26909
Scale: 1:50,000
586,000mE
588,000mE
590,000mE
592,000mE
594,000mE
6,114,000mN
6,112,000mN
6,110,000mN
6,108,000mN
6,106,000mN
6,104,000mN
6,102,000mN
VICTORIA (L. 3303)
HAZELTON VIEW
SILVER BASIN
HIGHLAND BOY (L.1000)
ROCHER DEBOULE
GREAT OHIO (L. 702)
ARMAGOSA
PORPHYRY CREEK NORTH
BLACK PILOT
BALSAM
RED ROSE
BRUNSWICK
TINA
JUPITER
SULTANA
BIG THING
MT
BRIAN BORU (L. 607, 608)
KILLARNEY
JONES
lKSRs
LKBfp
uKK
lKSRv
Cobalt Mountain Outline
BC Crown Grants
MINFILE
Hydro
Waterbodies
Rivers and Streams
0
1
2 km
www.longfordex.com
LONGFORD EXPLORATION

Skeena Group

The Lower Cretaceous Skeena Group is composed of three mapped formations (oldest to youngest): Bulkley Canyon, Rocky Ridge and Rocher Deboule Formations. On the Cobalt Mountain property, Skeena Group rocks are limited to the Rocher Deboule Formation mapped on the southwestern margin of the mineral claims. The lower contact of the Skeena group is rarely observed, where it is exposed, the contact is an angular unconformity with the underlying Hazelton or Bowser Lake Group sedimentary rocks. In general, the lower Skeena Group is fluvial-deltaic mudstone, siltstone and sandstone overlain by volcanic rocks of the Rocky Ridge Formation. (MacIntyre, 2000).

The Rocher Deboule Formation as defined by Bassett and Klienspehn (1996) is inclusive of the Red Rose Formation and Hanawald conglomerate segregated by Richards (1990). The unit is a fluvial –deltaic deposit of Albian to Cenomanian age. Lithologies include sandstone, siltstone, mudstone, tuff, conglomerate; common detrital muscovite and common reddish colours; sections commonly contain cycles fining upward from sandstone to siltstone and mudstone, locally with conglomerate at the base. Where thermally altered biotite hornfels are common. The upper stratigraphy of the Rocher Deboule Formation was identified by Richards (1990) and was called the Red Rose Fm. Some of the most significant past producing mines of the area are hosted within this upper stratigraphy of the Rocher Deboule Formation.

The Bulkley Canyon Formation is mapped approximately 5 km southwest of the property boundary. It is described to include feldspathic sandstone, siltstone, mudstone, coal and minor volcaniclastic conglomerate; sections commonly contain cycles fining upward from coarse-grained sandstone to carbonaceous siltstone, mudstone or coal.

Just south of the property boundary, The Rocky Ridge Formation trends roughly east-west and includes porphyryitic and amygdaloidal basalt flows and intercalated volcaniclastic sedimentary rocks; phenocrysts of pyroxene, plagioclase, and hornblende; includes breccia, lapilli tuff, and volcanic debris flow conglomerate; 40Ar / 39Ar ages indicate 95-93 Ma. An older member of the Rocky Ridge Formation includes feldspar-pheric flow banded rhyolite to rhyodacite domes and interbedded dacitic volcanic rocks; includes lapilli tuff and flow breccia; U-Pb ages yielded 107.9 +/-0.2 Ma (Macintyre, 2000).

Kasalka Group

The Upper Cretaceous Kasalka Group is mapped on the southeastern portion of the property and unconformably overlies the Skeena Group. The Kalsalka Group is described to contain hornblende-fledspar-porphyritic andesite-dacite flows, flow breccia, breccia; rhyolite to dacite flows and ash flow tuff, breccia; minor basalt and andesite fledspar porphyry, intercalated lacustrine, fluvial and tuffaceous sedimentary rocks, and volcanic debris-flow conglomerate; includes sills, dykes and intrusive domes.

Bulkley Plutonic Suite

The Late Cretaceous Bulkley Plutonic Suite cuts all of the stratified rocks described above and is mapped in the central and north-central areas of the Cobalt Mountain property. The intrusive body is less than 1 km wide at the narrowest point in the southern areas versus over 5 km wide in the northern extent. The elongate stock trends north-northwest and measures over 15 km from north of Hagwilget Peak to the headwaters of Corya Creek and correlates roughly with resistive high topography along the length of the Rocher Deboulé mountain range. Intrusive phases include mainly granodiorite, lesser quartz monzonite, lesser quartz monzonite, quartz diorite, minor diorite and granite; ages yielded 85-61 Ma. The majority of mineral (MINFILE) occurrences occur proximal to the mapped contact of the intrusion.

Mineralization and Structure

There are at least eight known MINFILE occurrences on the Cobalt Mountain property. Nineteen additional MINFILE occurrences are located in the surrounding Rocher Deboulé Range and vary from small showings to past producing underground mines. Mineralization style is primarily polymetallic base and precious metal veins and calc-alkalic porphyry copper +/- molybdenum +/- gold. Most mineral occurrences are hosted within or located proximal to the Rocher Deboulé stock.

The Brian Boru showing (on the property) and nearby Killarney and Jones (not on the property) are the only MINFILE occurrences not proximal to a mapped intrusion but are likely intrusion related.

Precious and base-metal vein systems on the property are commonly influenced by controlling faults. Regional scale north-northwest trending faults divide the Rocher Deboulé Range roughly into east and west domains. (Figure 7.1). The middle structure parallels the height of land along the western side of the mountain range and propagates through the past producing Red Rose mine. Here, a fault known as the Red Rose Shear hosts tungsten mineralization where the shear zone cuts a tongue of diorite atypical of the Rocher Deboulé stock. Northeast trending cross faults link the regional faults and match the fault –mesh network observed across the Skeena Arch. Displacement on most faults are typically hundreds of meters (Warkentin, Young) 2001.

<u>Deposit Types</u>

Porphyry Exploration Model

The multiple polymetallic vein occurrences on the Cobalt Mountain Property could be part of a much larger hydrothermal system. Macdonald et al. summarize this exploration model in their 2011 report:

> The conceptual target is a zoned porphyry mineral system (Figure 8.1) related to the intrusion of the Rocher Deboulé stock, a large composite intrusion of granodiorite to quartz monzonite composition. Mineral occurrences include "proximal" intrusion-hosted, bulk tonnage Cu-Mo deposits and "distal" polymetallic veins and shears within the adjacent country rocks.

The following description of porphyry deposits is modified after Rodgers, 2010: "…fracture-controlled quartz-sulphide veinlets and veins, and sulphide disseminations in fractures hosted by, or proximal to, high-level, calc-alkaline, intermediate to felsic, porphyritic intrusions. There may be a spatial and genetic relationship to high-level (epizonal), calc-alkaline, intermediate to felsic stocks, dykes, sills, and breccia pipes, with porphyritic phases, that are intrusive into volcanic and sedimentary rocks. These commonly occur as subvolcanic intrusions to volcanic complexes. The porphyritic intrusions and/or the surrounding country rocks may host the mineralization. Multiple intrusive phases and brecciation are common. Typical general associations are: quartz monzonite to alkali feldspar granite: Mo-W; granodiorite to quartz monzonite: Cu-Mo; and diorite-quartz diorite-tonalite: Cu-Au-(Mo)."

Individual mineral occurrences may be associated with smaller intrusive bodies and dykes either within or on the margins of the main stock. An example of this may be the Sultana prospect where airborne geophysics has identified an aeromagnetic high located on the eastern margin of the stock. The magnetic high is surrounded by an arcuate magnetic low. This magnetic low may be caused by the destruction of primary magnetite in the host rock by hydrothermal fluids mobilized by the heat of intrusion. Sulphide mineralization is localized within the altered area around the barren core.

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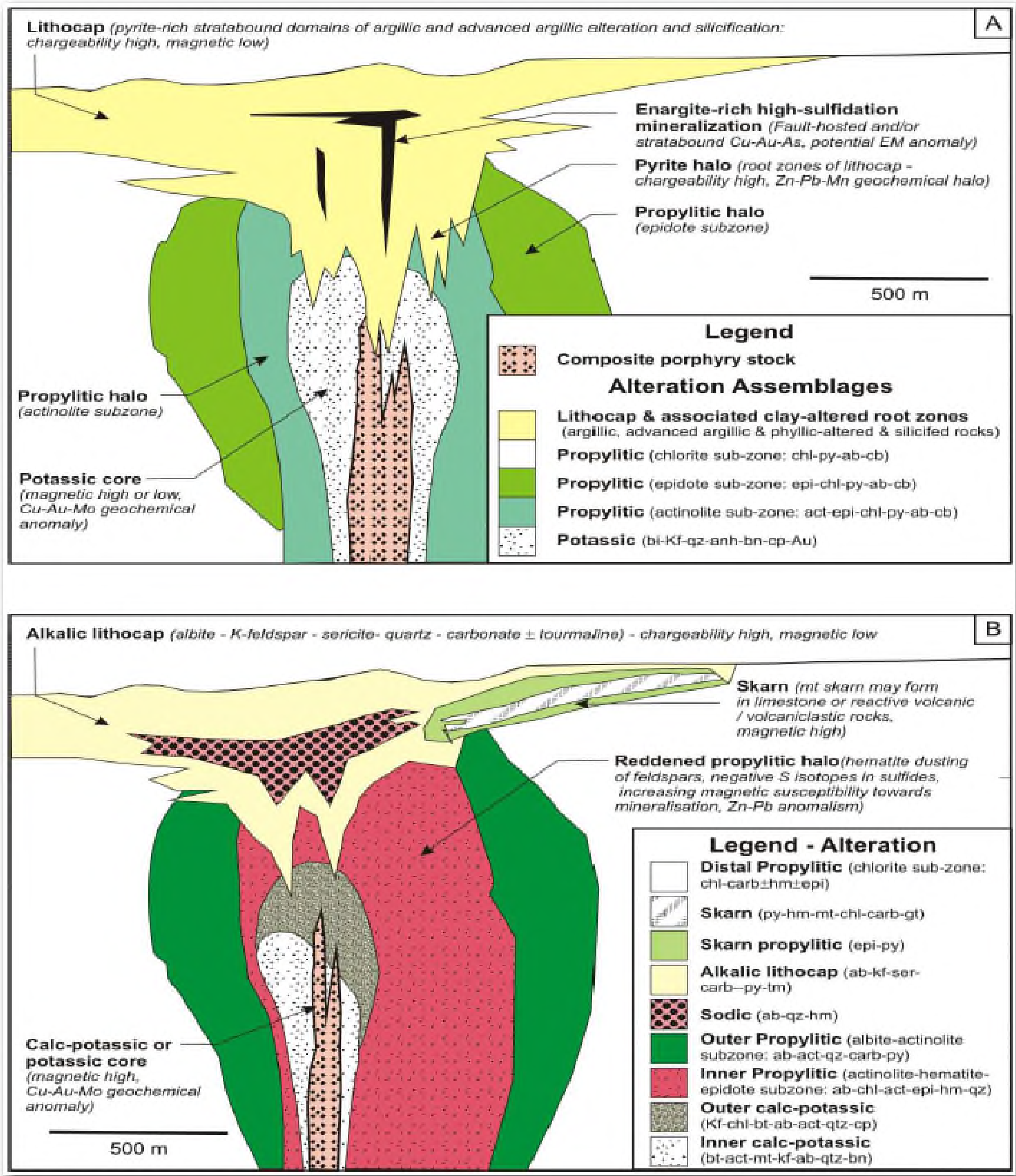
Figure 8.1 Zoned porphyry system model after Holliday and Cooke, 2007



Exploration

2018 Field Program

An exploration program was carried out for assessment purposes from September 15 – 22nd 2018. Lorie Farrell with two to four additional samplers collected 240 soil samples and 23 rock samples on the Porphyry Creek property in the area of the Sultana showing. This program followed up on elevated soil and rock samples that were collected in 2017 on the Zante, Zante South and Corinth Zones.

A 100 m by 50 m spaced soil grid was placed over the Zante and Zante South anomalies covering an irregular area of roughly 1.7 km by 1.0km (Figure 9.1 and 9.2). Samples were taken from 2-30 cm depth using a shovel, sealed in kraft bags, locations marked with hand held GPS and characteristics noted. Four field duplicates were taken. Visual copper and or molybdenum mineralization was noticed in boulders loosely corresponding to or uphill of the anomalous 2018 Zante and Zante South soil locations.

Only one day was spent prospecting in the area of the Corinth zone due to snow cover but additional actinolite float was followed up slope of the 5.75% Cu that was located in sample 1041864 to outcropping lower grade actinolite and quartz veining, additional gossan in outcrop was noticed further up slope where a sample returned 1.5% Cu (Figure 9.3). Most rock samples were taken from float in this and the Zante and Zante South zones where the precise source is unknown. Rock samples taken from outcrop are considered lower grade but representative of the immediate area of outcrop that was visited. Additional time should be spent prospecting outcrop in these areas when ground is not snow covered.

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Figure 0.9 2018 Co in soil results (ppm).

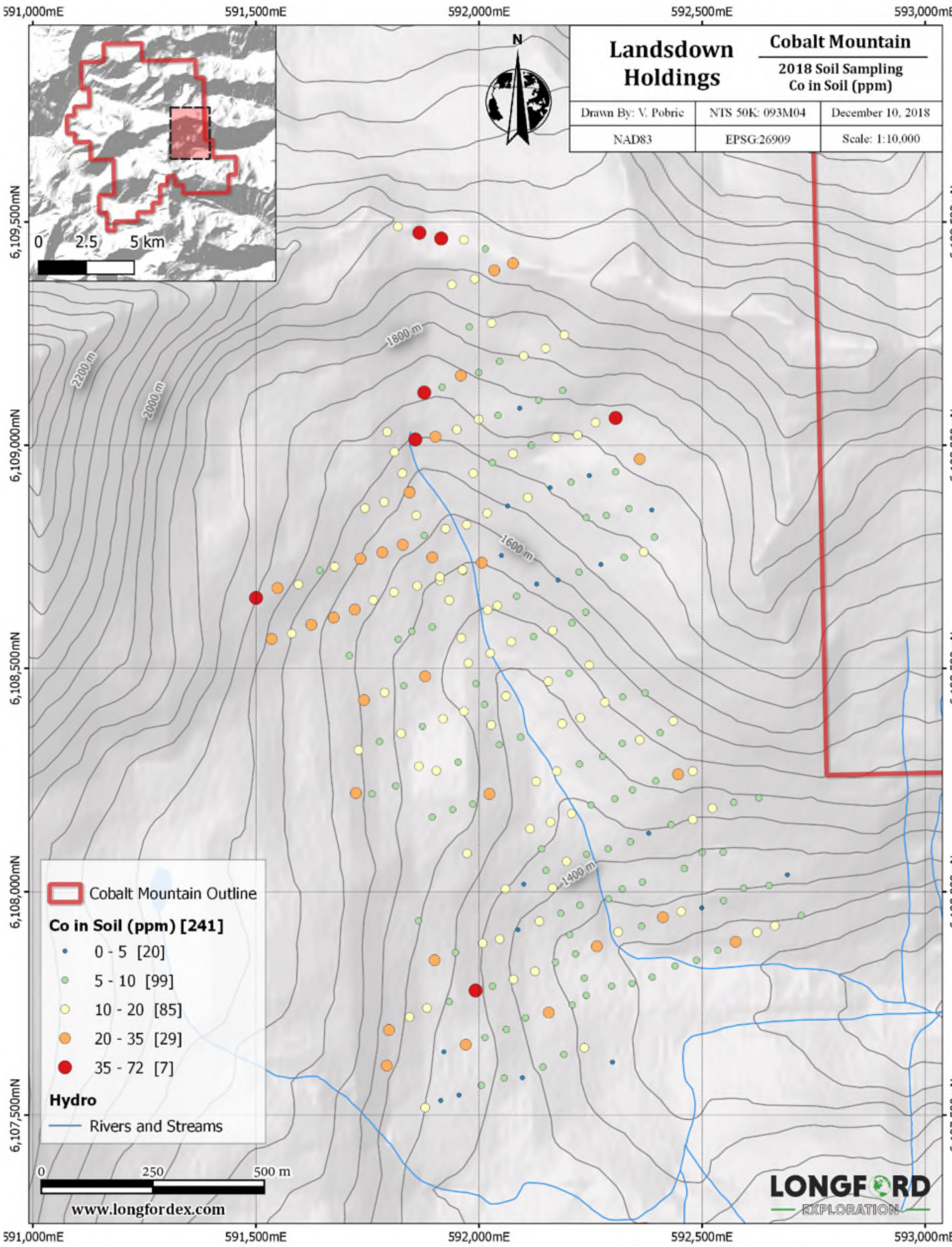


Figure 0.10 2018 Cu in soil results (ppm).

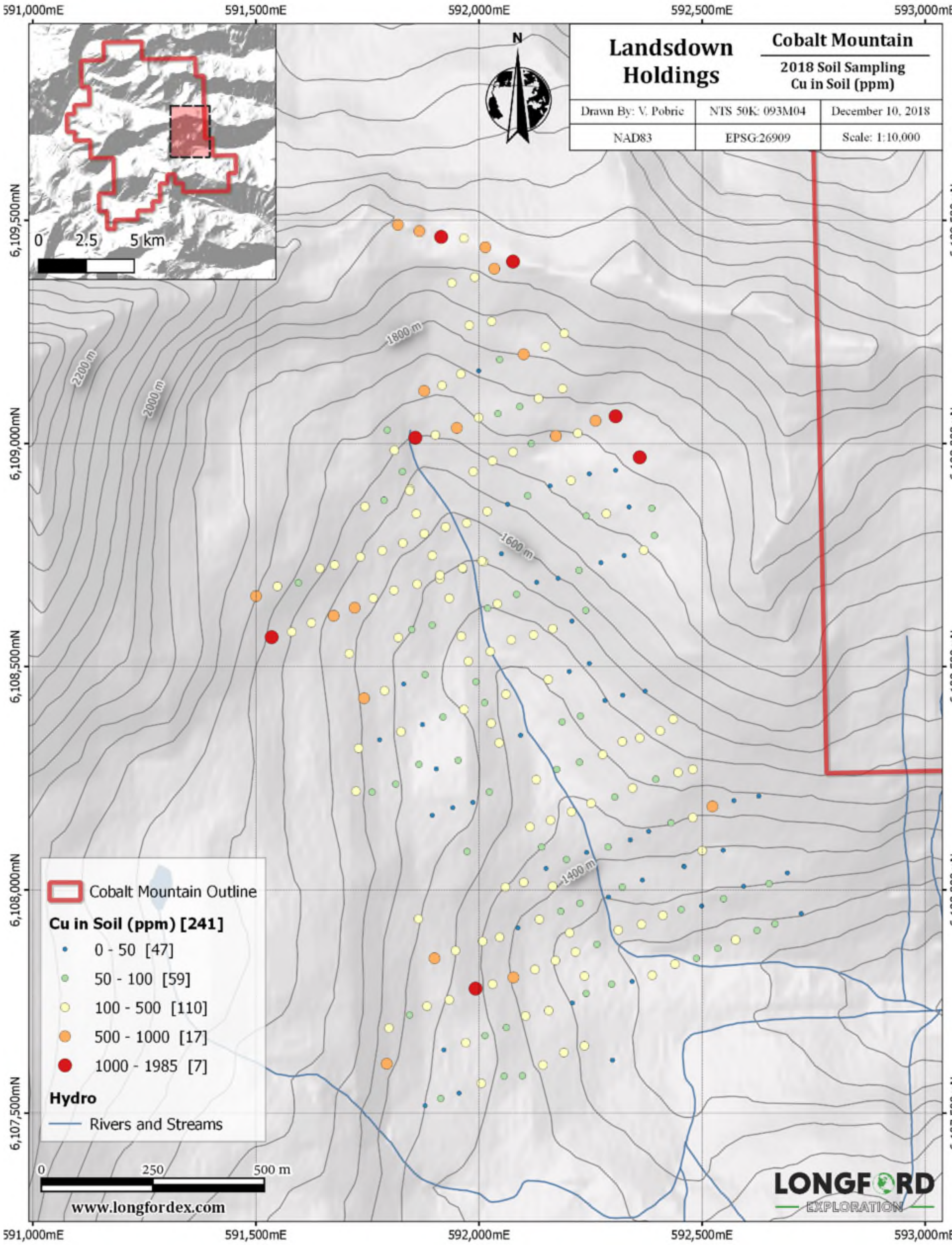
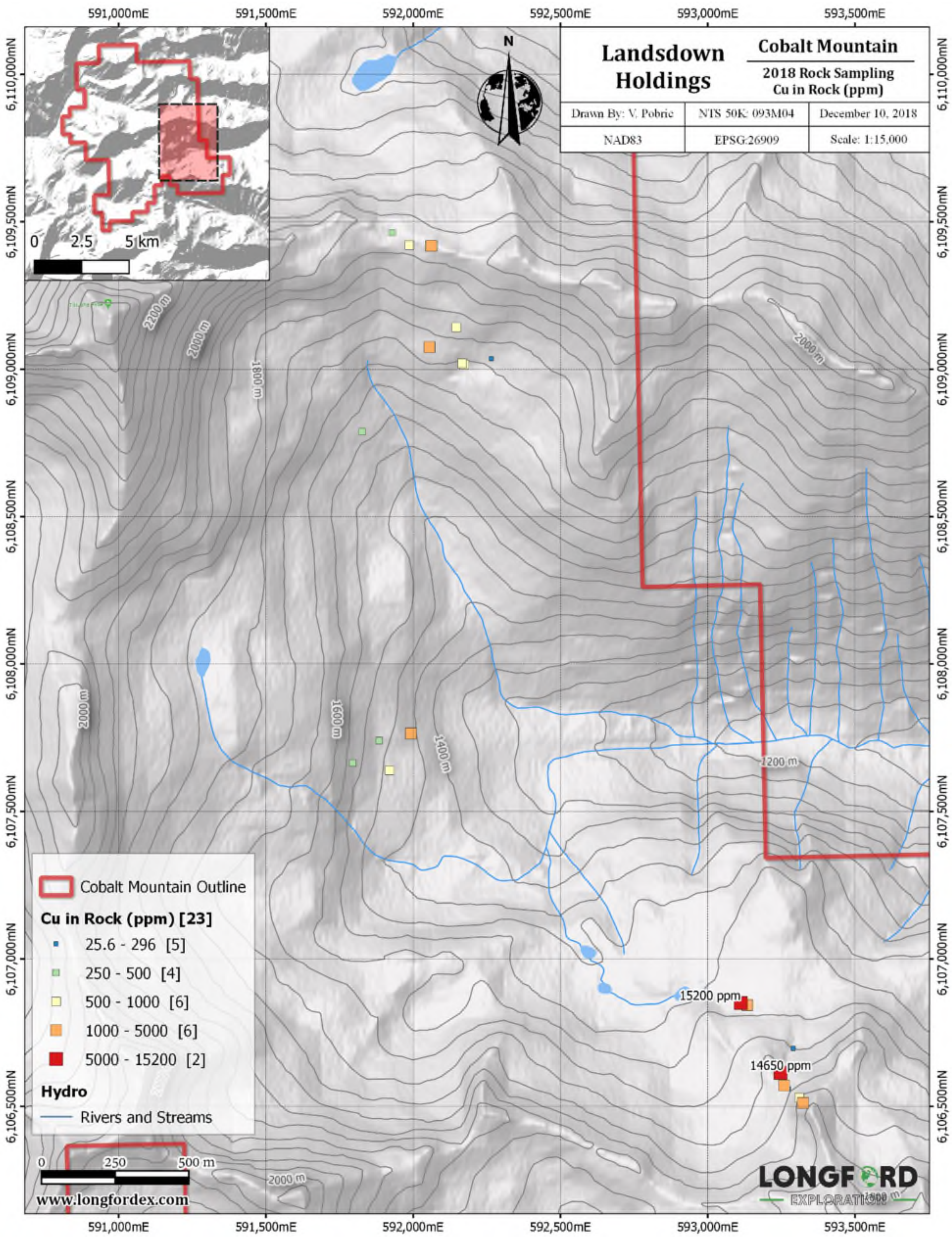


Figure 0.11 2018 Cu in rock results (ppm)



Drilling

No drilling has been carried out by the current operator, historic diamond drilling is summarized in the section titled “History”.

