Zenith Exploration Inc.

(formerly 1040442 B.C. Ltd.)

Condensed Interim Financial Statements

Six Months Ended January 31, 2018

(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

Zenith Exploration Inc.
(formerly 1040442 B.C. Ltd.)
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	Notes	January 31, 2018	July 31, 2017
ASSETS			
Current assets			
Cash		$ 480,122	$ -
Amounts receivable	7	1,595	130
		481,717	130
Exploration and evaluation assets	3	332,571	-
TOTAL ASSETS		**$ 814,288**	**$ 130**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current Liabilities			
Accounts payable and accrued liabilities	7	$ 19,228	$ 6,357
Loans payable	4, 6	10,841	2,493
TOTAL LIABILITIES		**30,069**	**8,850**
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	5	821,757	7,932
Deficit		(37,538)	(16,652)
TOTAL SHAREHOLDERS' EQUITY (DEFICIENCY)		**784,219**	**(8,720)**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		**$ 814,288**	**$ 130**

Nature and continuance of operations (Note 1)

Approved by the board of directors and authorized for issue on February 14, 2018:

"Brent Hahn"	*"Barry Hartley"*
Brent Hahn, Director	Barry Hartley, Director

Zenith Exploration Inc.
(formerly 1040442 B.C. Ltd.)
Condensed Interim Statements of Loss and Comprehensive Loss
For the six months ended January 31, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

	For Three Months Ended		For Six Months Ended	
	January 31, 2018	**January 31, 2017**	**January 31, 2018**	**January 31, 2017**
Expenses				
Consulting fees	$ 7,500	$ -	$ 7,500	$ -
Professional fees	6,579	-	8,797	-
Office and miscellaneous	241	-	541	-
Regulatory fees	126	-	2,816	-
Transfer agent	956	150	1,956	300
	(15,402)	(150)	(21,610)	(300)
Other Income				
Gain on forgiveness of debt	-	-	724	-
Loss and comprehensive loss	**$ (15,402)**	**$ (150)**	**$ (20,886)**	**$ (300)**
Loss per share – basic and diluted	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**	**$ (0.00)**
Weighted average number of common shares outstanding	15,821,601	396,601	8,109,101	396,601

Zenith Exploration Inc.
(formerly 1040442 B.C. Ltd.)
Condensed Interim Statements of Changes in Equity
(Unaudited - Expressed in Canadian Dollars)

		Share capital			
	Notes	Number of shares	Amount	Deficit	Total
Balance at July 31, 2016		**396,601**	**$ 7,932**	**$ (10,682)**	**$ (2,750)**
Loss for the period		-	-	(300)	(300)
Balance at January 31 2017		**396,601**	**7,932**	**(10,982)**	**(3,050)**
Balance at July 31, 2017		**396,601**	**$ 7,932**	**$ (16,652)**	**$ (8,720)**
Issuance of common shares for property	3,5	15,000,000	300,000	-	300,000
Issuance of common shares for cash	5	9,115,000	516,500	-	516,500
Shares issuance costs	5	-	(2,675)	-	(2,675)
Loss for the period		-	-	(20,886)	(20,886)
Balance at January 31, 2018		**24,511,601**	**$ 821,757**	**$ (37,538)**	**$ (784,219)**

Zenith Exploration Inc.
(formerly 1040442 B.C. Ltd.)
Condensed Interim Statements of Cash Flows
For the six months ended January 31, 2018 and 2017
(Unaudited - Expressed in Canadian Dollars)

		January 31, 2018		January 31, 2017
Operating activities				
Loss for the period	$	(20,886)	$	(300)
Items not involving cash:				
Gain on forgiveness of debt		(724)		-
Changes in non-cash working capital items:				
Amounts receivable		(1,465)		-
Accounts payable and accrued liabilities		13,416		300
Net cash flows used in operating activities		(9,659)		-
Investing activities				
Exploration and evaluation asset		(32,571)		-
Net cash flows from investing activities		(32,571)		-
Financing activities				
Proceeds on issuance of common shares, net of share issuance cost ($2,675)		513,825		-
Loans from related parties		8,527		-
Net cash flows from financing activities		522,352		-
Change in cash		480,122		-
Cash, beginning		-		-
Cash, ending	**$**	**480,122**	**$**	**-**
Non-cash activities				
Issuance of common shares for property	$	300,000		-
	$	300,000		-

1. Nature and continuance of operations

Zenith Exploration Inc. (formerly 1040442 B.C. Ltd.) (the "Company") was incorporated on June 19, 2015, under the laws of the province of British Columbia, Canada. On October 4, 2017, the Company changed its name to Zenith Exploration Inc. The Company is a resource exploration company that is acquiring and exploring mineral properties.

In June 2015, the Company entered into an Arrangement Agreement with TNX Maverick Inc. (formerly Kidani Capital Partners Inc.) and 1040678 BC Ltd. Following completion of the Arrangement Agreement, the Company became a reporting issuer.