Sample Preparation, Analysis, and Security

Prior to 2006, the most recent work on the property occurred in 1987 and as such, neither the procedures used for preparation, analysis and security nor assay certificates are given in the majority of reports and therefore cannot be relied upon. The author conducted a site visit to the property with the goal of confirming the presence of mineralization (Figure 11.1). The procedures used for the most recent programs are given below.

2006 and 2007 Programs

The 2006 and 2007 programs focused primarily on prospecting the Brunswick and Armagosa showings. Samples were sent to Assayers Canada in Vancouver, B.C. which is independent and ISO9001:2008 certified and was acquired by SGS in 2010. Rock and stream sediment samples were collected and the procedure used is given below from Warkentin (2007):

All rock samples were dried, crushed, split and pulverized before being analyzed for gold by fire assay and for a 34 element scan by ICP-AES following an aqua regia digestion. In addition, 4 talus rock samples collected in the Armagosa Creek area were submitted for a repeat assay by ICP-AES following a multi-acid digestion to check for possible refractory mineral values.

Stream sediment samples were dried and screened at 80 mesh and the fine fraction was analyzed for gold by fire assay and for a 34 element scan by ICP-AES with aqua regia digestion

2008 Program

The 2008 program focused on property scale reconnaissance with the aim of identifying prospective areas for future exploration work. All samples were sent to Acme Analytical Laboratories in Vancouver, B.C. which is independent and ISO9001:2008 certified. The procedure followed for this program is given below from Warkentin (2008):

> Rock samples were dried, crushed, split and pulverized before being analyzed for gold by fire assay and for a 53 element scan by ICP-AES following an aqua regia digestion.
>
> Stream sediment samples were dried and screened at 80 mesh and the fine fraction was analyzed for gold by fire assay and for a 53 element scan by ICP-AES with aqua regia digestion.

2010 Program

The 2010 program focused primarily on the soil sampling of a grid over the Sultana prospect. All samples were sent to Acme Analytical Laboratories in Vancouver, B.C. which is independent and ISO9001:2008 certified. The procedure followed for this program is given below from Macdonald et al (2011):

An assay package of 32 elements applied by the 1DX15 procedure was used for soil samples. Samples were dried and screened at 80 mesh. Splits of 0.5g are leached in hot (95°C) Aqua Regia followed by ICP-MS analysis. Sample minimum size is 1g pulp.

Analytical package GEO-2 was used for assaying drill core and rock samples, including 36 elements Group 1DX (Aqua Regia/ICP-MS 0.5g) + Group 3B (fire geochem Au). A gravimetric finish was applied for gold samples over 10g/t and silver samples over 200g/t. Also, for copper samples >1% and molybdenum samples >0.4%, a 7TD analysis was conducted, where the sample was dissolved in four acid solution and the percentage determined by ICP-ES. A standard, blank, or duplicate was inserted every 20 samples. The standard was CDN CM-2 from CDN Resource Laboratories, and landscape quartzite was used as blank.

For a total of 465 samples, eight blanks, nine standards and seven duplicates were inserted. The duplicates were prepared using quarter splits of the core interval concerned. All of the blanks passed and the duplicates contained similar numbers. The standard used was analyzed for Au, Cu and Mo. The Au assays were all within limits. The copper values were erratic and the molybdenum values were all well below the expected values. This can be explained by the fact that aqua regia digestion was used, which has incomplete digestion of molybdenum and possibly copper as well, although not to the same extent. It is recommended that next year, the QA/QC ratio be increased to 1 in every 10 samples - ideally a blank and a standard or duplicate for every 20 samples - and that four acid digestion is used instead of aqua regia, to get more accurate base metal assays.

2011 Program

A 6 hole diamond drill program was carried out over the Sultana prospect in 2011. All samples were sent to Acme Analytical Laboratories in Vancouver, B.C. which is independent and ISO9001:2008 certified. The procedure followed for this program is given below from Payne (2012):

> The drill core was reassembled (best fit), marked off at one metre intervals, ROD measurement was conducted, magnetic susceptibility reading every 1m along the core. The core was split in half longitudinally over the sample interval using a Longyear hand splitter. Half the core was bagged (given a unique sample number) and sent for analysis. Samples were delivered to Acme Labs, Smithers, BC in sealed rice bags.
>
> Samples were analyzed using the Group 1EX technique, all samples were analyzed for gold and using Group 6. Samples containing Ag>100ppm and Pb and Zn>10,000ppm were assayed.

2017 and 2018 Programs

Rock samples were crushed and split to produce a 250-gram fraction which was pulverized better than 85% passing a 75-micron (200 mesh) screen. From each pulverized rock pulp, a 0.25-gram subsample was digested in perchloric, nitric, hydrofluoric and hydrochloric acids. The residue is topped up with dilute hydrochloric acid and the resulting solution is analyzed by ICP-MS and ICP-AES for 41 elements. Prior to analysis, the 2017 soil samples were dried and screened at 80 mesh.

A 0.5- 27 gram subsample of each minus 80 mesh fraction was digested in hot aqua regia and analyzed by ICP-MS for 41 elements. All samples were analyzed by ALS Global in Vancouver which is independent and ISO9001:2008 certified.

Soil samples in 2018 were prepared in the same manner, but analyzed using a four-acid digestion with an ICP-AES finish on a 0.25 g sample for 33 elements.

Data Verification

The site visit on December 21, 2018 served to visually confirm the presence of mineralization in the area of the Brunswick showing and once again assess the area for a future exploration program (Figure 12.1 and 12.2).

The site visit on March 6, 2018, was done with intent to visit known mineralized zones and, if possible, take samples to verify the existence of copper, gold, silver, zinc and cobalt mineralization. A total of three samples were collected from outcrop and subcrop near the Brunswick Minfile location. Sample locations were recorded using a hand held gps, the location was marked with flagging tape in the field and each sample was assigned a unique sample ID. The samples were collected and sealed in individual poly sample bags and then placed in a sealed package and shipped by the author of the report directly to an independent lab, Bureau Veritas Laboratories in Vancouver, B.C. which is independent and ISO9001:2015 certified.

It is the author's opinion that the sample preparation, security measures taken and analytical procedures were adequate to evaluate and confirm the presence of mineralization detailed in the Technical Report.

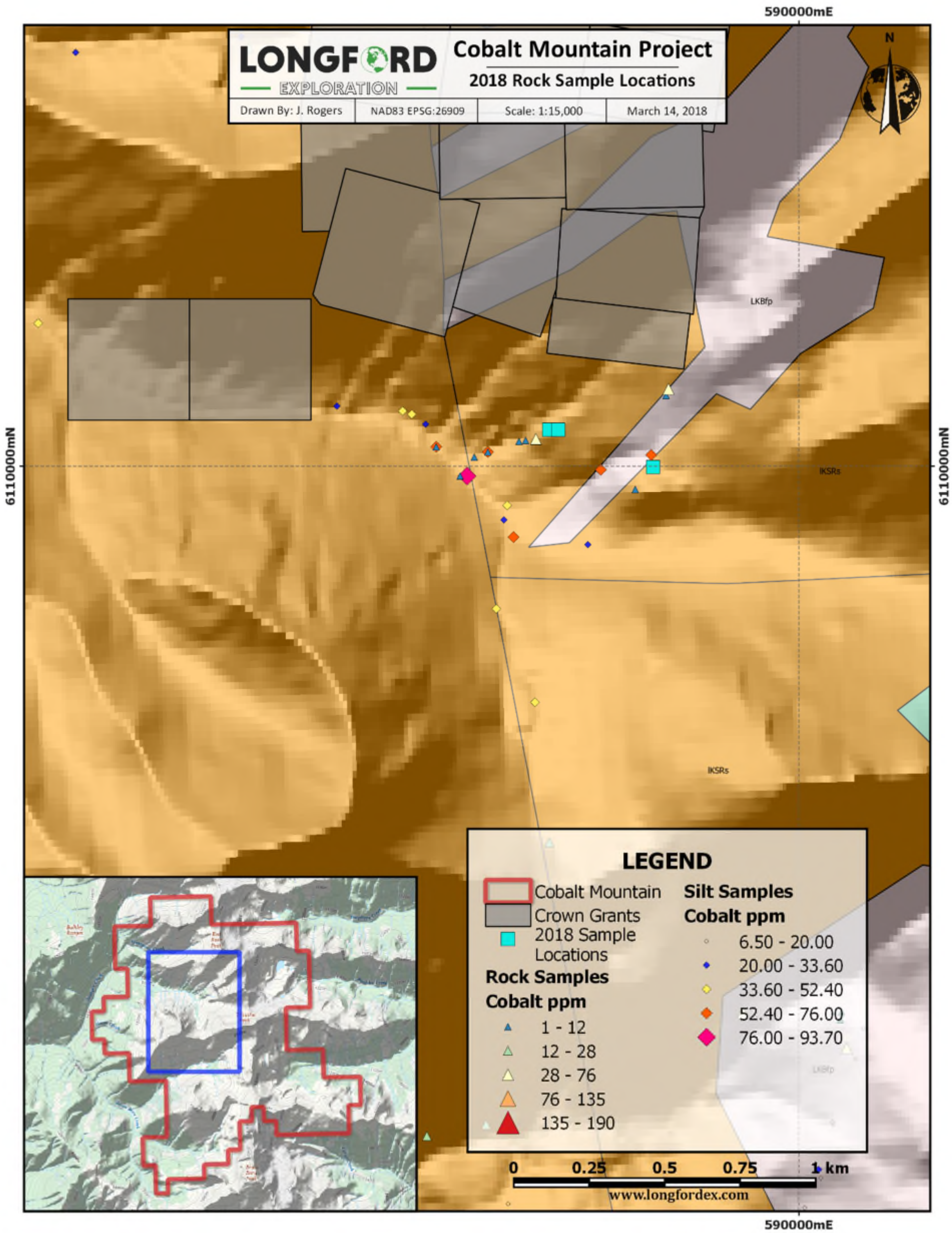
Figure 0.12 (as shown above) - Example of a sample observed by the Author – fracture controlled sulphides (arsenopyrite – pyrite – chalcopyrite).

Figure 0.13 The author at the Brunswick Ag-Zn-Pb-Au-Cu showing during the December 21, 2018 site visit.

Table 12.1 A total of three samples were collected by the Author. Location, descriptions and results of the samples are provided below.

Sample	Easting	Northing	Lithology	Alteration	Mineralization	Au_PPB	Cu_PPM	Zn_PPM	Co_PPM
32901	589517	6109997	weathered orange and grey, fresh dark grey fine grained wacke	strongly oxidized on surface, local strong silicification, weak Fe-oxides on fresh surface	locally up to 10% fine grained pyrite in fracture fill veins, weakly disseminated pyrite	20	454	44	23
32902	589173	6110121	weathered orange and purple, fresh dark grey fine grained wacke	strongly silicified	up to 3% sulphide overal py>cpy, minor silver sulphide (Aspy?), trace azurite	4	138	82	8
32903	589203	6110121	weathered orange and grey, fresh dark grey fine grained feldspar phyric mafic volcanic, 30% euhedral 2-3mm feldspars in an aphanitic mafic groundmass	strong oxidation on surface	fracture controlled sulfide veins, py-cpy and a bright silver sulfide, veins planar 2-4mm thick, botryoidal Fe-oxides, trace black shiny sulphide,	366	1100	28	39

Figure 12.2 Rock sample locations collected by the author for verification purposes during the March 6th, 2018 site visit.



Mineral Processing and Metallurgical Testing.

No mineral processing or metallurgical testing programs have taken place for this property.

Mineral Resource Estimates

No mineral resource estimates have been done for this property.

Adjacent Properties

The Cobalt Mountain Property is location within the Hazelton Mountain Range of central British Columbia which is endowed with a variety of metals and styles of mineralization. Production has taken place from four small mines immediately to the north of the current property boundary. **The author has been unable to verify the accuracy of the information regarding past production, nor is past production on adjacent properties indicative of the mineral potential on the Cobalt Mountain property.**

There are four past producing mineral occurrences immediately adjacent to the Property, all of which are owned by American Manganese Inc. The Rocher Deboulé mine is the most significant past producer having been mined from 1915 – 1918, as well as 1929 and 1952. A summary of this production is given in Table 13.1 below. The deposit consists of four veins striking 75 degrees and dipping 55 degrees north into the mountain. All production to date has come from the No. 2 and No. 4 veins.

Table 0.1 Past production from the Rocher Deboulé Mine (Annual Report 1952).

Rocher Deboulé Mine Production						
Year	**Tons**	**Gold (oz)**	**Silver (oz)**	**Copper (lb)**	**Lead (lb)**	**Zinc (lb)**
1915	17,000	1,418	21,893	2,788,000		
1916	16,760	1,184	16,738	1,753,225		
1917	2,889	781	7,987	714,871		
1918	3,184	832	16,247	635,870		
1929	72	10	2,972	6,120	751	7,219
1952	12,814	267	18,640	305,498		
Total	**52,719**	**4,492**	**84,477**	**6,203,584**	**751**	**7,219**

Approximately 1.5 km east of the No. 4 vein are the two Highland Boy veins, one of which can be traced back to the No. 4 vein along the surface. Some development work and mining was completed in 1917 and yielded 4,770 kilograms of copper, 124.4 grams of gold and 1,088 grams of silver (Annual Report, Minister of Mines, B.C.: 1917). Drilling in 2007 totaled 1,106 m in six holes and was followed up by focused groundwork around the veins in 2011.

The Victoria veins are located 1.5 km northwest of the Rocher Deboulé mine. Approximately 90 tons of ore was shipped between 1918 and 1941 which produced approximately 326 oz of gold, 44,560 lbs of arsenic, 2,100 lbs of molybdenum, and 4,900 lbs of cobalt. Some drilling was conducted on the veins in 1981 and 1983, but most holes were not assayed or analyzed.

The Cap mine is approximately 4 km west of the property boundary. It has seen a similar exploration history to the other mines and shipped 26 tons of ore in 1917 which produced 93 grams of gold, 7,838 grams of silver and 1,513 kilograms of copper.

Interpretation and Conclusions

The Cobalt Mountain project area and greater Rocher Deboulé Range has produced substantial amounts of copper, gold and cobalt. The property remains prospective for extensions to some known high-grade precious metal deposits and for a porphyry style deposit.

All of the past producing mines are precious and base metal bearing quartz +/- carbonate veins and occur proximal to the mapped contact of the Rocher Deboulé stock. The veins are likely related to the stock and exploit earlier fault networks and in some cases concentrate at fault intersections. Although past production of some of the vein deposits was successful, present metal prices and concentrations are generally sub-economic. However, it is possible that a high-grade vein hosted deposit of economic concentration could exist on the property.

It is possible that vein hosted metals may have been scavenged and remobilized from the country rocks during contact metamorphism with the stock. To address this, sulphur isotopes could be used to differentiate crustal from magmatic sulphur sources. Results would help understand how much crustal contamination has occurred from the country rocks and confirm the degree of influence from the intrusion on sulphide mineralization.

Porphyry-style mineralization is most prospective exploration model for the Cobalt Mountain property. The Rocher Deboulé stock is part of the Cretaceous Bulkley Plutonic suite which is known to host other porphyry copper-gold-silver-molybdenum deposits in the vicinity such as the Huckleberry mine. At Huckleberry, the bulk of the deposit is hosted in the hornfelsed volcanic rocks proximal to a granodiorite stock. At Cobalt Mountain, polymetallic veins likely represent distil fluids of the Rocher Deboulé stock and may be connected to a metal bearing intrusive phase. The stock is comprised of several phases of intermediate intrusive rocks, most of which are not mineralized. However, different phases of intrusive rocks remain to be comprehensively studied and mapped. A copper-molybdenum bearing phase of the intrusion was identified in drilling, surface sampling and soil geochemistry during the 2010 work program around the Sultana area. These results form a baseline set of mineralogical, geochemical and geophysical characteristics to expand on the area of interest at Sultana and identify new zones throughout the rest of the Rocher Deboulé stock.

Recommendations

Further evaluation of the Cobalt Mountain Property is recommended given the grassroots nature of the property, known mineralization, prospective interpretation of historic geophysics and anomalous historic results. Recommendations include:

- Detailed lithological, structural and alteration mapping at 1:10,000 scale

- Prospect areas which have been recently exposed from permanent snow cover or receding glacial ice
- Follow up of anomalies identified in the airborne survey to be trenched and/or drill tested

Proposed Exploration Budget

The aggregate amount of expenditures incurred with respect the Cobalt Mount Property during the years 2015, 2016, 2017 and 2018 (to date) is $122,313.

The following proposed exploration budget anticipates a six month period during the summer months, in which the Company would fulfil the above recommendations. Phase 2 will be contingent on positive results from Phase 1. As at the date of this Prospectus, the Company has carried out half of the planned Phase 1 expenditures.

Table 16.1 Proposed exploration budget.

	Description	**Estimated Cost (CAD)**
Phase 1	**Geologic and Structural Mapping, Prospecting, Soil Sampling**	
	2 week, 4-person crew (1 Project Manager, 1 Geologist, 2 Helpers) in two or three fly camps with occasional helicopter support Wages: $35,000 Room and board: $10,000 Transportation inc. helicopter: $15,000 Equipment rentals: $10,000 Sample analysis: $30,000	$ 100,000
	Interpretation of results – 14 days	$ 20,000
Phase 2	**Anomaly Follow Up (contingent on results from Phase 1)**	
	500 m of trenching (helicopter supported) Wages: $35,000 Room and board: $10,000 Transportation inc. helicopter: $15,000 Equipment rentals: $10,000 Sample analysis: $10,000	$ 80,000
	1,500 m of helicopter supported diamond drilling to test geophysical and mapping targets	$ 450,000

	$300/m all in cost.	
	TOTAL	**$ 630,000**

To date, approximately $60,000 has been spent on the Phase 1 program. As at the date of this Prospectus, approximately half of the planned Phase 1 expenditures have been carried out. Phase 2 will be contingent on positive results from Phase 1. No funds have been allocated to the Phase 2 program, and the Company currently does not have the funds that would be required in order to complete the Phase 2 program.

USE OF AVAILABLE FUNDS

Management believes that the Company will have sufficient working capital to continue operations for the next 12 months. Should a short-fall occur, the Company intends to access additional capital through the capital markets.

As at December 31, 2018, the Company had working capital of approximately $350,000. The primary business objectives and milestones that the Company hopes to achieve through use of these funds include completing Phase 1 of the proposed exploration program as set out in the Technical Report, fulfilling the next payment under the Option Agreement, and fulfilling cost requirements relating to the Company's application to list the Common Shares on the CSE. Specifically, the anticipated uses of the Company's estimated available funds available over the next 12 months, as well as the anticipated timelines for achieving certain business objectives in respect of such activities (where applicable), are set out in the table below:

Principal Purposes:	
Total funds available	**$350,000**
To pay the estimated cost of the remainder of the recommended exploration program and budget on the Cobalt Mountain Property as outlined in the Technical Report	$60,000(1)
Payment required under Option Agreement for Cobalt Mountain Property	$30,000(2)
Prospectus and CSE listing costs	$25,000(3)
Operating expenses for 12 months	$118,850(4)
Unallocated working capital	$116,150
Estimated Total Funds Used:	**$350,000**

Notes

(1) The Company expects to have expended the remaining $60,000 of the budgeted expenditures by the end of Q3 of 2019.
(2) Payment due in February 2019.
(3) Expected to be completed during January 2019.
(4) Estimated operating expenses for the next 12 months include the following: rent, ($9,650), salaries ($90,000), transfer agent fees ($2,400), SEDAR filing fees ($1,700), exchange fees ($7,800) and travel and related expenses ($7,300).

The Company intends to spend the funds available to it as stated in this Prospectus. However, there may be circumstances where, for sound business reasons, a reallocation of the funds may be necessary. The amounts set forth above may increase if the Company is required to carry out due diligence investigations with regard to any prospective investment or business opportunity or if the costs of the Prospectus or listing the Common Shares of the Company on the CSE are greater than anticipated.

Since inception, the Company has not generated any cash flow from its operations and has incurred certain operating losses. Such losses and negative operating cash flow are expected to continue since funds will be expended to pay the Company's administrative expenses and to conduct the recommended exploration program on the Cobalt Mountain Property.

In the future, the Company may pursue private placement debt or equity financing based upon its working capital needs from time to time, including without limitation, to fund future exploration of the Company's mineral property. However, there can be no assurance that such financing will be available or completed on terms that are favourable to the Company.

The Company has historically generated negative cash flows and there is no assurance that the Company will not experience negative cash flow from operations in the future. Please see "*Risk Factors – Negative Cash Flow from Operations*".

DIVIDENDS OR DISTRIBUTIONS

To date, the Company has not paid any dividends on its Common Shares, and the Board does not expect to declare or pay any dividends on the Common Shares in the foreseeable future. Payment of any dividends will be dependent upon the Company's future earnings, if any, its financial condition, and other factors the Board determines are relevant.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Please see the MD&A of Landsdown for the year ended December 31, 2017 and of the Company for the year ended April 30, 2018 and the nine month period ended September 31, 2018.

DESCRIPTION OF SECURITIES

Common Shares

The Company is authorized to issue an unlimited number of Common Shares, of which 20,353,056 Common Shares are issued and outstanding as at the date of this Prospectus. Holders of Common

Shares are entitled to one vote per Common Share at all meetings of the holders of Common Shares of the Company and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Common Shares, to participate ratably in any distribution of the Company's property or assets upon liquidation or wind-up. The Common Shares are without par value and without restrictions attached. There are no pre-emptive, redemption, retraction, purchase or conversion rights attaching to the Common Shares.

Class A Preferred Shares

The Company is authorized to issue an unlimited number of Class A preferred shares, of which none are outstanding as at the date of this Prospectus. The Class A preferred shares are non-voting and non-participating and are without par value.

Warrants

As at the date of this Prospectus, the Company has not issued any warrants.

CONSOLIDATED CAPITALIZATION

The following table sets forth the number of outstanding securities of the Company as of the date of this Prospectus:

Description of Security	Amount Authorized	Weighted Average Price	Outstanding as at September 30, 2018	Outstanding as at the Date of the Prospectus
Common Shares	Unlimited	0.07	20,353,056	20,353,056
Options	2,035,000	0.15	1,300,000	1,300,000

OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

The Company created a stock option plan that was approved by the Board on August 1, 2018 (the "**Stock Option Plan**"). The purpose of the Stock Option Plan is to assist the Company in attracting, retaining and motivating directors, officers, employees and consultants (together, "**service providers**") of the Company and of its affiliates and to closely align the personal interests of such service providers with the interests of the Company and its shareholders.

The Stock Option Plan provides that, subject to the requirements of the CSE, the aggregate number of Common Shares reserved for issuance pursuant to options granted under the Stock Option Plan will not exceed 10% of the number of Common Shares of the Company issued and outstanding from time to time.

The Stock Option Plan is administered by the Board, which has full and final authority with respect to the granting of all options thereunder subject to the express provisions of the Stock Option Plan.

Options may be granted under the Stock Option Plan to such directors, employees, consultants or management company employees of the Company and its subsidiaries, if any, as the Board may from time to time designate. The exercise prices are determined by the Board, but may not, in any event, be less than the closing market price of the Common Shares on the CSE on the trading day prior to the earlier of dissemination of a news release disclosing the issuance of the option grant, or the posting of notice of the proposed option grant with the CSE. The Stock Option Plan complies with section 2.25 of National Instrument 45-106 *Prospectus Exemptions* and provides that the number of Common Shares which may be reserved for issuance on a yearly basis to any one related person upon exercise of all stock options held by such individual may not exceed 5% of the issued Common Shares calculated at the time of grant. Moreover, the Company cannot issue grants to related persons if in the aggregate their grants would, on a fully diluted basis, exceed 10% of the issued and outstanding Common Shares of the Company.

The Stock Option Plan is the Company's only equity compensation plan. As of the date of this Prospectus, the Company has 1,300,000 options outstanding to purchase Common Shares. The following table is a summary setting out the options which have been granted to directors, officers, employees, consultants or others as at the date of this Prospectus:

Group	**Options to purchase common shares**	**Exercise Price**	**Expiry Date**	**Grant Date**	**Closing Price on grant date**
Executive Officers & Past Executive Officers	700,000	$0.15	August 15, 2023	August 15, 2018	N/A
Directors & Past Directors not included in the above	600,000	$0.15	August 15, 2023	August 15, 2018	N/A
Total	1,300,000				

PRIOR SALES

During the 12 months preceding the date of this Prospectus, the Company has issued the following securities:

Date of Issue	Type of Security	Number of Securities	Issue or Exercise Price per Security	Reason for Issue
April 3, 2018	Common Shares	1,010,549	N/A	Issued pursuant to spin-off
May 17, 2018	Common Shares	4,903,929	$0.07	Private Placement
June 26, 2018	Common Shares	14,438,578	N/A	Issued pursuant to Share Exchange Agreement

TRADING PRICE AND VOLUME

As of the date of this Prospectus, the Company does not have any of its securities listed or quoted in Canada, has not applied to list or quote any of its securities, and does not intend to apply or list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S, marketplace, or a marketplace outside of Canada and the United States of America.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

Escrowed Securities

The policies and notices of the CSE require that securities held by certain shareholders of the Company are required to be held in escrow in accordance with the escrow requirements set out in CSE Policy 2 – *Qualification for Listing*.

Under the applicable policies and notices of the Canadian Securities Administrators securities held by Principals (as defined below) are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions. Equity securities, including Common Shares, owned or controlled by the Principals of the Company are subject to the escrow requirements.

Principals include all persons or companies that, on the completion of the listing on the CSE, fall into one of the following categories:

(i) directors and senior officers of the Company, as listed in this Prospectus;

(ii) promoters of the Company during the two years preceding the listing on the CSE;

(iii) those who own and/or control more than 10% of the Company’s voting securities immediately after completion of the listing on the CSE if they also have appointed or have the right to appoint a director or senior officer of the Company or of a material operating subsidiary of the Company;

(iv) those who own and/or control more than 20% of the Company's voting securities immediately after completion of the listing on the CSE; and

(v) associates and affiliates of any of the above.

The Principals of the Company include all of the directors and senior officers of the Company.

Pursuant to an agreement (the "**Escrow Agreement**") dated as of September 6, 2018, among the Company, the Escrow Agent and the Principals of the Company, the Principals agreed to deposit in escrow their Common Shares (the "**Escrowed Securities**") with the Escrow Agent. The Escrow Agreement was prepared in accordance with Form 46-201F1 *Escrow Agreement*. The Escrow Agreement provides that 10% of the Escrowed Securities will be released from escrow upon the date of the Company listing its Common Shares on the CSE, and that an additional 15% will be released therefrom upon each six month interval thereafter, over a period of 36 months.

The Company is an "emerging issuer" as defined in the applicable policies and notices of the Canadian Securities Administrators.

Pursuant to the terms of the Escrow Agreement, the Escrowed Securities may not be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within the escrow are:

(i) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with approval of the Board;

(ii) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse or children or parents;

(iii) transfers upon bankruptcy to the trustee in bankruptcy;

(iv) pledges to a financial institution as collateral for a loan, provided that upon a realization the securities remain subject to escrow; and

(v) tenders of Escrowed Securities to a take-over bid are permitted provided that, if the tenderer is a Principal of the successor Company upon completion of the take-over bid, securities received in exchange for tendered Escrowed Securities are substituted in escrow on the basis of the successor Company's escrow classification.

The following table sets forth details of the Escrowed Securities that are subject to the Escrow Agreement as of the date of this Prospectus:

Name and municipality of residence of security holder	Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class(1)
Julio DiGirolamo Ontario, Canada	Common Shares	150,000	0.74%
Samuel Hardy British Columbia, Canada	Common Shares	1,455,000	7.15%(2)
James Macintosh Ontario, Canada	Common Shares	800,000	3.93%
Total		**2,405,000**	**11.82%**

Notes
(1) Percentage is based on 20,353,056 outstanding Common Shares as of the date of this Prospectus.
(2) 1,447,500 of these Common Shares are held by Ridge Resources Ltd., of which Samuel Hardy is the founder, president and a director.

PRINCIPAL SECURITYHOLDERS

To the knowledge of the Company's directors and officers, there are no persons who beneficially own, control, direct or will own, control or direct as of the date of this Prospectus, directly or indirectly, 10% or more of the issued and outstanding Common Shares.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out particulars of the current directors and executive officers of the Company as at the date of the Prospectus. The term of each director will expire at the close of the next annual general meeting, unless such director resigns or otherwise vacates office before that time.

Name, Province or State & Country of Residence, and Position(s) with the Company	Principal Occupation, Business or Employment for Past 5 Years	Term of Office	Number and Percentage of Common Shares(1) Beneficially Owned or Controlled Directly or Indirectly as of the Date of this Prospectus
Julio DiGirolamo Ontario, Canada Chief Financial Officer, Corporate Secretary and Director	Chief Financial Officer and Corporate Secretary of the Company and CFO and corporate secretary of Bunker Hill Mining Corp. from January 2017 to the present.	Chief Financial Officer, Corporate Secretary and Director since August 5, 2018	150,000 0.74%

Samuel Hardy British Columbia, Canada Director	Vice President of Venex Capital Corp from February 2016 to present, CEO of Linceo Media Group Inc. ("**CSM Corp.**") from December 2016 to present, President of Ridge Resources Ltd. from January 2007 to present, CEO of Ridge Royalty Corp from February 2015 to present, President of Cronin Services from February 2018 to present.	Director since April 4, 2018	1,455,000(2) 7.15%
James Macintosh Ontario, Canada Director, President and CEO	President and CEO of the Company and President and CEO of Southern Pioneer Resources Corp. from April 2018 to the present.	President, Chief Executive Officer and Director since August 5, 2018	800,000 3.93%
Bruce Reid Ontario, Canada Non-Executive Chairman and Director	President and CEO of Bunker Hill Mining Corp. from May 2017 to the present.	Non-Executive Chairman and Director since August 5, 2018	NIL
TOTAL			**2,405,000** **11.82%**

Notes:

(1) Based upon 20,353,056 issued and outstanding Common Shares as at the date of this Prospectus.

(2) 1,447,500 of these Common Shares are held by Ridge Resources Ltd., of which Samuel Hardy is the founder, president and a director.

Other than the 1,300,000 options to purchase Common Shares described in greater detail under the heading "*Options to Purchase Securities*", none of the directors or officers of the Company has the right to acquire any additional securities pursuant to warrants, conversion privileges or other rights. No Common Shares are pledged as security.

As of the date of this Prospectus, the directors and officers of the Company, as a group, directly or indirectly, beneficially own 2,405,000 Common Shares of the Company, representing 11.82% of the issued and outstanding Common Shares of the Company on an undiluted basis. See "*Principal Shareholders*".

Management of the Company

The following are descriptions of the background of the directors and officers of the Company, including a description of each individual's principal occupation(s) within the past five years. None of the Company's directors or officers are employees of the Company, and none of the

Company's directors or officers have entered into non-competition or non-disclosure agreements with the Company.

James Macintosh, President, Chief Executive Officer and Director (age 57), has over 30 years of experience in the mining industry and as a mining analyst. For the past 25 years he has held various executive and directorial positions with numerous public and private companies in Canada and the United States. Mr. Macintosh has advanced a number of public issuer mining exploration and development companies to prospective mine status. His commitment to the Company is leading the Company to advance the current property via its upcoming work program and review potential exploration projects that enhance shareholder value. Mr. Macintosh is also the President, Chief Executive Officer and a Director of Southern Pioneer Resources Corp., a private exploration company. Mr. Macintosh is also a board member, and chairs the audit committee, of Satori Resources Inc. and sits on the audit committee of Silver Mountain Mines Inc. Mr. Macintosh was recently the Lead Director and Chairman of the audit committee for Carlisle Goldfields Limited, a Canadian gold company sold to Alamos Gold Inc. Mr. Macintosh graduated from Queen's University with a B.Sc. (Honours, Geological Sciences) and sits on the Queen's University Geology Council. It is expected that Mr. Macintosh will devote approximately 50% of his time to his role with the Company.

Julio DiGirolamo, Chief Financial Officer, Corporate Secretary and Director (age 49), is a Chartered Professional Accountant with over 23 years of senior-level public company experience including, including four and a half years as Chief Financial Officer of Carlisle Goldfields Limited, a TSX-listed gold exploration company with projects located in northern Manitoba, Canada, until its sale to Alamos Gold Inc. in January 2016. Mr. DiGirolamo is currently Chief Financial Officer of Bunker Hill Mining Corp., Idaho Champion Gold Mines Ltd., SGX Resources Inc., and Satori Resources Inc. He began his public market experience while holding various senior roles during his five years with Greenstone Resources Ltd., a TSX and NASDAQ-listed gold mining company whose activities were focused in four Latin American countries. Mr. DiGirolamo was also previously the Chief Financial Officer of Asia Now Resources Corp., a TSX Venture Exchange-listed junior exploration company, and Chief Financial Officer and Corporate Secretary of Innovium Media Properties Corp., a TSX Venture Exchange-listed early stage investor. During his time at Innovium he also acted as interim Chief Financial Officer at Seed Media Group LLC and as Chief Financial Officer, Corporate Secretary and member of the Board of Directors of Atlantis Systems Corp. Over his career, Mr. DiGirolamo has served on the boards of various public and non-profit organizations. It is expected that Mr. DiGirolamo will devote approximately 33% of his time to his role with the Company.

Samuel Hardy, Director (age 35), is a natural resources focused entrepreneur, who has been involved in the sector for over fourteen years with both private and public businesses. During his career he has gained a wide array of experience including diamond driller, project manager, exploration service contractor, business consultant, public company management and private equity investor. He has built businesses from early stage start-ups to advanced operating companies in several sectors. He was a founder and former chief executive officer of a large geosciences and logistics management business specializing in grassroots to brownfields exploration and development. Mr. Hardy is experienced in project generation, exploration management, logistics, raising capital, corporate development and developing strategic alliances and partnerships. He is currently Vice President of Venex Capital Corp, Chief Executive Officer of CSM Corp. and is a founder of Ridge Resources Ltd. and Chief Executive Officer of Ridge Royalty Corp. It is expected that Mr. Hardy will devote approximately 10% of his time to his role with the Company.

Bruce Reid, Director and Non-Executive Chairman (age 63), is currently the President and Chief Executive Officer of Bunker Hill Mining Corp. Prior to this, Mr. Reid was the Chairman, President and Chief Executive Officer of Carlisle Goldfields from January 2010 until January 2016, when Carlisle Goldfields was purchased by Alamos Gold Inc. Mr. Reid is also currently a director of Satori Mining Inc. and several other public mining companies. Mr. Reid was also the Founder, President and Chief Executive Officer of U.S. Silver Corp. from June 2005 to November 2008. Previous to this Mr. Reid was intimately involved in the start-up and successful build and sale of numerous mining companies such as Western Goldfields, Patricia Mining and High Plains Uranium. Mr. Reid also has extensive experience in corporate finance and mining investment research with a twenty-year career in the investment business with such firms as Nesbitt Thomson, Loewen Ondaatje McCutcheon and Yorkton Securities. Mr. Reid combines this with direct practice as an exploration geologist working on numerous projects in northern Canada during the 1970s and early 1980s. His background of more than 35 years of direct and indirect experience in the mining and mineral exploration industry follows graduation with a B.Sc. in Geology from the University of Toronto in 1979 and a finance degree from the University of Windsor in 1982. It is expected that Mr. Reid will devote approximately 10% of his time to his role with the Company.

Cease Trade Orders, Bankruptcies or Sanctions

Except as specified below, as at the date of this Prospectus, and within the last 10 years before the date of the Prospectus, neither the CEO or CFO, nor any director (or any of their personal holding companies) of the Company was a director, CEO or CFO of any company (including the Company) that:

(a) was subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days while that person was acting in the capacity as director, CEO or CFO;

(b) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation in each case for a period of 30 consecutive days, that was issued after the person ceased to be a director, CEO or CFO in the company and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO;

(c) is as at the date of this Prospectus or has been within 10 years before the date of this Prospectus, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(d) has within the 10 years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager as trustee appointed to hold the assets of that individual.

Mr. DiGirolamo served as an officer of Asia Now Resources Corp. ("**ANR**") from August 2013 to August 2015. Mr. Macintosh also served as a director of ANR from June 2012 to August 2015 and was the Chair of the Special Committee of the Board of Directors. The Special Committee of the Board of Directors of ANR determined to that it was in ANR's best interests to facilitate a "going private" transaction whereby its majority shareholder and secured debtholder, China Gold Pte. Ltd. ("**China Gold**"), would purchase the shares of ANR it did not already own. In July 2015, a sufficient number of ANR's minority shareholders voted against this proposal such that the transaction was not approved, and ultimately resulted in a default on the secured debt with China Gold. Mr. DiGirolamo and Mr. Macintosh both resigned from their roles at ANR. Subsequently, a receiver was appointed in August 2015 with a view to liquidating ANR's remaining assets. This process has been completed through the courts in Ontario.

Mr. DiGirolamo is an officer of, and Mr. Macintosh is an officer and director of, Innovium Media Properties Corp. ("**Innovium**"). As a result of not filing its annual financial statements for the year ended December 31, 2010 by the date upon which such financial statements were due to be filed, on May 10, 2011, the British Columbia Securities Commission (the "**BCSC**") issued a cease trade order against all officers, directors, insiders and control persons of Innovium. The Autorité des marchés financiers issued a similar cease trade order against Innovium on May 20, 2011. As of this date, the aforementioned cease trade orders remain in effect and Innovium is inactive and has been delisted from the TSX Venture Exchange.

Mr. Macintosh was a director of Acadian Energy Inc. ("**Acadian**"). As a result of not filing its annual financial statements for the year ended December 31, 2010 and interim financial statements for the first quarter ended March 31, 2011, on August 5, 2011, the BCSC issued a cease trade order against Acadian. The OSC issued a similar cease trade order on August 16, 2011. Acadian filed the aforementioned annual and interim financial statements on November 8, 2011, and the cease trade orders were subsequently revoked.

Penalties or Sanctions

No director, officer, insider or promoter of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has: (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors, officers, insiders and promoters of the Company will be subject in connection with the operations of the Company. Some of the directors, officers, insiders and promoters are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the business of the Company. Accordingly, situations may arise where the directors, officers, insiders and promoters will be in direct competition with the Company. The directors and officers of the Company are required by law to act in the best interests of the Company. They have the same obligations to the other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to the other companies, and in certain circumstances this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives. None of the directors or officers of the Company have entered into non-competition or non-disclosure agreements with the Company. Conflicts, if any, will be subject to the procedures and remedies as provided under the BCBCA, the CSE, and applicable securities laws, regulations and policies.

EXECUTIVE COMPENSATION

Based on the requirements of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102V6**") all direct and indirect compensation provided to certain executive officers, and directors for, or in connection with, services they have provided to the Company or a subsidiary of the Company must be disclosed. The Company is required to disclose annual and long-term compensation for services in all capacities to the Company and its subsidiaries for the two most recently completed financial years in respect of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officers of the Company whose individual total compensation for the most recently completed financial year exceeds $150,000, and any individual who would have satisfied these criteria but for the fact that the individual was not serving as an officer at the end of the most recently completed financial year (the "**Named Executive Officers**" or "**NEOs**").

The compensation provided to directors and NEOs is disclosed in accordance with Form 51-102F6V in the tables below as follows:

(1) Table of compensation excluding compensation securities; and

(2) Stock options and other compensation securities.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table states the names of each NEO and director and his annual compensation, consisting of salary, consulting fees, bonuses and other annual compensation, excluding compensation securities, for each of the Company's two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)**	**Value of other compen-sation ($)**	**Total compensation ($)**
Julio DiGirolamo Director, Corporate Secretary and Chief Financial Officer	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Samuel Hardy Director	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A
James Macintosh Director, President and Chief Executive Officer	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Bruce Reid Non-Executive Chairman and Director	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Gary Handley Former Chief Executive Officer, Chief Financial Officer and Director(1)	2018	NIL	NIL	NIL	NIL	NIL	NIL
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Michael Kraemer Former Director(2)	2018	NIL	NIL	NIL	NIL	NIL	NIL
	2017	N/A	N/A	N/A	N/A	N/A	N/A
Ron Ozols Former Chief Executive Officer and Director(3)	2018	NIL	NIL	NIL	NIL	NIL	NIL
	2017	NIL	NIL	NIL	NIL	NIL	NIL

Notes

(1) Mr. Handley was appointed as Chief Executive Officer and Chief Financial Officer and Director on March 13, 2018 and resigned from each of these positions on August 1, 2018.

(2) Mr. Kraemer was appointed as Director on March 13, 2018 and resigned on August 1, 2018.

(3) Mr. Ozols was appointed as Chief Executive Officer and Director on June 30, 2015 and resigned from each of these positions on June 4, 2018.

Stock Options and Other Compensation Securities

Compensation Securities							
Name and position	**Type of compen-sation security**	**Number of compensation securities, number of underlying securities, and percentage of class[1]**	**Date of issue or grant**	**Issue conver-sion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry date**
Julio DiGirolamo Director, Corporate Secretary and Chief Financial Officer	Options to purchase Common Shares	# of securities: 300,000 # of underlying securities: 300,000 % of class: 1.4%	August 15, 2018	0.15	N/A	N/A	August 15, 2023
Samuel Hardy Director	Options to purchase Common Shares	# of securities: 300,000 # of underlying securities: 300,000 % of class: 1.4%	August 15, 2018	0.15	N/A	N/A	August 15, 2023
James Macintosh Director, President and Chief Executive Officer	Options to purchase Common Shares	# of securities: 400,000 # of underlying securities: 400,000 % of class: 1.8%	August 15, 2018	0.15	N/A	N/A	August 15, 2023
Bruce Reid Non-Executive Chairman and Director	Options to purchase Common Shares	# of securities: 300,000 # of underlying securities: 300,000 % of class: 1.4%	August 15, 2018	0.15	N/A	N/A	August 15, 2023
Gary Handley Former Chief Executive Officer, Chief Financial Officer and Director[2]	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Michael Kraemer Former Director[3]	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Ron Ozols Former Chief Financial Officer and Director[4]	N/A	Nil	N/A	N/A	N/A	N/A	N/A

Notes

(1) Percentage of class calculation is based on 21,653,056 fully diluted outstanding Common Shares as of the date of this Prospectus.
(2) Mr. Handley was appointed as Chief Executive Officer and Director on March 13, 2018 and resigned from each of these positions on August 1, 2018.
(3) Mr. Kraemer was appointed as Director on March 13, 2018 and resigned on August 1, 2018.
(4) Mr. Ozols was appointed as Chief Executive Officer and Director on June 30, 2015 and resigned from each of these positions on June 4, 2018.

No compensation securities were exercised by any directors or NEOs within the last financial year.

Stock Option Plans and Other Incentive Plans

The Stock Option Plan is the Company's only equity compensation plan. As of the date of this Prospectus, the Company has 1,300,000 options outstanding to purchase Common Shares.

Employment, Consulting and Management Agreements

Management of the Company is performed by the directors and officers of the Company and not by any other person.

There are no plans in place with respect to compensation of the Named Executive Officers in the event of a termination of employment without cause or upon the occurrence of a change of control.

The Company has not entered into any consulting agreements.

Oversight and Description of Director and Named Executive Officer Compensation

Given the Company's size and stage of operations, it has not appointed a compensation committee or formalized any guidelines with respect to compensation at this time. The amounts paid to the Named Executive Officers are determined by the independent Board members. The Board determines the appropriate level of compensation reflecting the need to provide incentives and compensation for the time and effort expended by the Company's executives, while taking into account the financial and other resources of the Company.

Pension Plan Benefits

As of the date of this Prospectus, the Company does not maintain any defined benefit plans, defined contribution plans or deferred compensation plans.