The head office, principal address, records office and registered address of the Company are located at 1080 - 789 West Pender Street, Vancouver BC.

These condensed interim financial statements have been prepared on the assumption that the Company and its subsidiaries will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. At January 31, 2018, the Company had not yet achieved profitable operations, had accumulated losses of $37,538 since its inception, and has a working capital of $451,648 (July 31, 2017 - $8,720 deficiency). 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. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or profits from its business activities.

2. Significant accounting policies

Basis of presentation

These unaudited condensed interim financial statements were approved and authorized for issue on February 14, 2018 by the directors of the Company.

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Certain information and note disclosures normally included in the audited annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. As a result, these condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2017.

New accounting policy

Exploration and evaluations assets

The Company may hold interests in mineral property interests in various forms, including prospecting licenses, exploration and exploitation concessions, mineral leases and surface rights, and property options. The Company capitalizes payments made in the process of acquiring legal title to these properties. Mineral property interest acquisition costs are recorded at historical cost. Exploration and evaluation expenditures incurred on properties prior to obtaining legal rights to explore the specific area are charged to operations as incurred.

2. Significant accounting policies (cont'd)

New accounting policy (cont'd)

Exploration and evaluation assets (cont'd)
The carrying values of exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The carrying value of equipment is reviewed for indications of impairment at each reporting date. When impairment indicators exist, the asset's recoverable amount is estimated. If it is determined that the estimated recoverable amount is less than the carrying value of an asset, then a write-down is made with a charge to operations.

An impairment loss is reversed if there is indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The following standards and interpretations have been issued but are not yet effective:

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the IFRIC that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below. The Company has not yet assessed the impact, if any, that the new amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 15, Revenue from Contracts with Customers – In May 2014, the IASB issued IFRS 15 which supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC 31, Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The standard is effective for annual periods beginning on or after January 1, 2017. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

IFRS 9, *Financial Instruments* – The IASB intends to replace IAS 39, *Financial Instruments: Recognition and Measurement* in its entirety with IFRS 9 which is intended to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company does not expect any significant impact on its financial statements following the adoption of IFRS 9.

3. Exploration and evaluation assets

Scotch Creek Property

On November 14, 2017, the Company entered into a definitive agreement to purchase eight (8) mineral claims covering 1,384.12 hectares comprising the Scotch Creek Property in the Kamloops Mining Division of British Columbia. In connection with Scotch Creek Property Agreement, the Company and Vendors have also executed a royalty deed agreement pursuant to the terms and consideration of which the Vendors shall receive a net smelter return royalty of 2% from the Company. Two directors of the Company are vendors of the property.

In consideration for a 100% of undivided interest in the property, the Company issued 15,000,000 common shares for total consideration of $300,000 (Note 6).

Lac Matchl Property

On December 12, 2017, the Company entered into an option agreement with Doctors Investment Group Ltd ("Optionor"). Optionor grants the Company the sole and exclusive option to acquire a 100% right, title and interest in and to the property, which is located in the Province of Quebec on the terms set out herein. In order to exercise the Option and to maintain the option in good standing, the Company must:

(a) Pay to Optionor:
- (i) $20,000 in cash upon the execution of this agreement (paid);
- (ii) an additional $10,000 in cash on or before the date that is twelve (12) months after the Effective Date ("Effective Date" means the date of the Final Exchange Bulletin giving notice of the approval by the Exchange of the listing of the Shares on the facilities of the Exchange and the acceptance by the Exchange of this option agreement and the transactions contemplated by this agreement);
- (iii) an additional $25,000 in cash on or before the date that is twelve-four (24) months after the Effective Date;
- (iv) an additional $250,000 in cash on or before the date that is twenty-four (24) months after the Effective Date (collectively, the "Option Payments")

(b) issue and deliver to Optionor:
- (i) 200,000 Shares within five (5) business days of the Effective Date;
- (ii) 100,000 Shares on or before the date that is six (6) months after the Effective Date;
- (iii) 500,000 Shares on or before the date that is twelve (12) months after the Effective Date;
- (iv) 750,000 Shares on or before the date that is twenty-four (24) months after the Effective Date (collectively, the "Share Issuance"); and

(c) incur expenditure on the property as follows:
- (i) $250,000 on or before the date that is fourteen (14) months after the Effective Date;
- (ii) $750,000 ($1,000,000 total) on or before the date that is twenty-eight (28) months after Effective Date (collectively, the "Property Expenditures").

In the event that the Effective Date is later than June 30, 2018, the Company will pay the Optionor an additional $25,000 on or before July 3, 2018.

The Company shall maintain in good standing the claims or other interests comprising the property by the doing and filing of assessment work or the making of payments in lieu.