Statement of Executive Compensation

As at the date of this Prospectus, the only compensation that has been determined by the Company to be paid in the coming year will be $5,000 per month payable to the Chief Executive Officer and $2,500 per month payable to the Chief Financial Officer.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or officers of the Company or any of their respective associates or affiliates has been indebted to the Company as at the date of this Prospectus or at any time since the date of the Company's incorporation.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Pursuant to National Instrument 52-110 *Audit Committees* ("**NI 52-110**"), the Company is required to have an audit committee. The general function of the audit committee is to review the overall audit plan and the Company's system of internal controls, to review the results of the external audit and to resolve any potential dispute with the Company's auditor. In addition, the audit committee must review and report to the directors of the Company on the financial statements of the Company and the auditor's report before they are published.

The Audit Committee's Charter

The Audit Committee Charter of the Company is attached hereto as Schedule "A".

Composition of the Audit Committee

At a meeting of the Company's Board on June 26, 2018, the Board approved an audit committee (the "**Audit Committee**"). The Audit Committee is currently comprised of Bruce Reid, Samuel Hardy and Julio DiGirolamo.

Audit Committee Member	**Title**	**Independent or Not**	**Financially Literate**
Bruce Reid	Non-Executive Chairman and Director	YES	YES
Samuel Hardy	Director	YES	YES
Julio DiGirolamo	Chief Financial Officer, Corporate Secretary and Director	NO	YES

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a member's independent judgment.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

Relevant Education and Experience

In addition to each member's general business experience, each member of the Audit Committee has adequate education and experience that would provide the member with:

(a) an understanding of the accounting principles used by the Company to prepare its financial statements;

(b) the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising individuals engaged in such activities; and

(d) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since incorporation has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Reliance on Certain Exemptions

At no time since incorporation has the Company relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Part 8 of NI 52-110 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Adam Sung Kim Ltd, for the year ended April 30, 2018, to the Company to ensure auditor independence. Fees billed for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

Nature of Services	Fees Billed by Auditor for the Year Ended April 30, 2018	Fees Billed by Auditor for the Year Ended April 30, 2017
Audit Fees[(1)]	$4,500	$3,500
Audit-Related Fees[(2)]	$0	$0
Tax Fees[(3)]	$0	$0
All Other Fees[(4)]	$0	$0
TOTAL:	$4,500	$3,500

Notes:

(1) "Audit fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Audit-related fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) "Tax fees" include fees for all tax services other than those included in "audit fees" and "audit-related fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All other fees" include all other non-audit services.

Exemption

The Company has relied upon the exemption provided in section 6.1 of NI 52-110, which exempts a "venture issuer" from the requirement to comply with the restrictions on the composition of its Audit Committee.

CORPORATE GOVERNANCE

General

Corporate governance refers to the policies and structure of the Board of a company whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the Board from executive management and the adoption of policies to ensure the Board recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Policy 58-201 *Corporate Governance Guidelines* ("**NP 58-201**") were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices. This section sets out the Company's approach to corporate governance and describes the measures taken by the Company to comply with NI 58-101.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A "material relationship" is a relationship which could, in the view of the Company's Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The Company's Board facilitates its exercise of independent judgement in carrying out its responsibilities by carefully examining issues and consulting with outside counsel and other advisors in appropriate circumstances. The Company's Board requires management to provide complete and accurate information with respect to the Company's activities and to provide relevant information concerning the industry in which the Company operates in order to identify and manage risks. The Company's Board is responsible for monitoring the Company's officers, who in turn are responsible for the maintenance of internal controls and management information systems.

The following members of the Board are non-independent: James Macintosh and Julio DiGirolamo.

The following members of the Board are independent: Bruce Reid and Samuel Hardy.

Directorships

The following directors of the Company are currently directors of other reporting issuers:

Director	Reporting Issuer:	Exchange Listed on and Symbol:
Julio DiGirolamo	GTA Resources & Mining Inc.	TSX Venture Exchange - GTA
	Silver Mountain Mines Inc.	TSX Venture Exchange - SMM
	Innovium Media Properties Corp.	TSX Venture Exchange - IN
Bruce Reid	Bunker Hill Mining Corp.	CSE - BNKR
	Canuc Resources Corporation	TSX Venture Exchange - CDA
	SGX Resources Inc.	TSX Venture Exchange - SXR
	KWG Resources Inc.	CSE - KWG
	Satori Resources Inc.	TSX Venture Exchange - BUD
James Macintosh	Innovium Media Properties	TSX Venture Exchange - IN

	Satori Resources Inc.	TSX Venture Exchange - BUD
	Silver Mountain Mines Inc.	TSX Venture Exchange - SMM

Orientation and Continuing Education

When new directors are appointed, they receive an orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors' participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Further, the Company's auditor has full and unrestricted access to the Audit Committee at all times to discuss the audit of the Company's financial statements and any related findings as to the integrity of the financial reporting process.

Nomination of Directors

The Company's management is continually in contact with individuals involved in the mineral exploration industry and public-sector resource issuers. From these sources, the Company has made numerous contacts and continues to consider nominees for future board positions. The Company conducts diligence and reference checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in the area of strategic interest to the Company, the ability to devote the time required and willingness to serve. The Board does not currently have a nominating committee.

Compensation

The Board as a whole determines the salary and benefits of the executive officers and directors of the Company, as well as the Company's general compensation structure, policies and programs.

Other Board Committees

The Board currently has no other committees other than the Audit Committee.

Assessments

The Board works closely with management, and, accordingly, the Board is in a position to assess the performance of individual directors on an ongoing basis.

LISTING APPLICATION AND CONDITIONAL LISTING APPROVAL

The Company has applied to list its Common Shares on the CSE. The CSE has conditionally approved the listing of the Common Shares. Listing is subject to the Company fulfilling all the listing requirements of the CSE.

As at the date of the Prospectus, the Company does not have any of its securities listed and quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America.

RISK FACTORS

An investment in the Common Shares of the Company involves a substantial risk of loss. You should carefully consider these risk factors, together with all of the other information included in this Prospectus. These risk factors are not a definitive list of all risk factors associated with an investment in the Company or in connection with the Company's operations. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on its business, financial condition, operating results or prospects. In that case, the future trading price of the Common Shares could decline substantially, and investors may lose all or part of the value of the Common Shares held by them. An investment in securities of the Company should only be made by persons who can afford a significant or total loss of their investment.

The Company has identified the following risks relevant to its business and operations, which could materially affect the Company's operating results, financial performance and the value of the Common Shares. Prospective future investors should carefully consider their personal circumstances and consult their broker, lawyer, accountant or other professional adviser before making an investment decision. The information below does not purport to be an exhaustive summary of the risks affecting the Company and additional risks and uncertainties not currently known to the officers or directors of the Company or not currently perceived as being material may have an adverse effect on the business of the Company.

An investment in the Company is highly speculative in nature and future investors could lose part or all of their investment.

An investment in the Company involves a high degree of risk and is appropriate only for investors who are prepared to have their money invested for a long period of time, and have the capacity to absorb a loss of some or all of their investment. While the Company has applied to list the Common

Shares on the CSE, there is currently no public trading market for the securities. This means that there is currently no central place, like a stock exchange or stock quotation system, for investors to resell their Common Shares.

The Company does not expect to pay any cash dividends.

The Company may not achieve a level of profitability that would permit payments of cash dividends to shareholders.

If the Company does not obtain additional financing, its business may fail.

The Company's current operating funds are sufficient to carry out current exploration plans on its mineral claims. The Company may need to obtain additional financing in order to complete any additional exploration on such mineral claims, if deemed necessary. The Company expects that the exploration of its present mineral claims will cause the Company to incur significant expenses. The Company believes the only realistic sources of future funds presently available to it are through the sale of equity capital or from loans. Any sale of share capital will result in dilution to existing shareholders. At the present time, the Company has not made any plans to raise additional money and there is no assurance that the Company will be able to raise additional money in the future.

If the Company requires additional funding and is unable to raise it, the Company may be required to suspend or cease operations, which could adversely affect the Company's share price. In addition, depending on the number of properties that the Company may acquire and the size of such properties, the Company may not have sufficient funds to maintain the minimum exploration expenditures required for it to keep such property(ies). This may cause the Company to lose its rights to any properties that it may acquire, which could further adversely affect the Company's share price.

The Company has no operating history or revenue which would permit you to judge the probability of the Company's success.

The Company was incorporated in May 2014 and it has not commenced substantial operations, nor has it realized any revenues. Further, the Company has no operating history or any revenues or profits from operations since incorporation. This lack of operating history makes it very difficult for potential investors to make an investment decision based upon an evaluation of the Company's managerial skill.

The Company is subject to risks inherent in the establishment of a new business enterprise.

The Company is subject to risks inherent in the establishment of a new business enterprise including limited capital resources, possible delays in the exploration of any properties that the Company may acquire, and possible cost overruns. If the Company is not able to address these events, should they occur, it may have to curtail or suspend its operations.

The Company's mineral property does not contain a known commercially viable mineral

deposit.

The Company holds mining claims under option, but such claims do not contain any known commercially viable mineral deposits. Both the size of a deposit and the cost of extracting ore are key factors in determining whether a mineral deposit is commercially viable. If the Company does not find any viable mineral reserves on the claims or if it cannot develop a mineral reserve that may be found, either because of insufficient funds or because it will not be economically feasible to do so, the Company may have to cease operations.

Management and directors.

The Company's management may not be successful in managing its business and the Company may fail as a result. Further, management is under no contractual obligation to remain with the Company and management's departure could cause its business to fail. The Company is dependent on the services of directors and officers who have varied business interests and are involved with other companies. No member of management has signed a written employment agreement with the Company and the Company may not always be able to afford to pay management at industry-competitive rates. In the event that any or all of the Company's directors and officers decide to resign, the Company may be unable to attract other qualified officers or directors, and their departure could cause its business to fail.

The Company's business is also dependent on retaining the services of a small number of key personnel of the appropriate caliber as the business develops. The future success of the Company will, to a significant degree, be reliant upon the retention of such key personnel.

Compared to other mineral exploration companies, the Company is very small, has few resources and must limit its exploration.

The Company is a small, junior mineral exploration company in an industry dominated by many larger companies that have substantial amounts of capital and management expertise. The Company does not have the human resources or financial resources to compete with senior mineral exploration companies, which could and probably would spend more time and money exploring mineral exploration properties and have better odds of finding a mineral reserve. As a result, the Company must limit its exploration and it may be unsuccessful in finding a mineral reserve or, if it does, it may not have sufficient financial resources or management expertise to effectively develop such a reserve, which means that future investors could lose a portion or all of any funds they invest in the Company.

The Company will have to suspend its exploration plans if it does not have access to all of the supplies and materials needed in order to carry out such plans.

Competition and unforeseen limited sources of supplies in the industry could result in occasional spot shortages of supplies and equipment that the Company might need to conduct exploration. If it cannot find the products and equipment needed, the Company will have to suspend its exploration plans until it is able to find the products and equipment that are needed. This could have a negative impact on the Company's share price.

There are inherent dangers involved in mineral exploration and the Company may incur liability or damages as it conducts its business.

The search for valuable minerals involves numerous hazards. As a result, the Company may become subject to liability for such hazards, including pollution, cave-ins and other hazards against which the Company cannot insure or against which it may elect not to insure. The payment of such liabilities may have a material adverse effect on the Company's financial position.

If the Company becomes subject to burdensome government regulation or other legal uncertainties, there could be a negative impact on the Company's business.

There are numerous provincial and federal governmental regulations that materially affect the operations of mineral exploration and mining companies. In addition, the legal and regulatory environment that pertains to the exploration and development of mineral exploration properties is uncertain and may change. Uncertainty and new regulations could increase the costs of doing business and prevent the Company from exploring or developing mineral deposits. The growth of demand for minerals may also be significantly slowed. This could delay growth in potential demand for and limit the Company's ability to generate revenues. In addition to new laws and regulations being adopted, existing laws may be applied to mineral exploration activities that are carried out by companies in the mining industry, which may negatively affect the Company. New laws may be enacted that may increase the cost of doing business which may have an adverse impact on the Company's financial condition and results of operations.

New mineral exploration companies have a high failure rate.

New mineral exploration companies generally encounter numerous difficulties and there is high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that the Company hopes to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. Very few mineral exploration properties actually contain commercially viable mineral deposits. The Company has no history upon which to base any assumption as to the likelihood that its business will prove successful, and the Company can provide no assurance that it will generate any operating revenues or ever achieve profitable operations. If the Company is unsuccessful in addressing these risks, its business could fail.

Fluctuations in commodity prices may adversely affect the Company's prospective revenue, profitability and working capital position.

The Company's future revenues and cash flows are subject to fluctuations in commodity prices. Commodity prices are affected by a variety of factors beyond the Company's control including interest rate changes, exchange rate changes, international economic and political trends, inflation or deflation, fluctuations in the value of the Canadian dollar and foreign currencies, global and regional supply and demand, changes in industrial demand and the political and economic conditions of major commodity producing countries throughout the world.

The Company's exploration and development properties may not be successful and are highly speculative in nature.

The Company's activities are focused on the exploration for and the possible future development of mineral deposits. The exploration for, and development of, mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge cannot eliminate. While the discovery of a mineral deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical and unpredictable; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of precious metals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital or abandoning or delaying the development of a mineral project. There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of such minerals.

The exploration and development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. Although the mineral resource figures set out herein have been carefully prepared by independent mining experts, these amounts are estimates only and no assurance can be given that an identified mineral resource will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Production can be affected by such factors as permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Short-term factors, such as the need for orderly development of deposits or the processing of new or different grades, may have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale laboratory tests will be duplicated in large scale tests under on-site conditions or in production scale operations. Material changes in reserves or resources, grades, dilution estimates or recovery rates may affect the economic viability of a project. The long-term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish mineral resources through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

Aboriginal title and land claims

Uncertainties about the resolution of Aboriginal rights in British Columbia may affect the Company. On June 26, 2014, the Supreme Court of Canada (the "**SCC**") released a decision in *Tsilhqot'in Nation v. British Columbia* (the "**William Decision**"), pursuant to which the SCC upheld the First Nations' claim to Aboriginal title and rights over a large area of land in central British Columbia, including rights to decide how the land will be used, occupancy and economic benefits. The court ruling held that while the provincial government had the constitutional authority to regulate certain activity on aboriginal title lands, it had not adequately consulted with the Tsilhqot'in. The SCC also held that provincial laws of general application apply to land held under Aboriginal title if the laws are not unreasonable, impose no undue hardship, and do not deny the Aboriginal title holders their preferred means of exercising their rights. The Company currently does not hold any properties in the area involved in the William Decision, and will continue to manage its operations within the existing legal framework while paying close attention to the direction provided by the Province of British Columbia and First Nations regarding the application of this ruling.

However, the Cobalt Mountain Property may now or in the future be the subject of Aboriginal land claims, which is a matter of considerable complexity. The impact of any such claim on the Company's ownership interest in the Cobalt Mountain Property cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of Aboriginal rights in the area in which the Cobalt Mountain Property is located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on the Company's activities. Even in the absence of such recognition, the Company may at some point be required to negotiate with and seek the approval of holders of Aboriginal interests in order to facilitate exploration and development work on the Cobalt Mountain Property, and there is no assurance that the Company will be able to establish a practical working relationship with the Indigenous in the area which would allow it to ultimately develop the Cobalt Mountain Property.

Environmental and other regulatory risks may adversely affect the Company.

All phases of the Company's operations are subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will likely require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present and which have been caused by previous or existing owners or operators of the properties. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent that such approvals are required and not obtained, the Company may be curtailed or prohibited from continuing its operations or from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

The Company's operations are subject to receiving and maintaining permits from appropriate governmental authorities. Although the Company's operations currently have all required permits for their operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations, additional permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on its property, the Company must receive permits from appropriate governmental authorities. There can be no assurance that the Company will continue to hold all permits necessary to develop or continue operating at any particular property.

Climate change may adversely affect the Company.

Governments are moving to enact climate change legislation and treaties at the international, national, state/provincial and local levels. Where legislation already exists, regulations relating to emission levels and energy efficiency are becoming more stringent. Some of the costs associated with meeting more stringent regulations can be offset by increased energy efficiency and technological innovation. However, if the current regulatory trend continues, meeting more stringent regulations is anticipated to result in increased costs.

Title to some of the Company's mineral properties may be challenged or defective.

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to mining claims may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its current property, there is no guarantee such title will not be challenged or impaired. Third parties may have valid or invalid claims underlying portions of its interest, including prior unregistered liens, agreements, transfers or claims, including formal aboriginal land claims, informal aboriginal land claims accompanied by hostile activity, and title may be affected by, among other things, undetected defects. As a result, the Company may be constrained in its ability to operate its properties or unable to enforce its rights with respect to its current property or any future properties that it may acquire an interest in. An impairment to or defect in its title to its properties could have a material adverse effect on its business, financial condition or results of operations.

Current global financial conditions may adversely impact the Company and the value of the Common Shares.

Current global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both the credit market crisis and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of the Company to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Company. If these increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the value of the Common Shares could be adversely affected.

Obtaining and renewing licenses and permits.

In the ordinary course of business, the Company will be required to obtain and renew governmental licenses or permits for exploration, development, construction and commencement of mining at the Cobalt Mountain Property. Obtaining or renewing the necessary governmental licenses or permits is a complex and time-consuming process involving public hearings and costly undertakings on the part of the Company. The duration and success of the Company’s efforts to obtain and renew licenses or permits are contingent upon many variables not within the Company’s control, including the interpretation of applicable requirements implemented by the licensing authority. The Company may not be able to obtain or renew licenses or permits that are necessary to its operations, including, without limitation, an exploitation license, or the cost to obtain or renew licenses or permits may exceed what the Company believes they can recover from the Cobalt Mountain Property. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact the Company’s operations and profitability.

Risks inherent in acquisitions.

The Company may actively pursue the acquisition of exploration, development and production assets consistent with its acquisition and growth strategy. From time to time, the Company may also acquire securities of or other interests in companies with respect to which the Company may enter into acquisitions or other transactions. Acquisition transactions involve inherent risks, including but not limited to:

- accurately assessing the value, strengths, weaknesses, contingent and other liabilities and potential profitability of acquisition candidates;
- ability to achieve identified and anticipated operating and financial synergies;
- unanticipated costs;
- diversion of management attention from existing business;
- potential loss of its key employees or key employees of any business acquired;
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying the acquisition; and
- decline in the value of acquired properties, companies or securities.

Any one or more of these factors or other risks could cause us not to realize the anticipated benefits of an acquisition of properties or companies and could have a material adverse effect on the Company's financial condition.

Dilution

Securities of the Company, including Common Shares and rights, warrants, special warrants, subscription receipts and other securities to purchase, convert into or exchange into Common Shares, may be created, issued, sold and delivered on such terms and conditions and at such times as the Board may determine. In addition, the Company may issue additional Common Shares from time to time pursuant to share purchase warrants and options to purchase Common Shares issued from time to time by the Board. The issuance of these Common Shares could result in dilution to existing shareholders.

Future sales by existing shareholders could cause the Company's share price to fall.

Future sales of Common Shares by the Company or other shareholders could decrease the value of the Common Shares. The Company cannot predict the size of future sales by the Company or other shareholders, or the effect, if any, that such sales will have on the future market price of the Common Shares. Sales of a substantial number of Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Common Shares.

Profitability of the Company.

There can be no assurance that the Company's business and strategy will enable it to become profitable or sustain profitability in future periods. The Company's future operating results will depend on various factors, many of which are beyond the Company's direct control, including the Company's ability to develop its mining projects and commercialize mineral reserves, its ability to control its costs and general economic conditions. If the Company is unable to generate profits in the future, the market price of the Common Shares could decline.

Insurance and uninsured risks.

The Company is exposed to risks inherent in the mining industry, including adverse environmental conditions and pollution, personal injury or death, labour disputes, unusual or unexpected geological conditions, legal liability, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena, property damage, floods, earthquakes, delays in mining and monetary losses and dust storms.

While the Company has obtained insurance to address certain risks in such amounts as it considers being reasonable, such insurance has limitations on liability that may not be able to cover all the potential liabilities and the insurance may not continue to be available or may not be adequate to cover any resulting liability. Moreover, such risks may not be insurable in all instances or, in certain instances, the Company may elect not to insure against certain risks because of high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company and the occurrence of an event in which the Company is not fully insured against, could have a material adverse effect upon its business, operating results and financial condition.

Litigation

All industries, including the mining industry, are subject to legal claims, with and without merit. Legal proceedings may arise from time to time in the course of the Company's business. Such litigation may be brought from time to time in the future against the Company. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. The Company is not currently subject to material litigation, nor has the Company received any indication that any material claims are forthcoming. However, due to the inherent uncertainty of the litigation process, the Company could become involved in material legal claims or other proceedings with other parties in the future. The results of litigation or any other proceedings cannot be predicted with certainty. The cost of defending such claims may take away from management's time and effort in operating the business of the Company, and if the Company is incapable of resolving such disputes favourably, the resulting litigation could have a material adverse impact on the Company's financial condition, cash flow and results from operation.

Dependence on outside parties.

The Company will rely upon consultants, engineers, contractors and other parties for exploration, development, construction and operating expertise. Substantial expenditures are required to construct mines, to establish mineral reserves through drilling, to carry out environmental and social impact assessments, to develop metallurgical processes to extract metal from ore and, in the case of new properties, to develop the exploration and mineral processing infrastructure at any particular site. Deficient or negligent work or work not completed in a timely manner could have a material adverse effect on the Company.

Risks related to possible fluctuations in revenues and results.

The Company may experience significant fluctuations in its quarterly and annual results of operations for a variety of reasons, many of which are outside of the Company's control. Any fluctuations may cause the Company's results of operations to fall below the expectations of securities analysts and investors. This could have an adverse impact on the ability of a shareholder to dispose of Common Shares, or on the market price of the Common Shares if trading of the Common Shares is possible in a marketplace.

Negative cash flow from operations.

The Company has positive working capital but negative cash flow from operating activities. The Company's cash flow is directly related to revenues generated from production and milling activities. In addition to cash flow from operations, ongoing operations may be dependent on the Company's ability to obtain equity financing by the issuance of capital and to generate profitable operations in the future. Significant amounts of capital expenditures are required in order for the Company to execute its business plan and there are no assurances that the Company will have sufficient funds for this purpose.

Although the Company anticipates it will have positive cash flow from operating activities in future periods, to the extent that the Company has negative cash flow in any future period(s), it will need to raise additional funds to cover this shortfall.

Potential conflicts of interest.

The Company may be subject to potential conflicts of interests, as certain directors or officers of the Company are, and may continue to be, engaged in the mining industry through their participation in other companies, partnerships or joint ventures that are potential competitors of the Company. Situations may occur in relation to potential transactions or investments where the other interests of these directors or officers may conflict with the interests of the Company.

Force majeure.

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Land reclamation requirements may be burdensome.

Land reclamation requirements are generally imposed on companies with mining operations or mineral exploration companies in order to minimize long term effects of land disturbance. Reclamation may include requirements to:

- control dispersion of potentially deleterious effluents; and
- reasonably re-establish pre-disturbance landforms and vegetation.

In order to carry out reclamation obligations imposed on the Company in connection with exploration, potential development and production activities, the Company must allocate financial resources that might otherwise be spent on exploration and development programs. If the Company is required to carry out unanticipated reclamation work, its financial position could be adversely affected.

Risks relating to health and safety.

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the Company's operations, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Company and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Company as an employer.

There is no assurance that the Company has been or will at all times be in full compliance with all laws and regulations or hold, and be in full compliance with, all required health and safety permits. The potential costs and delays associated with compliance with such laws, regulations and permits could prevent the Company from proceeding with the development of a project or the operation or further development of a project, and any noncompliance therewith may adversely affect the Company's business, financial condition and results of operations. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Risks related to infrastructure.

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges and power sources are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

Risks related to market demands.

The markets that the Company participates in may not grow as expected or at all. While the Company's goal is to increase its revenues, there can be no assurance that it will succeed in doing so. As a result, revenues may stagnate or decline, which may increase the Company's losses.

Fluctuation and volatility in stock exchange prices.

The market price of a publicly traded stock is affected by many variables, including the availability and attractiveness of alternative investments and the breadth of public market for the stock. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such variations will not affect the price of the Company's securities in the future and that the price of the Common Shares will not decrease after listing on the CSE.

Market for the company's securities.

There has been no public trading market for the Common Shares. There can be no guarantee that an active and liquid trading market will develop or be maintained, the failure of which may have a material adverse effect on the value of the Common Shares and the ability of a shareholder to dispose of the Common Shares in a timely manner, or at all. In addition, the market price of the securities of the Company at any given point in time may not accurately reflect the long-term value of the Company.

PROMOTERS

There are no promoters of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not a party to any legal proceedings or regulatory actions against it, nor to the best of its knowledge are any legal proceedings or regulatory actions threatened or pending.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below and otherwise disclosed in this Prospectus, no insider, director or executive officer of the Company and no associate or affiliate of any director, executive officer or insider has any material interest, direct or indirect, in any transaction within the three years before the date of the Prospectus that has materially affected or is reasonably expected to materially affect the Company.

At the time the Option Agreement for Cobalt Mountain Property was entered into, Mr. Hardy held a 20% ownership interest in the Cobalt Mountain Property. Pursuant to the Option Agreement, he received $12,000 in cash and 360,000 shares in Landsdown, which were subsequently transferred for 360,000 shares in the Company pursuant to the Share Exchange Agreement.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Company is Adam Sung Kim Ltd., located at Unit# 114B (2nd floor) - 8988 Fraserton Court, Burnaby, British Columbia, V5J 5H8.

The registrar and transfer agent for the Common Shares of the Company is Integral Transfer Agency Inc., located at 203-100 Queen Street East, Toronto, Ontario, M5C 1S6.

MATERIAL CONTRACTS

The following agreements are the only material contracts entered into by the Company since incorporation which are currently in effect and considered to be material:

- the Escrow Agreement dated September 6, 2018;
- the Share Exchange Agreement dated June 26, 2018; and
- the Option Agreement dated February 17, 2017 (each as defined herein).

The material terms of the Share Exchange Agreement are summarized under the heading "*Business of the Company*" above. The material terms of the Option Agreement are summarized under the heading "*Mineral Project - Technical Report on the Cobalt Mountain Property - Property Description and Location*" above.

EXPERTS

The following persons or companies whose profession or business gives authority to a statement made by the person or company are named in the Prospectus as having prepared or certified a part of that document or a report of valuation described in the Prospectus:

1. Jeremy Hanson, B.Sc., P.Geo., Registered Professional Geologist in the Province of British Columbia of Longford Exploration Services Ltd. is an independent consulting geologist and "qualified person" as defined in NI 43-101. Mr. Hanson is the author responsible for the preparation of the Technical Report.

2. The financial statements of the Company included with this Prospectus have been subject to audit by Adam Sung Kim Ltd. and their audit report is included herein. Adam Sung Kim Ltd. is independent in accordance with the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Based on information provided by the persons named above, none of such persons have received or will receive any direct or indirect interests in the property of the Company, nor do they have any beneficial ownership, direct or indirect, of securities of the Company.

OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts about the Company which are not otherwise disclosed in this Prospectus.

FINANCIAL STATEMENTS AND MD&A

The following financial statements and MD&A are attached to this Prospectus:

1. Audited financial statements of Landsdown for the years ended December 31, 2016 and December 31, 2017 and MD&A of Landsdown for the year ended December 31, 2017.

2. Audited financial statements of the Company for the year ended April 30, 2017.

3. Audited financial statements and MD&A of the Company for the year ended April 30, 2018.

4. Unaudited financial statements and MD&A of the Company for the nine month period ended September 30, 2018.

Audited financial statements of Landsdown
for the years ended December 31, 2016 and December 31, 2017 and MD&A of Landsdown
for the year ended December 31, 2017

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:

Economic recoverability and probability of future economic benefits of mineral properties
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.

Determination of functional currency
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.

Income taxes
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.

LANDSDOWN HOLDINGS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2017

FORM 51-102F1

DATE AND SUBJECT OF REPORT

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Landsdown Holdings Ltd. (hereinafter "Landsdown" or the "Company") for the year ended December 31, 2017. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2017 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A has been prepared with an effective date and current information as of January 21, 2019.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Landsdown.

Landsdown reports its financial results in Canadian dollars in accordance with International Financial Reporting Standards (IFRS) and related interpretations as issued by the International Accounting Standards Board ("IASB"). All published financial results include the assets, liabilities and results of operations for Company subsidiaries.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.

TRENDS

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

GENERAL BUSINESS AND DEVELOPMENT

Landsdown Holdings Ltd. (the "Company") was incorporated on August 9, 2015 under the laws of British Columbia, Canada. Its head office is located at 401 Bay St., Suite 2702, Toronto, ON. M5H 2Y4, Canada; and registered office is located at 890-1140 West Pender Street, Vancouver, BC V6E 2R9, Canada. Landsdown is engaged in the business of mineral property exploration.

Monterey Minerals Inc. ("Former Monterey") was incorporated on May 9, 2014 under the laws of British Columbia, Canada. Its registered and head office is located at 890-1140 West Pender Street, Vancouver, BC, V6E 4G1, Canada. On June 26, 2018, Former Monterey and Landsdown entered into a Share Exchange Agreement (the "SEA"). Under the terms of the SEA, Former Monterey acquired all the issued and outstanding common shares of Landsdown based on one share of Monterey for each share of Landsdown. This became effective July 26, 2018 and resulted in the Landsdown shareholders acquiring control of the Company, after which the Company effected a change in directors, management and business.

Landsdown is deemed to be the continuing entity for financial reporting purposes and therefore its historical operations, assets and liabilities are included as the comparative figures of the combined company beginning with the quarter ended September 30, 2018.

Business Chronology

Landsdown Holdings Ltd. (the "Company") was incorporated on August 9, 2015 under the laws of British Columbia, Canada. From incorporation to date, the Monterey has no significant business or operations and management continued to evaluate and consult on available opportunities until the transaction with Former Monterey was agreed to.

LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2017, the Company had working capital of $350,865 (December 31, 2016: negative working capital of $19,869). The increase in working capital is primarily due to the increase in cash on hand, resulting from an equity financing completed during 2017. 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. During the year ended December 31, 2016, 1,700,000 common shares were issued for proceeds of $25,000.

At December 31, 2017 the Company had cash of $335,648 (December 31, 2016 - $3).

The continuation of the Company as a going-concern is dependent on its ability to raise additional capital or debt financing, including on reasonable terms, in order to meet business objectives towards achieving profitable business operations.

SHARE CAPITAL AND OUTSTANDING SHARE DATA

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.

RESULTS OF OPERATIONS

Selected Annual Information

The following are selected financial information derived from the statements of loss and comprehensive loss:

	December 31, 2017	December 31, 2016
Consulting	$ 80,705	$ 5,000
Exploration	51,466	---
Professional fees	13,048	17,800
Business development	---	41,000
Other general & administration	8,638	-
	$ 153,857	$ 63,800

Annual Results

During the year ended December 31, 2017, the Company incurred a net loss of $153,857 compared to a loss of $63,800 in the prior year ended December 31, 2016.

Consulting and exploration costs increased commensurate with he increased activity taken on during the year. There were no other significantly different operating expenses incurred by the Company year-over-year.

SELECTED QUARTERLY INFORMATION

Summary of Financial Results for the eight Most Recently Completed Quarters

The following table summarizes the financial results of operations for the eight most recent fiscal quarters:

	Dec. 31, 2017	Sep. 30, 2017	June 30, 2017	Mar. 31, 2017
Expenses	(108,997)	(10,793)	(34,067)	-
Net loss	(108,997)	(10,793)	(34,067)	-
Loss per share - basic & diluted	(0.01)	(0.00)	(0.00)	0.00
	Dec. 31, 2016	**Sep. 30, 2016**	**June 30, 2016**	**Mar. 31, 2016**
Expenses	(11,500)	-	-	(52,300)
Net loss	(11,500)	-	-	(52,300)
Loss per share - basic & diluted	(0.00)	0.00	0.00	0.00

INCOME TAXES

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.

MANAGEMENT OF INDUSTRY AND FINANCIAL RISK

The Company is engaged primarily in the technology business/sector involved in internet marketing and applications and manages related industry risk issues directly. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company has minimal exposure to any financial risks having not commenced commercial operations. The Company's primary financial risk to *liquidity risk* due to its reliance on demand loans, vendors and consultants continuing to extend payment terms, and management continuing to accrue expenses for unpaid services. Any one or more of these liquidity risks may have a material financial impact on the Company, should favourable loans, services, and/or terms become no longer available to the Company.

Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

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	-

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Refer to the Company's consolidated financial statements for the year ended April 30, 2018 for details of the significant accounting policies and estimates adopted by the Company.

RISK AND UNCERTAINTIES

Core Business

The Company's business focus is on developing technology for the mining sector, along with related internet marketing and applications. The mining and exploration industry is largely controlled by Fortune 500 companies with large budgets and backed by big software and technology firms to support their mineral exploration efforts. It will require significant risk and capital for the Company working towards establishing viable business in the sector, if ever. There can be no assurance that the Company ever becomes established or profitable in the sector, even with significant capital investment and business expertise.

While the development of technology may result in profitable operations, marketing may also contribute to successful business. Major investment and expenses will be required to establish and developed technologies for acceptance by the industry. It is impossible to ensure that technologies and market strategy planned by the Company will result in profitable commercial sales and operations. Whether the company will be commercially viable depends on a number of factors, some of which are the particular attributes of the industry the technology is geared toward and the existing infrastructure, as well as competitors' strategies and market factors. Some of these are cyclical and government regulations, including regulations relating to medical devices and consumer health products.

Some of these risks include, but not limited to, the following:

Significant capital investment, technical and programming personnel, management, and consultants will be required for the overall project management, software, design, and development of the Company's planned technology for the mining sector, along related internet marketing and other applications.

If a significant portion of these development efforts are not successfully completed or marketable products and services are not developed and become commercially successful, the Company's business, financial condition, and results of operations may be materially harmed.

There is no certainty that any expenditures to be made by the Company as described herein will result in market acceptance of the company's product or service offerings. There is aggressive competition within the mineral exploration and development sector with larger exploration companies developing related technology internally. The Company will compete against all internally and externally developed products and services by companies in the industry with far greater financial and other resources than currently available to the Company. As such, significant capital investment is required along with extensive other resources to development an offering of products and services and achieve commercialization. There can be no assurance the Company will be successful in obtaining required capital on acceptable terms.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the Company heavily relies on the company officers.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors and/or officers to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, directors involved in potential conflicts will declare, and refrain from voting on the conflicted matter.

Negative Operating Cash Flows

As the Company is in early development stages, it will continue to have negative operating cash flows without the development of revenue streams from its business. Positive operating cash flows require the Company to sufficiently developed its products and services for commercialization.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel, Service Provider, and Advisors

The Company relies heavily on its officers, its service providers, and business advisors. The loss of their services may have a material adverse effect on the business and going concern of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the medical community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, consumer and health practitioner's services and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's products and services will be accepted and recommended.

Competition, Technological Obsolescence

The mining and exploration sector is highly competitive. Other companies in the sector have significantly more financial, technical, distribution, and marketing resources. Technological progress and product development of the competition may cause the Company's services and product offerings, upon development, to become obsolete or may reduce their market acceptance.

Operating History and Expected Losses

The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, conduct research and development and update its equipment. As a result, start-up operating losses are expected, and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

Reliance on Joint Ventures, License Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, medical facilities, and medical equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other businesses. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As the Company is at the early stage start up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can realize stable cash flow from operations.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel and Advisors

The Company relies heavily on its sole officer and director Mr. Ron Ozols, along with key business consultants. The loss of their services would have a material adverse effect on the business of the Company. There can be no assurance that Mr. Ozols and consultants engaged by the Company will continue to provide services in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The information provided in this report as referenced from the Company's consolidated financial statements for the referenced reporting period is the sole responsibility of management. In the preparation of the information along with related and accompanying statements and estimates contained herein, management uses careful judgement in assessing the values (or future values) of certain assets or liabilities. It is the opinion of management that such estimates are fair and accurate as presented.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

CORPORATE INFORMATION

Directors:	James Macintosh
Officers:	James Macintosh, CEO, CFO
Auditor:	Adam Sung Kim, Ltd. Adam Kim, CA, CPA
Legal Counsel:	CC Corporate Counsel Professional Corporation

Audited financial statements of the Company
for the year ended April 30, 2017

MONTEREY MINERALS INC.

Vancouver, BC

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended April 30, 2017

(Expressed in Canadian dollars)

Monterey Minerals Inc.

Index to Consolidated Financial Statements

As at April 30, 2017

UNIT 114B (2nd floor)
8988 FRASERTON COURT
BURNABY, BC, V5J 5H8

T: **604.318.5465**
F: **604.239.0866**

Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Monterey Minerals Inc.

I have audited the accompanying consolidated financial statements of Monterey Minerals Inc. (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2017, and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and statement of changes in equity for the year ended April 30, 2017, and 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated financial statements based on my audit. I conducted my audit 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 consolidated 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 the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2017, and its financial performance and its cash flow for the year ended April 30, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying my opinion, I draw attention to Note 1 in the consolidated 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.

Other Matter
The consolidated financial statements of the Company for the year ended April 30, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on August 28, 2016.

"Adam Sung Kim Ltd."
Chartered Professional Accountant

Burnaby, British Columbia
August 24, 2017

Monterey Minerals Inc.
Consolidated Statement of Financial Position
For the Year Ended April 30, 2017

	April 30, 2017 $	April 30, 2016 $
Assets	**—**	—
Liabilities		
Current Liabilities:		
Accounts payable and accrued expenses	**26,712**	19,114
Loans payable (Note 7)	**4,319**	2,625
Deposits (Note 8)	**1,000**	1,000
	32,031	22,739
Shareholders' Deficiency		
Share Capital (Note 4)	**1**	1
Deficit	**(32,032)**	(22,740)
	(32,031)	(22,739)
	—	—

Nature and Continuance of Operations (Note 1)
Commitments (Note 9)
Arrangement Agreement (Note 11)

The accompanying notes are integral to these consolidated financial statements.

Approved and authorized for issue by the Board of Directors on August 24, 2017:

/s/ Ron Ozols
Director

Monterey Minerals Inc.
Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	For the Year Ended April 30, 2017 $	For the Year Ended April 30, 2016 $
Expenses:		
Consulting	**3,000**	10,500
Professional fees	**5,439**	2,500
Transfer Agent & Filing Fees	**853**	3,931
	9,292	16,931
Less: Expense recovery	**—**	(2,192)
Net Loss and total comprehensive loss for the period	**(9,292)**	(14,739)
Basic and diluted loss per common share	**$(9,292)**	$(14,739)
Weighted average number of common shares outstanding	**1**	1

The accompanying notes are integral to these consolidated financial statements.

Monterey Minerals Inc.

Consolidated Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars except the number of shares)

	Common Shares			
		Amount	**Deficit**	**Total**
	Number	**$**	**$**	**$**
Balance, April 30, 2015	**1**	**1**	**(8,001)**	**(8,000)**
Net Loss for the year	—	—	(14,739)	(14,739)
Balance, April 30, 2016	**1**	**1**	**(22,740)**	**(22,739)**
Net Loss for the year	—	—	(9,292)	(9,292)
Balance, April 30, 2017	**1**	**1**	**(32,032)**	**(32,031)**

The accompanying notes are integral to these consolidated financial statements.

Monterey Minerals Inc.
Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

	Year Ended April 30, 2017 $	Year Ended, April 30, 2016 $
Net loss for the year	**(9,292)**	(14,739)
Operating activities:		
Increase (Decrease) in accounts payable & accrued liabilities	**7,598**	14,739
Cash flows used in operating activities	**(1,694)**	—
Financing activities:		
Loan payable	**1,694**	-
Cash flows provided by Financing operating	**1,694**	-
Cash flows used in operating activities being increase in cash and cash equivalents	**—**	—
Cash & cash equivalents, beginning of the year	**—**	—
Cash & cash equivalents, end of the year	**—**	—

The accompanying notes are integral to these consolidated financial statements.

1. Nature and Continuance of Operations:

Monterey Minerals Inc. (the "Company") was incorporated as a wholly-owned subsidiary of reporting issuer Evitrade Health Systems Corp. (formerly Auxellence Health Corporation) (“Evitrade”) on May 9, 2014 under the laws of British Columbia, Canada. Its head office is located at 5728 East Boulevard, Vancouver, BC, V6M 4M4, Canada. On October 19, 2016, the Company incorporated four wholly-owned subsidiaries: 1093681 BC LTD., 1093682 BC LTD., 1093683 BC LTD., and 1093684 BC LTD. (“Subcos”) setup for proposed arrangement transactions (see Note 11). The Subcos were inactive as of April 30, 2017. The Company is a reporting issuer in the Province of British Columbia.

The Company is in the technology business/sector involved in internet marketing and applications.

These consolidated 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 internet marketing and applications.

The development of its business may take many years to be in successful and the amount of resulting income, if any, is difficult to determine with any certainty. On April 30, 2017, the Company had not yet achieved profitable operations, had no profit, a deficit of $32,032 and working capital deficit of $32,031 and expects to incur losses in the development of its business, all of which casts material uncertainty about the Company’s ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Presentation:

Statement of Compliance - The consolidated financial statements for the year ended April 30, 2017 were prepared in accordance with the International Financial Reporting Standards ("IFRS") and their interpretation by the IASB as of April 30, 2017.

3. Significant Accounting Policies:

The accounting policies set out below are in effect in the annual consolidated financial statements for the year ended April 30, 2017 and have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

a) Basis of Measurement -

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified in accordance with measurement standards under IFRS. These consolidated 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 these consolidated financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The consolidated financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the 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 the revision affects both current and future periods.

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.

3. Significant Accounting Policies (Continued):

c) Financial instruments (Continued) -

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.

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.

3. Significant Accounting Policies (Continued):

c) Financial instruments (Continued) -

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.

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.

Available-for-Sale Financial

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Except as mentioned below, available-for-sale financial assets are carried at fair value with changes in fair value recognized directly in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the profit or loss.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

The Company has classified cash and cash equivalents as FVTPL, investments in equity instruments as available-for-sale financial assets, receivables as loans and receivables, and accounts payable and accrued liabilities as other liabilities.

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.

3. Significant Accounting Policies (Continued):

Financial instruments (Continued) -

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.

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.

3. Significant Accounting Policies (Continued):

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.

g) Loss Per Share -

Basic loss per share is computed by dividing the net loss available to common shareholder by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if
dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

h) Provisions -

Provisions are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the obligation.

3. Significant Accounting Policies (Continued):

h) Provisions (continued) -

The increase in the provision due to passage of time is recognized as interest expense. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

i) Future Changes in Accounting Policies -

The IASB issued a number of new and revised International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS"), amendments and related interpretations. At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards and interpretations, which could be applicable to the Company and are not yet effective for the relevant reporting periods.

IFRS 9, "Financial Instruments"

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both *IAS 39, "Financial Instruments: Recognition and Measurement"* and *IFRIC 9, "Reassessment of Embedded Derivatives"*. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing what impact the application of these standards.

4. Share Capital and Reserves:

Authorized – Unlimited Common shares without par value; and
Issued and Outstanding – One common share

One common share was issued by the Company for $1.00 on May 9, 2014 to the incorporator Auxellence Health Corp., the Company's parent company at the time. The incorporator share was subsequently transferred to the sole director of the Company on November 18, 2014.

5. Capital Disclosures:

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholder and benefits for other stakeholders. The Company considers the items included in shareholder's equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary health monitoring/therapeutic systems and the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

6. Financial and Capital Risk Management:

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Credit risk -

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and receivables.

b) Liquidity risk -

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. As the Company does not have any cash or cash equivalents, the liquidity risk has been assessed as being high.

7. Loans Payable:

The Company has demand loans payable of $4,319 as at April 30, 2017 (2016: $2,625). The amount owed is due to a non-related party without interest and due on demand without specified terms of repayment.

8. Related Party Transactions:

As at April 30, 2017, included in deposits is $1,000 (2016 - $1,000) owing to Evitrade, with one director in common, for shares that are to be issued as a part of the Plan of Arrangement (See Note 9).

9. Commitments:

The Company entered into a plan of arrangement (the "Arrangement") on June 13, 2014 with Evitrade, and Evitrade's wholly-owned subsidiaries. Pursuant to the Arrangement, the Company is to issue 1,010,549 shares to the shareholders of Evitrade which equals the number of issued and outstanding common shares of Evitrade at the time of the share distribution date multiplied by the conversion factor, plus an additional 500 shares per beneficial holder.

In exchange for the shares, Evitrade will transfer to the Company $1,000 and the all of its interest in the letter of intent to the Company.

The Company has yet to issue the shares.

10. Income Taxes:

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

	2017 $	2016 $
Loss before income taxes	(9,292)	(14,739)
Statutory rates	26.00%	26.00%
Expected income tax recovery at statutory rates	2,416	3,832
(Increase) Decrease in unrecognized deferred taxes	(2,416)	(3,832)
Deferred income tax recovery	—	—

10. Income Taxes (continued):

Details of deferred income tax assets are as follows:

	April 30, 2017 $	April 30, 2016 $
Deferred income tax assets:		
Non-capital losses carried forward	8,328	5,912
Capital losses carried forward	—	—
Total deferred income tax assets	8,328	5,912
Less: unrecognized deferred tax assets	(8,328)	(5,912)
Deferred income tax assets	—	—

Estimated taxable income for the period is $Nil. Deferred tax assets have not be recognized because it is not probable that future taxable income will be available against which the company can utilize the benefits from the deductible temporary differences and unused tax losses.