(Unaudited - Expressed in Canadian Dollars)

3. Exploration and evaluation assets (cont'd)

The following is the description of the Company's exploration and evaluation assets, and related expenditure incurred for the six months ended January 31, 2018.

		Scotch Creek		Lac Matchl		Total
Balance, beginning of period	**$**	**-**	**$**	**-**	**$**	**-**
Property acquisition costs						
Acquisition cost - cash		-		20,000		20,000
Acquisition cost - issuance of 15,000,000 shares		300,000		-		300,000
		300,000		20,000		320,000
Costs incurred during period:						
Administration		28		180		208
Geological consulting		7,500		4,552		12,052
Travel and accommodation		311		-		311
		7,839		4,732		12,571
Balance, end of period	$	307,839	$	24,732	$	332,571

4. Loans payable

During the six months ended January 31, 2018, an unsecured, non-interest-bearing loan in the amount of $179 from a company controlled by a former director of the Company was forgiven.

During the six months ended January 31, 2018, the Company received an unsecured, non-interest-bearing loan in the amount of $7,614 from the directors of the Company. As at January 31, 2018, the Company is indebted to this director in an amount of $9,928 (July 31, 2017 – $2,314). The loan is due on demand (Note 6).

During the six months ended January 31, 2018, the Company received an unsecured, non-interest-bearing loan in the amount of $913 from a director of the Company. As at January 31, 2018, the Company is indebted to this director in an amount of $913 (July 31, 2017 – $Nil). The loan is due on demand (Note 6).

5. Share capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

At January 31, 2018, there were 24,511,601 issued and fully paid common shares.

Share issuances

On November 14, 2017, the Company entered into a definitive agreement to purchase eight (8) mineral claims covering 1,384.12 hectares comprising the Scotch Creek Property in the Kamloops Mining Division of British Columbia. In consideration for a 100% of undivided interest in the property, the Company issued 15,000,000 common shares for total consideration of $300,000 (Note 3 & 6).

On December 4, 2017, the Company completed a private placement comprised of 4,000,000 common shares of the Company at a price of $0.005 per share for total proceeds of $20,000. The shares were purchased by two directors of the Company. The Company recognized $1,328 as share issuance costs (Note 6).

On December 5, 2017, the Company completed a private placement comprised of 300,000 common shares of the Company at a price of $0.05 per share for total proceeds of $15,000.

On January 31, 2018, the Company completed a private placement comprised of 4,815,000 common shares of the Company at a price of $0.10 per share for total proceeds of $481,500. Of 4,815,000 common shares issued, 1,000,000 shares were purchased by two directors of the Company. The Company recognized $1,347 as share issuance costs (Note 6).

Stock options

The Company has not issued any stock options and no stock options are outstanding as at January 31, 2018.

Warrants

The Company has not issued any warrants and no warrants are outstanding as at January 31, 2018.

6. Related parties

On November 14, 2017, the Company entered into a definitive agreement to purchase eight (8) mineral claims covering 1,384.12 hectares comprising the Scotch Creek Property. In connection with Scotch Creek Property Agreement, the Company and vendors have also executed a royalty deed agreement pursuant to the terms and consideration of which the vendors shall receive a net smelter return royalty of 2% from the Company. Two directors of the Company are vendors of the property. The Company issued 15,000,000 common shares for total consideration of $300,000 to the two directors (Note 3 & 5).

On December 4, 2017, the Company completed a private placement comprised of 4,000,000 common shares of the Company at a price of $0.005 per share for total proceeds of $20,000. The shares were purchased by two directors of the Company (Note 5).

On January 31, 2018, the Company completed a private placement comprised of 4,815,000 common shares of the Company at a price of $0.10 per share for total proceeds of $481,500. Of 4,815,000 common shares issued, 1,000,000 shares were purchased by two directors of the Company (Note 5).

6. Related parties (cont'd)

As at January 31, 2018, the Company received loans in the aggregate amount of $10,841 (July 31, 2017 - $2,493) from two directors of the Company. The loans are unsecured, non-interest-bearing and payable on demand (Note 4).

7. Financial risk and capital management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is not exposed to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of equity and cash.

There were no changes in the Company's approach to capital management during the period ended January 31, 2018.

The Company is not subject to any externally imposed capital requirements.

(Unaudited - Expressed in Canadian Dollars)

7. Financial risk and capital management (cont'd)

Classification of financial instruments

Financial assets included in the statement of financial position are as follows:

		January 31, 2018		July 31, 2017
Non-derivative financial assets:				
Accounts receivable	$	1,595	$	130

Financial liabilities included in the statement of financial position are as follows:

		January 31, 2018		July 31, 2017
Non-derivative financial liabilities:				
Accounts payable	$	19,228	$	6,357
Loans payable		10,841		2,493
	$	30,069	$	8,850

8. Segmented information

The Company operates in a single reportable operating segment – business development services in Canada.