Non-Capital Losses –

As at April 30, 2017, the Company has non-capital losses of approximately $32,032 (2016 - $22,740) which may be carried forward to apply against future years income tax for Canadian income tax purposes, subject to final determination by taxation authorities and expiring as follows:

YEAR	$
2035	8,001
2036	14,739
2037	9,292

11. Arrangement Agreement

On September 30, 2016, the Company signed letters of intent ("LOIs") with each of Landsdown Holdings Ltd., GCK Forestry Ltd., 2265040 Ontario Inc. (o/a EVI Tech Group) and Railhead Resources Ltd. (the "Purchasers") to form four (4) wholly owned subsidiaries ("Subcos") to effect transactions in which Subcos will purchase all of the issued and outstanding capital stock from each of the respective Purchasers' shareholders.

On November 29, 2016, the Company received court approval for its Arrangement Agreement with each of its four wholly-owned subsidiaries 1093681 BC LTD., 1093682 BC LTD., 1093683 BC LTD., and 1093684 BC LTD. (the "Subcos"), pursuant to which, amongst other things, will result in transfer the Letters of Intent and $1,000 (the "Assets") to each of 1093681, 1093682, 1093683, and 1093684 in consideration for shares of each Subcos.

The Company is still in process of completing the spinout of its Subcos.

Audited financial statements and MD&A of the Company
for the year ended April 30, 2018

MONTEREY MINERALS INC.

Vancouver, BC

CONSOLIDATED FINANCIAL STATEMENTS

(AUDITED)

For the Year Ended April 30, 2018

(Expressed in Canadian dollars)

Monterey Minerals Inc.

Index to Consolidated Financial Statements

As at April 30, 2018

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F: **604.239.0866**

Adam Kim
ADAM SUNG KIM LTD.
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: the Shareholders of
Monterey Minerals Inc.

I have audited the accompanying consolidated financial statements of Monterey Minerals Inc. (the "Company"), which comprise the consolidated statement of financial position as at April 30, 2018 and April 30, 2017, and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and statement of changes in equity for the years ended April 30, 2018 and April 30, 2017, and 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 consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated 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 the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at April 30, 2018 and April 30, 2017, and its financial performance and its cash flow for the years ended April 30, 2018 and April 30, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying my opinion, I draw attention to Note 1 in the consolidated 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
July 10, 2018

MONTEREY MINERALS INC.
Consolidated Statements of Financial Positions
As at
(Expressed in Canadian dollars)

	Note	April 30, 2018 $	April 30, 2017 $
Assets			
Current Assets:			
Cash		**143,364**	—
Loan receivable	12	**1,500**	—
Prepaid expenses		**11,441**	—
Total Assets		**156,305**	—
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities		**26,926**	26,712
Loans payable	8	**26,593**	4,319
Deposit	9	**-**	1,000
Preferred shares	5	**4,000**	-
Total Liabilities		**57,519**	32,031
Shareholders' Equity (Deficit)			
Share Capital	4	**1,000**	1
Shares subscribed	4	**202,938**	-
Deficit		**(105,152)**	(32,032)
Total Shareholders' Equity (Deficit)		**98,786**	(32,031)
Total Liabilities and Shareholders' Equity (Deficit)		**156,305**	—

Nature and Continuance of Operations (Note 1)
Commitments and Plans of Arrangement (Note 10 and 12)
Subsequent event (Note 13)

Approved and authorized for dissemination by the Board of Directors on July 10, 2018:

/s/ Gary Handley

Gary Handley, Director

The accompanying notes are integral to these consolidated financial statements.

MONTEREY MINERALS INC.
Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended April 30, 2018 and April 30, 2017
(Expressed in Canadian dollars)

	2018	2017
	$	$
Operating Expenses		
Consulting	**29,471**	3,000
Bank charges and interest	**187**	—
Graphic design	**2,100**	—
Professional fees	**24,690**	5,439
Rent and utilities	**2,955**	—
Transfer Agent & Filing Fees	**8,495**	853
Travel and entertainment	**1,222**	—
Loss and total comprehensive loss for the year	**(69,120)**	(9,292)
Basic and diluted loss per common share	**$ (0.92)**	$ (9,292)
Weighted average and fully diluted common shares outstanding	**74,753**	1

The accompanying notes are integral to these consolidated financial statements.

MONTEREY MINERALS INC.
Consolidated Statements of Changes in Shareholders' Equity (Deficit)
(Expressed in Canadian dollars except the number of shares)

	Note	Common Shares			
		Number	Share Capital and Shares subscribed $	Deficit $	Total $
Balance, April 30, 2016		1	1	(22,740)	(22,739)
Net loss for the year		—	—	(9,292)	(9,292)
Balance, April 30, 2017		1	1	(32,032)	(32,031)

	Note	Number	Share Capital and Shares subscribed $	Deficit $	Total $
Balance, April 30, 2017		1	1	(32,032)	(32,031)
Common shares issued under arrangement with Evitrade	10	**1,010,549**	**1,000**	**—**	**1,000**
Cancellation of incorporation share	10	**(1)**	**(1)**	**—**	**(1)**
Plan of arrangement	12	**-**	**-**	**(4,000)**	**(4,000)**
Shares subscribed for cash		**-**	**202,938**	**—**	**202,938**
Net loss for the year		**—**	**—**	**(69,120)**	**(69,120)**
Balance, April 30, 2018		**1,010,549**	**203,938**	**(105,152)**	**98,786**

The accompanying notes are integral to these consolidated financial statements.

MONTEREY MINERALS INC.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year Ended April 30, 2018 $	Year Ended, April 30, 2017 $
Net loss for the year	**(69,120)**	(9,292)
Operating activities:		
Accounts payable & accrued liabilities	**214**	7,598
Prepaid expenses	**(11,441)**	—
Cash flows used in operating activities	**(80,347)**	(1,694)
Investing activities:		
Loan receivable	**(1,500)**	—
Cash flows provided by operating	**(1,500)**	
Financing activities:		
Common shares subscribed for cash	**202,937**	-
Loans payable	**22,274**	1,694
Cash flows provided by Financing operating	**225,211**	1,694
Cash flows used in operating activities being increase in cash and cash equivalents	**143,364**	—
Cash & cash equivalents, beginning of the year	**—**	—
Cash & cash equivalents, end of the year	**143,364**	—
Supplemental information:		
Interest paid	**—**	—
Income taxes paid	**—**	—

The accompanying notes are integral to these consolidated financial statements.

1. Nature and Continuance of Operations:

Monterey Minerals Inc. (the "Company") was incorporated on May 9, 2014 under the laws of British Columbia, Canada. Its head office is located at 890-1140 West Pender Street, Vancouver, BC V6E 2R9, Canada.

On October 19, 2016, the Company incorporated four wholly-owned subsidiaries: 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) ("Subcos") setup for proposed arrangement transactions. The Company has set the share distribution record date of a plan of an arrangement at close of business on April 18, 2018 whereby each Subcos would issue 1,010,549 common shares to shareholders of the Company (Note 12). The Subcos remained inactive as of April 30, 2018. The Company is a reporting issuer in the Province of British Columbia.

These consolidated 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.

The development of its business may take many years to be in successful and the amount of resulting income, if any, is difficult to determine with any certainty. On April 30, 2018, the Company had not yet achieved profitable operations, had no profit, a deficit of $105,152 and expects to incur losses in the development of its business, all of which casts material uncertainty about the Company's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Presentation:

Statement of Compliance and consolidation - The consolidated financial statements for the year ended April 30, 2018 were prepared in accordance with the International Financial Reporting Standards ("IFRS") and their interpretation by the IASB as of April 30, 2018.

The consolidated financial statements include the financial statements of the Company and of the entities it controls, its wholly-owned subsidiaries, 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. All significant inter-company balances and transactions have been eliminated.

3. Significant Accounting Policies:

The accounting policies set out below are in effect in the annual consolidated financial statements for the year ended April 30, 2018 and have been applied consistently to all periods presented in these consolidated financial statements unless otherwise indicated.

a) Basis of Measurement -

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified in accordance with measurement standards under IFRS. These consolidated 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 recognition of deferred income tax amounts. Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Income taxes
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.

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.

3. Significant Accounting Policies (Continued):

c) Financial instruments (Continued) -

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.

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.

3. Significant Accounting Policies (Continued):

c) Financial instruments (Continued) -

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.

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.

Available-for-Sale Financial

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Except as mentioned below, available-for-sale financial assets are carried at fair value with changes in fair value recognized directly in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the profit or loss.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

The Company has classified cash and cash equivalents as FVTPL, investments in equity instruments as available-for-sale financial assets, receivables as loans and receivables, and accounts payable and accrued liabilities as other liabilities.

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.

3. Significant Accounting Policies (Continued):

c) Financial instruments (Continued) -

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.

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.

3. Significant Accounting Policies (Continued):

e) 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.

g) Loss Per Share -

Basic loss per share is computed by dividing the net loss available to common shareholder by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

h) Provisions -

Provisions are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the obligation.

3. Significant Accounting Policies (Continued):

h) Provisions (continued) -

The increase in the provision due to passage of time is recognized as interest expense. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination.

In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

i) Future Changes in Accounting Policies -

The IASB issued a number of new and revised International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS"), amendments and related interpretations. At the date of authorization of these consolidated financial statements, the IASB and IFRIC have issued the following new and revised standards and interpretations, which could be applicable to the Company and are not yet effective for the relevant reporting periods.

IFRS 9, “Financial Instruments”

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both *IAS 39, "Financial Instruments: Recognition and Measurement"* and *IFRIC 9, "Reassessment of Embedded Derivatives"*. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. The Company is currently assessing what impact the application of these standards.

4. Share Capital and Reserves:

Authorized – unlimited Common shares without par value
Unlimited Series A preferred shares, without par value (Note 5)

Issued and Outstanding

One (1) common share was issued by the Company for $1 on May 9, 2014 to the incorporator Evitrade Health Systems Corp. (formerly Auxellence Health Corporation) ("Evitrade"), the Company's parent company at the time. The incorporator share was subsequently transferred to the sole director of the Company, Ron Ozols, on November 18, 2014. On April 3, 2018, 1,010,549 common shares were issued to Evitrade shareholders of record pursuant to the plan of arrangement and the incorporator share was returned to treasury and cancelled (Note 10). 2,899,100 common shares were subscribed for gross proceeds of $202,938, but not yet issued as at April 30, 2018, which were subsequently issued on May 17, 2018.

5. Redeemable Preferred Shares:

(a) Authorized - unlimited preferred shares
(b) Issued: Preferred shares, Class A

	April 30, 2018		April 30, 2017	
	Shares	**Amount, $**	Shares	Amount, $
Preferred shares, Class A:				
Balance, beginning of year	—	—	—	—
Issued – Plan of Arrangement	**4,042,196**	**4,000**	—	—
Redeemed	—	—	—	—
Closing balance	**4,042,196**	**4,000**	—	—

The Preferred shares, Class A, with an average redemption price of $0.0009896 each for a total value of $4,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the 2016 Plan of Arrangement (Note 12). As at April 30, 2018, 4,042,196 convertible Series A preferred shares were outstanding with a $4,000 value (April 30, 2017: Nil; $Nil value) and will be redeemed once the spin-out transactions are completed under the Company's 2016 Plan of Arrangement. (Notes 12)

6. 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. 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. In addition, the Company is dependent upon external financings to fund activities. In order to carry out planned business and pay for administrative costs, the Company will need to raise additional funds. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

7. 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 loan receivable, accounts payable and loans payable approximate their carrying values due to the short-term maturity of these instruments.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at April 30, 2018 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	$ 143,364	-	-	$ 143,364
	$ 143,364-	-	-	$ 143,364-

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.

7. Financial and Capital Risk Management: (Continued)

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.

8. Loans Payable:

The Company has demand loans payable of $26,593 owing as at April 30, 2018 (2017: $4,319). The amounts owed are due to non-related parties without interest and due on demand without specified terms of repayment.

9. Related Party Transactions:

As at April 30, 2018, included in deposits is $nil (2017 - $1,000) owing to Evitrade, with one director in common, for shares that are to be issued as a part of the Plan of Arrangement (Note 10).

Refer to Note 12 for 2016 PoA.

10. Commitments:

The Company entered into a plan of arrangement (the "Arrangement") on June 13, 2014 with Evitrade, and Evitrade's wholly-owned subsidiaries. Pursuant to the Arrangement, the Company was to issue 1,010,549 shares (the "Arrangement Shares") to the shareholders of Evitrade which equals the number of issued and outstanding common shares of Evitrade at the time of the share distribution date.

On April 3, 2018, Evitrade completed the push out of the Company through which the Company issued 1,010,549 shares of the Company.

11. Income Taxes:

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

	2018 $	2017 $
Loss before income taxes	(69,120)	(14,739)
Statutory rates	27.00%	26.00%
Expected income tax recovery at statutory rates	18,662	3,832
(Increase) Decrease in unrecognized deferred taxes	(18,662)	(3,832)
Deferred income tax recovery	—	—

Details of deferred income tax assets are as follows:

	April 30, 2018 $	April 30, 2017 $
Deferred income tax assets:		
Non-capital losses carried forward	27,311	5,912
Capital losses carried forward	—	—
Total deferred income tax assets	27,311	5,912
Less: unrecognized deferred tax assets	(27,311)	(5,912)
Deferred income tax assets	—	—

Estimated taxable income for the period is $Nil. Deferred tax assets have not be recognized because it is not probable that future taxable income will be available against which the company can utilize the benefits from the deductible temporary differences and unused tax losses.

Non-Capital Losses –

As at April 30, 2018, the Company has non-capital losses of approximately $101,152 (2017: $32,032) which may be carried forward to apply against future years income tax for Canadian income tax purposes, subject to final determination by taxation authorities and expiring as follows:

YEAR	$
2035	8,001
2036	14,739
2037	9,292
2038	69,120

12. Arrangement Agreement:

On September 30, 2016, the Company signed letters of intent (“LOIs”) with each of Landsdown Holdings Ltd., GCK Forestry Ltd., 2265040 Ontario Inc. (o/a EVI Tech Group) and Railhead Resources Ltd. (the “Purchasers”) to form four (4) wholly owned subsidiaries (“Subcos”) to effect transactions in which Subcos would purchase all of the issued and outstanding capital stock from each of the respective Purchasers’ shareholders (the “2016 PoA”)

On November 29, 2016, the Company received court approval for its Arrangement Agreement (the “Arrangement”) with each of its four wholly-owned subsidiaries 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) (the “Subcos”), pursuant to which, amongst other things, will result in transfer the Letters of Intent and $1,000 (the “Assets”) to each of 1093681, 1093682, 1093683, and 1093684 in consideration for shares of each Subcos.

The Company has set the share distribution record date of the Arrangement at close of business on April 18, 2018 whereby each Subcos would issue 1,010,549 common shares to shareholders of the Company.

On June 12, 2018, the spin out of Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) (“Blue Aqua”) from the Company was completed through the authorization of the issuance of 1,010,549 common shares of Blue Aqua to Monterey shareholders. No other Subcos spinouts were completed under the 2016 Arrangement as of April 30, 2018 or to a date of auditor’s report.

The Company has a loan receivable of $1,500 from GCK Forestry Ltd. as at April 30, 2018 (2017: $nil). The amounts are without interest and due on demand without specified terms of repayment.

13. Subsequent Event:

The Company issued 4,903,929 common shares of the Company for cash proceeds at a price of $0.07 on May 17, 2018.

MONTEREY MINERALS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEAR ENDED APRIL 30, 2018

FORM 51-102F1

DATE AND SUBJECT OF REPORT

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Monterey Minerals, Inc. (hereinafter "Monterey" or the "Company") for the year ended April 30, 2018. This MD&A should be read in conjunction with the Company's audited consolidated financial statements for the year ended April 30, 2018 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A has been prepared with an effective date and current information as of July 10, 2018.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Monterey Minerals Inc.

Monterey Minerals reports its financial results in Canadian dollars in accordance with International Financial Reporting Standards (IFRS) and related interpretations as issued by the International Accounting Standards Board ("IASB"). All published financial results include the assets, liabilities and results of operations for Company subsidiaries.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not provide updates or revise any forward-looking statements, except those otherwise *required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.*

TRENDS

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

GENERAL BUSINESS AND DEVELOPMENT

Monterey is in development stage for for the mining and exploration sector.

The Company's office is located at 890-1140 West Pender Street, Vancouver, BC V6E 2R9, Canada.

The Company is a reporting issuer in the Province of British Columbia. All public filings for the Company on the SEDAR website www.sedar.com.

Business Chronology

On May 9, 2014, Monterey Minerals, Inc. was incorporated as a wholly-owned subsidiary of reporting issuer Evitrade Health Systems Corp. (formerly Auxellence Health Corporation) ("Evitrade") under the laws of British Columbia, Canada.

On June 13, 2014, the Company entered into a Plan of Arrangement (the "2014 POA") with Evitrade (parent company at the time), and Evitrade's other wholly-owned subsidiaries. Pursuant to the 2014 POA, the Company is to issue 1,010,549 shares to the shareholders of Evitrade which equals the number of issued and outstanding common shares of Evitrade at the time of the share distribution date multiplied by the conversion factor, plus an additional 500 common shares per beneficial holder (the "Shares"), upon conversion of preferred shares as prescribed under the arrangement. To date, the Shares have not been issued to complete of arrangement. The Company anticipates it will be completed in fiscal 2018. (See Plans of Arrangement)

On November 18, 2014, the one (1) incorporator share held by Evitrade was transferred to the sole director of the Company through which it ceased to be a wholly-owned subsidiary of Evitrade.

On September 30, 2016, the Company signed letters of intent ("LOIs") with each of Landsdown Holdings Ltd., GCK Forestry Ltd., 2265040 Ontario Inc. (o/a EVI Tech Group) and Railhead Resources Ltd. (the "Purchasers") to form four (4) wholly owned subsidiaries ("Subcos") to effect transactions in which Subcos will purchase all of the issued and outstanding capital stock from each of the respective Purchasers' shareholders.

On October 19, 2016, the Company incorporated four wholly-owned subsidiaries: 1093681 BC LTD., 1093682 BC LTD., 1093683 BC LTD., and 1093684 BC LTD. (“Subcos”) setup for proposed transactions under the Company’s 2016 Plan of Arrangement. The Subcos were inactive as of April 30, 2018.

On November 29, 2016, the Company received court approval for its Arrangement Agreement (the “Arrangement”) with each of its four wholly-owned subsidiaries 1093681 BC LTD., 1093682 BC LTD., 1093683 BC LTD., and 1093684 BC LTD. (the “Subcos”), pursuant to which, amongst other things, will result in transfer the Letters of Intent and $1,000 (the “Assets”) to each of 1093681, 1093682, 1093683, and 1093684 in consideration for shares of each Subcos.

On April 5, 2018, 2014 POA and push out of Monterey Minerals from Evitrade was completed that resulted in the Company issuing 1,101,549 common shares to Evitrade shareholders of record and the $1,000 deposit owing to the Company was offset against and invoice for services from Evitrade. The Company has not closed on the letter of intent as of April 30, 2018 or subsequently.

On June 13, 2018, Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) was spun out from the Company pursuant to the 2016 POA. The $1,000 deposit owing to Blue Aqua was offset against administration fees charged by the Company. No other Subco spinouts were completed under the 2016 Arrangement as of April 30, 2018 or to date. (see Plans of Arrangement)

From incorporation to date, the Monterey has no significant business or operations and management is continuing to evaluate and consult on available opportunities.

PLANS OF ARRANGEMENT

2014 Plan of Arrangement

The Company entered into a plan of arrangement (the "Arrangement") on June 13, 2014 with Evitrade, and Evitrade’s wholly-owned subsidiaries. Pursuant to the Arrangement, the Company was to issue 1,010,549 shares (the “Arrangement Shares”) to the shareholders of Evitrade which equals the number of issued and outstanding common shares of Evitrade at the time of the share distribution date.

On April 3, 2018, Evitrade completed the push out of the Company through which the Company issued 1,010,549 shares of the Company.

2016 Plan of Arrangement

On September 30, 2016, the Company signed letters of intent (“LOIs”) with each of Landsdown Holdings Ltd., GCK Forestry Ltd., 2265040 Ontario Inc. (o/a EVI Tech Group) and Railhead Resources Ltd. (the “Purchasers”) to form four (4) wholly owned subsidiaries (“Subcos”) to effect transactions in which Subcos would purchase all of the issued and outstanding capital stock from each of the respective Purchasers’ shareholders (the “2016 PoA”)

On November 29, 2016, the Company received court approval for its Arrangement Agreement (the “Arrangement”) with each of its four wholly-owned subsidiaries 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) (the “Subcos”), pursuant to which, amongst other things, will result in transfer the Letters of Intent and $1,000 (the “Assets”) to each of 1093681, 1093682, 1093683, and 1093684 in consideration for shares of each Subcos.

The Company has set the share distribution record date of the Arrangement at close of business on April 18, 2018 whereby each Subcos would issue 1,010,549 common shares to shareholders of the Company.

On June 12, 2018, the spin out of Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) (“Blue Aqua”) from the Company was completed through the authorization of the issuance of 1,010,549 common shares of Blue Aqua to Monterey shareholders. No other Subcos spinouts were completed under the 2016 Arrangement as of April 30, 2018 or to a date of auditor’s report.

The Company has a loan receivable of $1,500 from GCK Forestry Ltd. as at April 30, 2018 (2017: $nil). The amounts are without interest and due on demand without specified terms of repayment.

LIQUIDITY AND CAPITAL RESOURCES

As at April 30, 2018, the Company had working capital of $98,786 (2017: $32,031).

During the year ended April 30, 2018, the Company incurred a net loss of $69,120 and prior year deficit adjustment of $1,000 for the 2018 Plan of Arrangement, with cumulative losses and deficit of $105,152 (April 30, 2017: $32,032).

The continuation of the Company as a going-concern is dependent on its ability to raise additional capital or debt financing, including on reasonable terms, in order to meet business objectives towards achieving profitable business operations.

SHARE CAPITAL AND OUTSTANDING SHARE DATA

<u>Authorized</u> — unlimited Common shares without par value

— unlimited Series A preferred shares, without par value (see Redeemable Preferred Shares)

<u>Issued and Outstanding</u>

1,010,549 as at April 30, 2018 and 5,914,478 common shares as at July 10, 2018 (2017: 1 common share)

One (1) common share was issued by the Company for $1 on May 9, 2014 to the incorporator Evitrade Health Systems Corp. (formerly Auxellence Health Corporation) (“Evitrade”), the Company’s parent company at the time. The incorporator share was subsequently transferred to the sole director of the Company, Ron Ozols, o n November 18, 2014. On April 3, 2018, 1,010,549 common shares were issued to Evitrade shareholders of record pursuant to the plan of arrangement and the incorporator share was returned to treasury and cancelled (Note 10). 2,899,100 common shares were subscribed for gross proceeds of $202,938, but not yet issued as at April 30, 2018, which were subsequently issued on May 17, 2018.

The Company issued 4,903,929 common shares of the Company for cash proceeds at a price of $0.07 on May 17, 2018.

Redeemable Preferred Shares

(a) Authorized - unlimited preferred shares
(b) Issued: Preferred shares, Class A

	April 30, 2018		April 30, 2017	
	Shares	**Amount, $**	Shares	Amount, $
Preferred shares, Class A:				
Balance, beginning of period	**—**	**—**	—	—
Issued – Plan of Arrangement	**4,042,196**	**4,000**	—	—
Redeemed	**—**	**—**	—	—
Closing balance	**4,042,196**	**4,000**	—	—

The Preferred shares, Class A, with an average redemption price of $0.0009896 each for a total value of $4,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the 2016 Plan of Arrangement. As at April 30, 2018, 4,042,196 convertible Series A preferred shares were outstanding with a $4,000 value (April 30, 2017: Nil; $Nil value) and will be redeemed once the spinout transactions are completed under the Company's 2016 Plan of Arrangement.

RESULTS OF OPERATIONS

SELECTED ANNUAL INFORMATION

ANNUAL RESULTS

For the year ended April 30, 2018, the Company had loss and comprehensive loss of $69,120 (2017: $9,292) from continuing operations.

The increase in operating loss for 2018 as compared to income in 2017 was due to the following significant factors:

i) Bank charges and interest increased from $Nil in 2017 to $187 in 2018;
ii) Consulting fees increased from $3,000 in 2017 to $29,471 in 2018, representing an increase of $26,471;
iii) Graphic design expenses increased from $Nil in 2017 to $2,100 in 2018;
iv) Professional fees increased from $5,439 in 2017 to $24,690 in 2018, representing an increase of $17,839;
v) Rent and utilities increased from $Nil in 2017 to $2,955 in 2018;
vi) Transfer agent and filing fees increased from $853 in 2017 to $8,495 in 2018; and
vii) Travel and entertainment increased from $Nil in 2017 to $1,222 in 2018.

There were no other significantly different operating expenses incurred by the Company year-over-year.

SELECTED QUARTERLY INFORMATION

SUMMARY OF FINANCIAL RESULTS FOR EIGHT MOST RECENTLY COMPLETED QUARTERS

The following table summarizes the financial results of operations for the eight most recent fiscal quarters of July 31, 2016 (Q1) of Fiscal 2017 through Q4 of Fiscal 2018 ended April 30, 2018:

	April 30, 2018 (Q4) $	January 31, 2018 (Q3) $	October 31, 2017 (Q2) $	July 31, 2017 (Q1) $
Revenue	**—**	—	—	—
Expenses	**(48,842)**	(9,351)	(10,526)	(401)
Net loss	**(48,842)**	(9,351)	(10,526)	(401)
Loss per share – basic and diluted	**(0.09)**	(9,351)	(10,526)	(401)

	April 30, 2017 (Q4) $	January 31, 2017 (Q3) $	October 31, 2016 (Q2) $	July 31, 2016 (Q1) $
Revenue	—	—	—	—
Expenses	(4,308)	(1,859)	—	(3,125)
Net loss	(4,308)	(1,859)	—	(3,125)
Loss per share – basic and diluted	(4,308)	—	—	(3,125)

The Company had not commenced commercial operations as of April 30, 2018, nor to date of filing this MD&A. Notwithstanding, the Company and management continue to identify business opportunities for the Company to complete various Plans of Arrangement transactions. (see Plans of Arrangement)

<u>The following is comparative discussion and breakdown of quarterly financial results for the Company:</u>

Three months ended April 30, 2018 (Q4)

For the three months ended April 30, 2018 (Q4-2018), the Company had net loss and total comprehensive loss of $48,842 compared to $4,308 for the prior year quarter ended April 30, 2017 (Q4-2017).

The increased expenses of $44,534 for Q4 of fiscal 2018 as compared to Q4 of 182017 are attributable to:

i) Bank charges and interest increased from $Nil in 2017 to $187 in 2018;
ii) Consulting expenses increased to $22,871 in Q4-2018 from $Nil in Q4-2017;
iii) Graphic design expenses increased from $Nil in Q4-2017 to $2,100 in Q4-2018;
iv) Rent and utilities increased from $Nil in 2017 to $2,955 in 2018;
v) Professional fees increased by $13,008 from $3,331 in Q4-2017 to $16,339 in Q4-2018;
vi) Transfer agent and filing fees increased by $2,564 to $3,417 in Q4-2018 from $853 in Q4-2017;
vii) Travel and entertainment increased from $Nil in Q4-2017 to $1,222 in Q2018; and
viii) Other general changes in expenses.

There were no other significantly different operating expenses incurred for the comparable periods.

Three months ended January 31, 2018 (Q3)

For the three months ended January 31, 2018 (Q3-2018), the Company had net loss and total comprehensive loss of $9,351 compared to $1,859 for the prior year quarter ended January 31, 2017 (Q3-2017).

The increased expenses of $7,492 for Q3 of fiscal 2018 as compared to 2017 are attributable to:

i) Consulting expenses increased $1,000 in Q3-2018 as compared to $Nil for Q3-2017; and
ii) Professional fees increased by $6,492 to $8,351 in Q3-2018 compared to $1,859 in Q3-2017.

There were no other significantly different operating expenses incurred for the comparable periods.

Three months ended October 31, 2017 (Q2)

For the three months ended October 31, 2017 (Q2-2018), the Company had net loss and total comprehensive loss of $10,526 compared to $Nil for the prior year quarter ended October 31, 2016 (Q2-2017).

The increased expenses of $10,526 for Q2 of fiscal 2018 as compared to 2017 are attributable to:

i) Consulting expenses increased $5,600 in Q2-2018 as compared to $Nil for Q2-2017;
ii) Transfer agent and filing fees increased by $4,677 from $Nil in Q2-2017; and
iii) Other general changes in expenses.

There were no other significantly different operating expenses incurred for the comparable periods.

Three months ended July 31, 2017 (Q1)

For the three months ended July 31, 2017 (Q1-2018), the Company had net loss and total comprehensive loss of $401 compared to $3,125 for the prior year quarter ended July 31, 2016 (Q1-2017).

The decreased expenses of $2,724 for Q1 of fiscal 2018 as compared to 2017 are attributable to:

i) Consulting decreased from $3,000 in 2017 to $Nil in Q1-2018;
ii) Transfer agent and filing fees increased to $401 in Q1-2018 from $Nil in Q1-2017; and
iii) Other general changes in expenses.

There were no other significantly different operating expenses incurred for the comparable periods.

INCOME TAXES

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

	2018	2017
	$	$
Loss before income taxes	**(69,120)**	(14,739)
Statutory rates	**27.00%**	26.00%
Expected income tax recovery at statutory rates	**34,948**	3,832
(Increase) Decrease in unrecognized deferred taxes	**(34,948)**	(3,832)
Deferred income tax recovery	**—**	—

Details of deferred income tax assets are as follows:

	2018	2017
	$	$
Deferred income tax assets:		
Non-capital losses carried forward	**105,152**	32,032
Capital losses carried forward	**—**	
Total deferred income tax assets	**27,571**	8,649
Less: unrecognized deferred tax assets	**(27,571)**	—
Deferred income tax assets	**—**	8,649

Estimated taxable income for the period is $Nil. Deferred tax assets have not been recognized because it is not probable that future taxable income will be available against which the company can utilize the benefits from the deductible temporary differences and unused tax losses.

Non-Capital Losses –

As at April 30, 2018, the Company has non-capital losses of approximately $105,152 (2017: $32,032) which may be carried forward to apply against future years income tax for Canadian income tax purposes, subject to final determination by taxation authorities and expiring as follows:

YEAR	$
2035	8,001
2036	14,739
2037	9,292
2038	73,120

MANAGEMENT OF INDUSTRY AND FINANCIAL RISK

The Company is engaged primarily in the technology business/sector involved in internet marketing and applications and manages related industry risk issues directly. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's has minimal exposure to any financial risks having not commenced commercial operations. The Company's primary financial risk to *liquidity risk* due to its reliance on demand loans, vendors and consultants continuing to extend payment terms, and management continuing to accrue expenses for unpaid services. Any one or more of these liquidity risks may have a material financial impact on the Company, should favourable loans, services, and/or terms become no longer available to the Company.

Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

Related Party Transactions

As at April 30, 2018, included in deposits is $nil (2017 - $1,000) owing to Evitrade, with one director in common, for shares that are to be issued as a part of the Plan of Arrangement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Refer to the Company's consolidated financial statements for the year ended April 30, 2018 for details of the significant accounting policies and estimates adopted by the Company.

RISK AND UNCERTAINTIES

Core Business

The Company's business focus is on developing technology and exploration for the mining sector, along with related internet marketing and applications. The mining and exploration industry is largely controlled by Fortune 500 companies with large budgets and backed by big software and technology firms to support their mineral exploration efforts. It will require significant risk and capital for the Company working towards establishing viable business in the sector, if ever. There can be no assurance that the Company ever becomes established or profitable in the sector, even with significant capital investment and business expertise.

While the development of technology may result in profitable operations, marketing may also contribute to successful business. Major investment and expenses will be required to establish and developed technologies for acceptance by the industry. It is impossible to ensure that technologies and market strategy planned by the Company will result in profitable commercial sales and operations. Whether the company will be commercially viable depends on a number of factors, some of which are the particular attributes of the industry the technology is geared toward and the existing infrastructure, as well as competitors' strategies and market factors. Some of these are cyclical and government regulations, including regulations relating to medical devices and consumer health products.

<u>Some of these risks include, but not limited to, the following:</u>

Significant capital investment, technical and programming personnel, management, and consultants will be required for the overall project management, software, design, and development of the Company's planned technology for the mining sector, along related internet marketing and other applications.

If a significant portion of these development efforts are not successfully completed or marketable products and services are not development and become commercially successful, the Company's business, financial condition, and results of operations may be materially harmed.

There is no certainty that any expenditures to be made by the Company as described herein will result in market acceptance of the company's product or service offerings. There is aggressive competition within the mineral exploration and development sector with larger exploration companies developing related technology internally. The Company will compete against all internally and externally developed products and services by companies in the industry with far greater financial and other resources than currently available to the Company. As such, significant capital investment is required along with extensive other resources to development an offering of products and services and achieve commercialization. There can be no assurance the Company will be successful in obtaining required capital on acceptable terms.

<u>Uninsured Risks</u>

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include key person insurance as the Company heavily relies on the company officers.

<u>Conflicts of Interest</u>

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business ventures. Consequently, there exists the possibility for such directors and/or officers to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, directors involved in potential conflicts will declare, and refrain from voting on the conflicted matter.

Negative Operating Cash Flows

As the Company is in early development stages, it will continue to have negative operating cash flows without the development of revenue streams from its business. Positive operating cash flows require the Company to sufficiently developed its products and services for commercialization.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel, Service Provider, and Advisors

The Company relies heavily on its officers, its service provider, and business advisors. The loss of their services may have a material adverse effect on the business and going concern of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

Licenses, Patents and Proprietary Rights

The Company's success could depend on its ability to protect its intellectual property, including trade secrets, and continue its operations without infringing the proprietary rights of third parties and without having its own rights infringed.

Uncertainty Regarding Penetration of the Target Market

The commercial success of the Company's business as compared with those of its competitors depends on its acceptance by potential users and the medical community. Market acceptance will largely depend on the reputation of the Company, its marketing strategy, consumer and health practitioner's services and performance. The Company's success will depend on its ability to commercialize and expand its network users. The Company will need to expand its marketing and sales operations and establish business relations with suppliers and users in a timely manner.

In order to meet its business objectives, the Company will have to ensure that its facilities and services are safe, reliable and cost-effective, and bring the expected return. There can be no assurance that the Company's products and services will be accepted and recommended.

Competition, Technological Obsolescence

The mining and exploration sector is highly competitive. Other companies in the sector have significantly more financial, technical, distribution, and marketing resources. Technological progress and product development of the competition may cause the Company's services and product offerings, upon development, to become obsolete or may reduce their market acceptance.

Operating History and Expected Losses

The Company expects to make significant investments in order to develop its services, increase marketing efforts, improve its operations, conduct research and development and update its equipment. As a result, start-up operating losses are expected, and such losses may be greater than anticipated, which could have a significant effect on the long-term viability of the Company.

Reliance on Joint Ventures, License Assignors and Other Parties

The nature of the Company's operations requires it to enter into various agreements with partners, joint venture partners, medical facilities, and medical equipment suppliers in the business world, government agencies, licensors, licensees, and other parties for the successful operation of its businesses and the successful marketing of its services.

There is no guarantee that those with whom the Company needs to deal will not adopt other technologies or that they will not develop alternative business strategies, acting either alone or in conjunction with other parties, including the Company's competitors, in preference to those of the Company.

Growth Management

In executing the Company's business plan for the future, there will be significant pressure on management, operations and technical resources. The Company anticipates that its operating and personnel costs will increase in the future. In order to manage its growth, the Company will have to increase the number of its technical and operational employees and efficiently manage its employees, while at the same time efficiently maintaining a large number of relationships with third parties.

Conflicts of Interest

Certain directors of the Company also serve as directors and/or officers of other companies involved in other businesses. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows

As the Company is at the early stage start up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can realize stable cash flow from operations.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel and Advisors

The Company relies heavily on its sole directors, Handley, Kraemer and Hardy, along with key business consultants. The loss of their services would have a material adverse effect on the business of the Company. There can be no assurance that the directors and consultants engaged by the Company will continue to provide services in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The information provided in this report as referenced from the Company's consolidated financial statements for the referenced reporting period is the sole responsibility of management. In the preparation of the information along with related and accompanying statements and estimates contained herein, management uses careful judgement in assessing the values (or future values) of certain assets or liabilities. It is the opinion of management that such estimates are fair and accurate as presented.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

CORPORATE INFORMATION

Directors:	Michael Kraemer, Gary Handley, and Kyler Hardy
Officers:	Gary Handley President and CFO
Auditor:	Adam Sung Kim, Ltd. Adam Kim, CA, CPA
Legal Counsel:	Corporate Counsel Professional Corporation

Unaudited financial statements and MD&A of the Company
for the nine month period ended September 30, 2018

MONTEREY MINERALS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Nine Months Ended September 30, 2018 (Q3)

(Expressed in Canadian dollars)

Monterey Minerals Inc.

Index to the Condensed Interim Consolidated Financial Statements
(Unaudited)
September 30, 2018 (Q3)

MANAGEMENT'S RESPONSIBILITY FOR INTERIM FINANCIAL REPORTING

The accompanying unaudited condensed interim consolidated financial statements ("consolidated financial statements") of Monterey Minerals Inc. are the responsibility of the management and Board of Directors of the Company. The consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the financial statement notes. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are compliant with *IAS 34 - Interim Financial Reporting* as issued by the International Accounting Standards Board.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

James Macintosh
President and CEO

Julio DiGirolamo
CFO and Corporate Secretary

December 13, 2018

Monterey Minerals Inc.

Condensed Interim Consolidated Statements of Financial Positions

As at September 30, 2018 and December 31, 2017

(Unaudited)

(Expressed in Canadian dollars)

	Note	September 30, 2018	December 31, 2017
Assets			
Cash and cash equivalents		**$ 467,129**	$ 335,648
Loans receivable	8, 12	**16,500**	28,943
Prepaid expenses	12	**23,288**	12,000
Current Assets		**506,917**	376,591
Mineral property	9	**30,000**	10,000
Total Assets		**$ 536,917**	$ 386,591
Liabilities			
Current Liabilities:			
Accounts payable and accrued expenses	12	**$ 24,582**	$ 25,208
Loans payable	10	**-**	518
		24,582	25,726
Shareholders' Equity			
Share Capital	5	**1,001,107**	587,094
Reserves	5	**58,500**	-
Deficit		**(547,272)**	(226,229)
		512,335	360,865
Total Liabilities and Shareholders' Equity		**$ 536,917**	$ 386,591

Nature and Continuance of Operations (Note 1)

The accompanying notes are integral to these financial statements.

Approved and authorized for issue on December 13, 2018

/s/ James Macintosh

President and CEO

Monterey Minerals Inc.
Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended September 30, 2018 and 2017
(Unaudited)
(Expressed in Canadian dollars)

	For the Three Months Ended September 30, 2018	For the Three Months Ended September 30, 2017	For the Nine Months Ended September 30, 2018	For the Nine Months Ended September 30, 2017
Expenses				
Listing expense (Note 4)	**$ -**	$ -	$ 188,727	$ -
Consulting (Note 12)	**1,750**	7,530	1,750	7,530
Transfer agent & filing Fees	**51,309**	-	53,035	2,465
Exploration (Note 9)	**-**	-	-	31,602
Share-based compensation (Note 5)	**58,500**	-	58,500	-
General and administration (Note 12)	**16,313**	3,263	19,031	3,262
Total Expenses	**127,872**	10,793	321,043	44,859
Net Loss and total comprehensive loss for the period	**$ (127,872)**	$ (10,793)	$ (321,043)	$ (44,859)
Basic and diluted loss per common share	**(0.01)**	(0.00)	(0.02)	(0.01)
Weighted average number of common shares outstanding	**15,994,167**	11,975,001	15,729,884	7,676,250

The accompanying notes are integral to these financial statements.

Monterey Minerals Inc.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

(Expressed in Canadian dollars, except the number of shares)

	Common Shares				
	Number	Amount $	Reserve $	Deficit $	Total $
Balance, December 31, 2016	**4,200,500**	**52,503**	-	**(72,372)**	**(19,869)**
Issuance of common shares	7,774,501	418,200	-	-	418,200
Share issuance costs	-	(6,540)	-	-	(6,540)
Net Loss for the period	-	-	-	(44,859)	(44,859)
Balance, September 30, 2017	**11,975,001**	**464,163**	**-**	**(117,231)**	**346,932**
Issuance of common shares	2,463,577	122,931		-	122,931
Net Loss for the period	-	-	-	(108,998)	(108,998)
Balance, December 31, 2017	**14,438,578**	**587,094**	**-**	**(226,229)**	**360,865**
Common shares issued on reverse takeover (Note 4)	5,914,478	414,013	-	-	414,013
Share-based compensation	-	-	58,500	-	58,500
Net loss for the period	-	-	-	(321,043)	(321,043)
Balance, September 30, 2018	**20,353,056**	**1,001,107**	**58,500**	**(547,272)**	**512,335**

The accompanying notes are integral to these financial statements.

Monterey Minerals Inc.
Condensed Interim Consolidated Statements of Cash Flows
For the Three and Nine Months Ended September 30, 2018 and 2017
(Unaudited)
(Expressed in Canadian dollars)

	For the Nine Months Ended September 30, 2018	For the Nine Months Ended September 30, 2017
Net loss and total comprehensive loss for the period	$ (321,043)	$ (44,859)
None-Cash Items:		
Stock-based compensation (Note 5)	58,500	-
Listing expense (Note 4)	188,727	-
	(73,816)	(44,859)
Operating Activities:		
Changes in non-cash working capital:		
Prepaid expenses	8,441	-
Accounts payable & accrued expenses	(69,925)	(240)
Cash flows used in operating activities	(135,300)	(45,099)
Investing Activities:		
Mineral property acquisition	(20,000)	(10,000)
Loans receivable	13,943	(22,624)
Cashflows used in investing activities	(6,057)	(32,624)
Financing Activities:		
Cash acquired in RTO (Note 4)	273,356	-
Loans payable	(518)	4,000
Proceeds from subscriptions in common stock, net of issuance costs	-	411,659
Cash flows from financing activities	272,838	415,658
Increase in cash	$ 131,481	$ 337,935
Cash, beginning of the period	335,648	3
Cash, end of the period	$ 467,129	$ 337,938

No cash was paid for interest or income taxes during the periods.

The accompanying notes are integral to these financial statements.

1. Nature and Continuance of Operations

Monterey Minerals Inc. (the "Company") was incorporated on May 9, 2014 under the laws of British Columbia, Canada. Its head office is located at 890-1140 West Pender Street, Vancouver, BC, V6E 4G1, Canada. On June 26, 2018, Monterey Minerals Inc. ("Former Monterey") and Landsdown Holdings Ltd. ("Landsdown.") entered into a Share Exchange Agreement (the "SEA") under which the transaction was completed. This resulted in the Landsdown shareholders acquiring control of the Company, after which the Company effected a change in directors, management and business. The address of the registered office is Suite 2702, 401 Bay Street Toronto, Ontario, M5H 2Y4.

Former Monterey acquired Landsdown through a reverse acquisition transaction described in note 4. Under the terms of the SEA, Former Monterey acquired all of the issued and outstanding common shares of Landsdown based on one share of the Company for each share of Landsdown. Landsdown is engaged in the business of mineral property exploration and was incorporated pursuant under the laws of British Columbia, Canada on August 9, 2015. Landsdown is deemed to be the continuing entity for financial reporting purposes and therefore its historical operations, assets and liabilities are included as the comparative figures as at September 30, 2018.

Prior to the SEA, on October 19, 2016, Former Monterey incorporated four wholly-owned subsidiaries: 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) ("Subcos") setup for proposed arrangement transactions. Former Monterey set the share distribution record date of a plan of an arrangement at close of business on April 18, 2018 whereby each Subcos would issue 1,010,549 common shares to shareholders of the Company. Blue Aqua Holdings Ltd. was spun out effective June 12, 2018 with the remaining Subcos spun out on August 28, 2018.

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 September 30, 2018, the Company had not yet achieved profitable operations and had accumulated losses of $547,272 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 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. 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

The condensed interim consolidated financial statements for the three and nine months ended September 30, 2018 have been prepared in accordance with IAS 34 - Interim Financial Reporting of 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").

2. Basis of Presentation (Continued)

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measure at fair value. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information

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:

Economic recoverability and probability of future economic benefits of mineral properties

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.

Determination of functional currency

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.

Income taxes

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.

3. Significant Accounting Policies (Continued)

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

The Company adopted IFRS 9, which replaced IAS 39 – Financial Instruments: Recognition and Measurement, in its consolidated financial statements beginning January 1, 2018.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

Under IFRS 9 there are three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”) and fair value through profit and lost (“FVTPL”). The classification of financial assets under IFRS 9 is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ model. The new impairment model applies to financial assets measure at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

The adoption of IFRS 9 did not have a material impact on the Company’s consolidated financial statements.

d) 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.

e) 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.

3. Significant Accounting Policies (Continued)

e) Minerals properties (continued)

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.

f) 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.

g) 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.

IFRS 16, "Leases"

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is in the process of assessing the impact of this pronouncement. The extent of the impact has not yet been determined.

4. Reverse Acquisition Transaction

On June 26, 2018, Former Monterey entered into a Share Exchange Agreement ("SEA") with Landsdown Holdings Ltd. ("Landsdown") under which a proposed reverse acquisition transaction was completed. Under the terms of the SEA, the Company acquired all of the issued and outstanding common shares of Landsdown based on one share of the Company for each common share of Landsdown. Upon closing, Landsdown shareholders held approximately 74.6% of the outstanding shares of the Company. In substance, the Transaction involves Landsdown shareholders obtaining control of the Company; accordingly the Transaction is considered to be a reverse takeover transaction ("RTO") with Landsdown acquiring control of the Company. As the Company did not meet the definition of a business under IFRS prior to the Transaction, the future consolidated financial statements of the combined entity will represent the continuation of Landsdown. The Transaction will be accounted for as a share-based payment whereby Landsdown acquired the net assets of the Company and the Company's status as a Reporting Issuer.

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 Business Combinations ("IFRS 3") since the Company, prior to the acquisition did not constitute a business. The transaction is accounted for in accordance with IFRS 2 Share-based Payment ("IFRS 2") whereby Landsdown is deemed to have issued shares in exchange for the net assets of Former Monterey together with its Reporting Issuer status at the fair value of the consideration received by Landsdown.

For the Three and Nine Months ended September 30, 2018 and 2017 (Expressed in Canadian dollars)

4. Reverse Acquisition Transaction (Continued)

The accounting for this transaction resulted in the following:

(i) The consolidated financial statements of the combined entities are issued under the legal parent, Monterey Minerals Inc., but are considered a continuation of the financial statements of the legal subsidiary, Landsdown Holdings Ltd.

(ii) Since Landsdown is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

Since the share and share-based consideration allocated to the former shareholders of the Company on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of the Company acquired on closing is expensed in the unaudited consolidated statement of comprehensive loss as listing fee expense.

The listing fee expense in the amount of $188,727 is comprised of the fair value of common shares of the Company retained by the former shareholders of Former Monterey less the net assets of Former Monterey at June 26, 2018.

The listing fee expense is summarized as follows:

Net working capital acquired:

Accounts payable	$	66,299
Preferred share liability		3,000
Cash		(273,356)
Loans receivable		(1,500)
Prepaid expenses		(19,729)
	$	(225,286)
Common shares issued (5,914,478 shares at $0.07 per share)	$	414,013
Listing fee expense	**$**	**188,727**

The Company has estimated the fair value of the equity instruments deemed to be issued by the Company. The fair value of the 5,914,478 common shares amounted to $414,013, based upon a recent private placement financing of Landsdown at $0.07 per share.

5. Share Capital and Reserves

Authorized – Unlimited Common shares without par value; and

Issued and Outstanding as at September 30, 2018: 20,353,056 (December 31, 2017: 14,438,578)

During the nine months ended September 30, 2018, 5,914,478 common shares were issued in connection with the reverse acquisition transaction (Note 4).

During the nine months ended September 30, 2017, the Company issued a total of 7,774,501 common shares for proceeds of $418,200 and incurred share issuance costs of $6,540.

The Company granted 1,300,000 options on August 15, 2018 which have an exercise price of $0.15 per option and expire on August 15, 2023. Share-based compensation of $58,5000 (December 31, 2017: $nil) has been recorded in connection with the issuance of these options. The 1,300,000 options were fair valued using the Black-Scholes Option Pricing Model under the following assumptions average risk free interest rate – 2.18%-; expected life – 5 years; expected volatility – 100.00%; forfeiture rate – nil and expected dividends – nil.

6. 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.

7. 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.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2018 as follows:

	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash	$ 467,129	-	-	$ 467,129
	$ 467,129	-	-	$ 467,129

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.

7. Financial and Capital Risk Management (Continued):

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.

8. Loans Receivable

The Company has demand loans receivable of $16,500 as at September 30, 2018 (December 31, 2017: $28,943). $15,000 of the loans receivable (December 31, 2017: nil) bear interest at 12% per annum and is due on demand. The remaining amounts are unsecured and due upon demand without interest.

9. Mineral property

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

On February 17, 2017, the Company entered into an option agreement with Ridge Resources Ltd. ("Ridge", a company controlled by a director of the Company), 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 of:
    (i) $20,000 on or before February 17, 2018 (paid in February 2018); and
    (ii) $30,000 on or before February 17, 2019; and
(c) The 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.

During the nine months ended September 30, 2018, the Company incurred mineral property acquisition costs of $20,000 (2017 – $10,000).

During the nine months ended September 30, 2018, the Company incurred geological expense of $nil (2017 – 31,602).

10. Loans Payable

As at September 30, 2018, the Company had demand loans payable of $nil (December 31, 2017: $518). The amounts owed are unsecured and due upon demand without interest.

11. 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.

For the Three and Nine Months ended September 30, 2018 and 2017 (Expressed in Canadian dollars)

12. 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 nine months ended September 30, 2018 and 2017:

	September 30, 2018	September 30, 2017
Consulting	$ 1,750	$ 7,530
General & Administration	$ 5,250	-
	$ 7,000	$ 7,530

As of September 30, 2018, included in loans receivable is $15,000 due from an entity related with a director of the Company. Included in accounts payable and accrued expenses is $17,225 due to officers or directors of the Company or entities controlled by them (December 31, 2017 - $4,225). Included in prepaid expenses is $nil (December 31, 2017 - $12,000) paid to a company controlled by a director of the company.

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.

13. Arrangement Agreement

On September 30, 2016, Former Monterey signed letters of intent ("LOIs") with each of Landsdown Holdings Ltd., GCK Forestry Ltd., 2265040 Ontario Inc. (o/a EVI Tech Group) and Railhead Resources Ltd. (the "Purchasers") to form four (4) wholly owned subsidiaries ("Subcos") to effect transactions in which Subcos would purchase all of the issued and outstanding capital stock from each of the respective Purchasers' shareholders (the "2016 PoA").

On November 29, 2016, Former Monterey received court approval for its Arrangement Agreement (the "Arrangement") with each of its four wholly-owned subsidiaries 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) (the "Subcos"), pursuant to which, amongst other things, will result in transfer the Letters of Intent and $1,000 (the "Assets") to each of 1093681, 1093682, 1093683, and 1093684 in consideration for shares of each Subcos.

Former Monterey set the share distribution record date of the Arrangement at close of business on April 18, 2018 whereby each Subcos would issue 1,010,549 common shares to shareholders of the Company.

On June 12, 2018, the spin out of Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) ("Blue Aqua") from the Company was completed. On August 1, 2018 the spin out of 1093681 B.C. Ltd., 1093682 B.C. Ltd. and 1093683 B.C. Ltd. from the Company was completed.

MONTEREY MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED September 30, 2018

FORM 51-102F1

The following Management Discussion & Analysis ("MD&A") is intended to assist in the understanding of the trends and significant changes in the financial condition and results of operations of Monterey Minerals Inc. (hereinafter "Monterey" or the "Company") for the interim period ended September 30, 2018. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements for the period ended September 30, 2018 and audited consolidated financial statements and MD&A for the year ended December 31, 2017. The MD&A has been prepared effective December 13, 2018.

On June 26, 2018, Monterey Minerals Inc. ("Former Monterey") and Landsdown Holdings Ltd. ("Landsdown.") entered into a Share Exchange Agreement (the "SEA") that resulted in the Landsdown shareholders acquiring control of the Company, after which the Company effected a change in directors, management and business.

Former Monterey acquired Landsdown through a reverse acquisition transaction. Under the terms of the SEA, Former Monterey acquired all of the issued and outstanding common shares of Landsdown based on one share of the Company for each share of Landsdown. Landsdown is engaged in the business of mineral property exploration and was incorporated pursuant under the laws of British Columbia, Canada on August 9, 2015. Landsdown is deemed to be the continuing entity for financial reporting purposes and therefore its historical operations, assets and liabilities are included as the comparative figures as at September 30, 2018.

SCOPE OF ANALYSIS

The following is a discussion and analysis of Monterey Minerals Inc. The Company reports its financial results in Canadian dollars and in accordance with *IAS 34 – Interim Financial Reporting* as issued by the International Accounting Standards Board. All reported interim financial information includes the financial results of Monterey and its subsidiaries.

FORWARD LOOKING STATEMENTS

The information set forth in this MD&A contains statements concerning future results, future performance, intentions, objectives, plans and expectations that are, or may be deemed to be, forward-looking statements. These statements concerning possible or assumed future results of operations of the Company are preceded by, followed by or include the words 'believes,' 'expects,' 'anticipates,' 'estimates,' 'intends,' 'plans,' 'forecasts,' or similar expressions. Forward-looking statements are not guarantees of future performance. These forward-looking statements are based on current expectations that involve numerous risks and uncertainties, including, but not limited to, those identified in the Risks Factors section. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate. These factors should be considered carefully, and readers should not place undue reliance on forward-looking statements. The Company may not *provide updates or revise any forward-looking statements, except those otherwise required under paragraph 5.8(2) of NI 51-102, whether written or oral that may be made by or on the Company's behalf.*

TRENDS

Other than as disclosed in this MD&A, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect upon its revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

GENERAL BUSINESS AND DEVELOPMENT

Monterey Minerals Inc. (the "Company") was incorporated on May 9, 2014 under the laws of British Columbia, Canada. Its head office is located at 890-1140 West Pender Street, Vancouver, BC, V6E 4G1, Canada. On June 26, 2018, Monterey Minerals Inc. ("Former Monterey") and Landsdown Holdings Ltd. ("Landsdown.") entered into a Share Exchange Agreement (the "SEA") under which the transaction was completed. This resulted in the Landsdown shareholders acquiring control of the Company, after which the Company effected a change in directors, management and business. The address of the registered office is Suite 2702, 401 Bay Street Toronto, Ontario, M5H 2Y4.

Former Monterey acquired Landsdown through a reverse acquisition transaction described in note 4. Under the terms of the SEA, Former Monterey acquired all of the issued and outstanding common shares of Landsdown based on one share of the Company for each share of Landsdown. Landsdown is engaged in the business of mineral property exploration and was incorporated pursuant under the laws of British Columbia, Canada on August 9, 2015. Landsdown is deemed to be the continuing entity for financial reporting purposes and therefore its historical operations, assets and liabilities are included as the comparative figures as at September 30, 2018.

Prior to the SEA, on October 19, 2016, Former Monterey incorporated four wholly-owned subsidiaries: 1093681 BC Ltd., 1093682 BC Ltd., 1093683 BC Ltd., and Blue Aqua Holdings Ltd. (formerly 1093684 B.C. Ltd.) ("Subcos") setup for proposed arrangement transactions. Former Monterey set the share distribution record date of a plan of an arrangement at close of business on April 18, 2018 whereby each Subcos would issue 1,010,549 common shares to shareholders of the Company. Blue Aqua Holdings Ltd. was spun out effective June 12, 2018 with the remaining Subcos being spun out August 28, 2018.

The Company is a reporting issuer in the Province of British Columbia. All public filings for the Company on the SEDAR website www.sedar.com. The Company's head office is located at 5728 East Boulevard, Vancouver, BC, V6M 4M4, Canada.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2018, the Company had a cash balance of $467,129 compared to a cash balance of $335,648 at December 31, 2017. The Company had working capital $482,335 at September 30, 2018 (December 31, 2017 - $350,865).

The continuation of the Company as a going-concern is dependent on its ability to raise additional capital or debt financing, including on reasonable terms, in order to meet business objectives towards achieving profitable business operations.

MERGER BETWEEN MONTEREY AND LANDSDOWN

On June 26, 2018, Former Monterey entered into a Share Exchange Agreement ("SEA") with Landsdown Holdings Ltd. ("Landsdown") under which a proposed reverse acquisition transaction was completed. Under the terms of the SEA, the Company acquired all of the issued and outstanding common shares of Landsdown based on one share of the Company for each common share of Landsdown. Upon closing, Landsdown shareholders held approximately 74.6% of the outstanding shares of the Company. In substance, the Transaction involves Landsdown shareholders obtaining control of the Company; accordingly the Transaction is considered to be a reverse takeover transaction ("RTO") with Landsdown acquiring control of the Company. As the Company did not meet the definition of a business under IFRS prior to the Transaction, the future consolidated financial statements of the combined entity will represent the continuation of Landsdown. The Transaction will be accounted for as a share-based payment whereby Landsdown acquired the net assets of the Company and the Company's status as a Reporting Issuer.

For accounting purposes, the acquisition is considered to be outside the scope of IFRS 3 Business Combinations ("IFRS 3") since the Company, prior to the acquisition did not constitute a business. The transaction is accounted for in accordance with IFRS 2 Share-based Payment ("IFRS 2") whereby Landsdown is deemed to issued shares in exchange for the net assets of Former Monterey together with its Reporting Issuer status at the fair value of the consideration received by Landsdown.
The accounting for this transaction resulted in the following:

(i) The consolidated financial statements of the combined entities are issued under the legal parent, Monterey Minerals Inc., but are considered a continuation of the financial statements of the legal subsidiary, Landsdown Holdings Ltd.
(ii) Since Landsdown is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements at their historical carrying values.

Since the share and share-based consideration allocated to the former shareholders of the Company on closing the Transaction is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or services received in return for the allocation of the shares, the value in excess of the net identifiable assets or obligations of the Company acquired on closing is expensed in the unaudited consolidated statement of comprehensive loss as listing fee expense.

The listing fee expense in the amount of $188,727 is comprised of the fair value of common shares of the Company retained by the former shareholders of Former Monterey less the net assets of Former Monterey at June 26, 2018.

The listing fee expense is summarized as follows:

Net working capital acquired:

Accounts payable	$ 66,299
Preferred share liability	3,000
Cash	(273,356)
Loans receivable	(1,500)
Prepaid expenses	(19,729)
	(225,286)
Common shares issued (5,914,478 shares at $0.07 per share)	414,013
Listing fee expense	**$ 188,727**

The Company has estimated the fair value of the equity instruments deemed to be issued by the Company. The fair value of the 5,914,478 common shares amounted to $414,013, based upon a recent private placement financing of Landsdown at $0.07 per share.

SHARE CAPITAL AND OUTSTANDING SHARE DATA

Common Shares

Authorized – Unlimited Common shares without par value; and

Issued and Outstanding as at September 30, 2018: 20,353,056 (December 31, 2017: 14,438,578)

During the nine months ended September 30, 2018, 5,914,478 common shares were issued in connection with the reverse acquisition transaction (Note 4). The Company also granted 1,300,000 options on August 15, 2018 which have an exercise price of $0.15 per share and expire August 15, 2023. Share-based compensation of $58,5000 (December 31, 2017: $nil) has been recorded in connection with the issuance of these options.

Redeemable Preferred Shares

The Preferred shares, Class A, with an average redemption price of $0.0009896 each for a total value of $4,000, are non-voting, non-participating and are mandatorily redeemable by the Company in accordance with the 2016 Plan of Arrangement.

On August 28, 2018, the Plan of Arrangement resulting in the spin out of 1093681 B.C. Ltd., 1093682 B.C. Ltd., 1093683 B.C. Ltd. and 1093684 B.C. Ltd. (the "Subcos") from the Company was completed through the authorization of the issuance of 1,010,549 common shares of each of the Subcos to the Monterey shareholders. This resulted in the cancellation of the 4,042,196 Preferred A shares of the Company.

RESULTS OF OPERATIONS

SELECTED QUARTERLY INFORMATION

During the nine-month period ended September 30, 2018, the Company incurred a net loss of $321,043 (nine months ended September 30, 2017 – loss of $44,859). During the three-month period ended September 30, 2018, the Company incurred a net loss of $127,872 (three months ended September 30, 2017 – loss of $10,793). Included in the nine-month period ended September 30, 2018 loss was the $188,727 listing expense (2017 - $NIL), share-based compensation of $58,500 (2017 - $NIL), and transfer agent and filing fees of $53,035 ($2,465 for the nine months ended September 30, 2017). The listing fee expense in the amount of $188,727 is comprised of the fair value of common shares of the Company retained by the former shareholders of the Company less the net assets of the Company at June 26, 2018. Other expenses were insignificant, indicative of the little activity conducted during the period.

SUMMARY OF FINANCIAL RESULTS FOR EIGHT MOST RECENTLY COMPLETED QUARTERS

The following table summarizes the financial results of operations for the eight most recent fiscal quarters:

	Sep. 30, 2018 $	June 30, 2018 $	Mar. 31, 2018 $	Dec. 31,2017 $
Expenses	**(127,872)**	(193,941)	770	(108,998)
Net loss	**(127,872)**	(193,941)	770	(108,998)
Loss per share - basic & diluted	**(0.01)**	(0.01)	0.00	(0.01)
	Sep. 30, 2017 $	**June 30, 2017 $**	**Mar. 31, 2017 $**	**Dec. 31, 2016 $**
Expenses	(10,793)	(34,067)	-	(11,500)
Net loss	(10,793)	(34,067)	-	(11,500)
Loss per share - basic & diluted	(0.00)	(0.00)	0.00	(0.00)

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 nine months ended September 30, 2018 and 2017:

	September 30, 2018	September 30, 2017
Consulting	$ 1,750	$ 7,530
General & Administration	$ 5,250	-
	$ 7,000	$ 7,530

As of September 30, 2018, included in loans receivable is $15,000 due from an entity related with a director of the Company. Included in accounts payable and accrued expenses is $17,225 due to officers or directors of the Company or entities controlled by them (December 31, 2017 - $4,225). Included in prepaid expenses is $nil (December 31, 2017 - $12,000) paid to a company controlled by a director of the company.

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.

CRITICAL JUDGMENTS AND ACCOUNTING ESTIMATES

Measurement Uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of the accounting policies to financial information presented. Actual results may differ from the estimates, assumptions and judgments made. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes made to estimates are reflected in the period the changes are made.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are:

Taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Significant accounting judgments

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies, apart from those involving estimations that have the most significant effect on the amounts recognized in the Company's financial statements, are related to the functional currency assessment, related parties, the provision for reclamation and obligation, when and if deferred taxes are recoverable and the assumption that the Company will continue as a going concern.

The Company made a determination that its functional currency and that of its subsidiaries is the Canadian dollar. Management considered all of the relevant factors in making this determination.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements and how the fair value of financial instruments is measured.

Fair values

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act.

The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

The following table provides an analysis of the financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. prices) or indirectly (derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2018 and December 31, 2017, the Company did not have any financial instruments measured at fair value.

Categories of Financial Instruments	Sep. 30, 2018	Dec. 31, 2017
Financial Assets—other receivables		
Cash	467,129	335,648
Loans receivable and prepaids	39,788	40,943
Financial Liabilities—other financial liabilities		
Accounts payable and accrued expenses	24,582	25,208
Loans payable	---	518

The fair values of all the Company's financial instruments approximate the carrying value due to the short-term nature of the financial instruments. The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (currency fluctuations, interest rates and commodity prices). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Credit Risk

Credit risk is the risk of a financial loss to the Company if a customer is unable to meet its contractual obligations and arises principally from the Company's accounts receivable. The Company's cash is held with Canadian chartered banks.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company has established a standard of ensuring that it has enough resources available to withstand any downturn in the industry. As the Company's industry is very capital intensive, the majority of its spending is related to its capital programs. The Company prepares periodic capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. The Company's goal is to prudently spend its capital while maintaining its credit reputation amongst its suppliers.

Market Risk

Market risk is the risk that changes in interest rates, foreign exchange rates and commodity and equity prices will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in certificates of deposit issued by a Canadian chartered bank with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of the Canadian chartered bank.

Commodity and equity risk

The Company is exposed to price risk with respect to commodity and equity prices. Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Equity price risk is the potential adverse impact on the Company's comprehensive earnings due to movements in individual equity prices or general movements in the level of the stock market. The

Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability of development depend upon the world market price of certain precious and base metals. Precious and base metals have fluctuated widely in recent years. There is no assurance that, even if commercial quantities of precious and base metals are produced in the future, a profitable market will exist for them.

CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying natural resource properties. The Company's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Company considers its capital structure to include cash and working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected debt levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its net cash and working capital.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for all information contained in this report. The July 31, 2018 financial statements have been prepared in accordance with IFRS and include amounts based on management's informed judgments and estimates.

RISKS AND UNCERTAINTIES

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Only investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment should undertake such investment. Prospective investors should carefully consider the risk and uncertainties that have affected, and which in the future are reasonably expected to affect, the Company and its financial position.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this discussion, including information as to future activities, events and financial or operating performance of the Company and its projects, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks and uncertainties that could cause actual events or results to, differ materially from estimated or anticipated activities, events or results implied or expressed in such forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, “believes”, or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results “may”, “could", "would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Many factors could cause actual activities and events and the Company's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. These include metal prices, exploitation and exploration successes, continued availability of capital and financing and general economic, market or business conditions.

These forward-looking statements are made as of the date hereof and the Company disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise. Investors are cautioned that forward-looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainly therein.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

SCHEDULE "A"

MONTEREY MINERALS INC.

(THE "COMPANY")

AUDIT COMMITTEE CHARTER

I. MANDATE

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Monterey Minerals Inc. (the "**Company**") shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company's financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of the Company's independent external auditor (the "**Auditor**"); and
4. The performance of the Company's internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement.

C. Appointment and Removal

In accordance with the Articles of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. <u>Meetings</u>

The Committee shall meet as frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

A. <u>Introduction</u>

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. <u>Powers and Responsibilities</u>

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

1. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company.

2. Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.

3. Require the Auditor to report directly to the Committee.

4. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance and Completion by Auditor of its Work

1. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, including resolution of disagreements between management and the Auditor regarding financial reporting.

2. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.

3. Recommend to the Board the compensation of the Auditor.

4. Pre-approve all non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor.

Internal Financial Controls and Operations of the Company

1. Establish procedures for:

    (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

1. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

2. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

3. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

4. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

5. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:

   (a) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.

   (b) The management inquiry letter provided by the Auditor and the Company's response to that letter.

   (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

1. Review the Company's annual and interim financial statements, management's discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.

2. Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

3. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

1. Consult, to the extent it deems necessary or appropriate, with the Auditor, but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

2. Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

3. Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.

4. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.

5. Make regular reports to the Board.

6. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

7. Annually review the Committee's own performance.

8. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.

9. Not delegate these responsibilities.

C. <u>Limitation of Audit Committee's Role</u>

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.

CERTIFICATE OF THE COMPANY

Dated: January 25, 2019

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Company as required by securities legislation of British Columbia, Alberta and Ontario.

"James Macintosh"

James Macintosh
President, Chief Executive Officer and Director

"Julio DiGirolamo"

Julio DiGirolamo
Chief Financial Officer, Corporate Secretary and Director

ON BEHALF OF THE BOARD OF DIRECTORS

"Samuel Hardy"

Samuel Hardy
Director

"Bruce Reid"

Bruce Reid
Director and Non-Executive Chairman