

CANADIAN MINING CORP.

Consolidated Financial Statements
For the three and nine months ended March 31, 2018 and 2017
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with securities legislation and the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

CANADIAN MINING CORP.
Interim Consolidated Statements of Financial Position
March 31, 2018 and June 30, 2017
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	March 31, 2018	June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 1,723,066	\$ 1,016,593
Promissory note (Note 11)	374,445	-
Accounts receivable	34,293	-
Deposits	25,000	-
Prepaid expenses	389	389
Total Current Assets	2,157,193	1,016,982
Non-current assets		
Exploration and evaluation assets (Note 6)	58,354	16,243
Total assets	\$ 2,215,547	\$ 1,033,225
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 12)	\$ 164,708	\$ 246,059
Related party advances (Note 8)	-	108,308
Total liabilities	164,708	354,367
Shareholders' Equity		
Share capital (Note 7)	3,012,489	1,019,927
Contributed surplus (Note 7)	1,441,996	410,854
Deficit	(2,403,646)	(751,923)
Total shareholders' equity	2,050,838	678,858
Total shareholders' equity and liabilities	\$ 2,215,547	\$ 1,033,225

Going concern (Note 2)
Subsequent event (Note 11)

Approved on behalf of the Board:

“Brian Thurston”, Director

“Aman Parmar”, Director

These interim consolidated financial statements are authorized for issue by the Board of Directors on May 17, 2018

The accompanying notes are an integral part of these interim consolidated financial statements

CANADIAN MINING CORP.

Interim Consolidated Statements of Loss and Comprehensive Loss

March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Three months ended March		Nine months ended March	
	2018	31, 2017	2018	31, 2017
Interest Income	\$ 1,514	\$ -	\$ 1,514	\$ -
Expenses				
Office and administrative	865	9,538	7,365	12,038
Exploration costs	-	-	25,142	-
Professional fees	148,123	41,218	190,822	46,033
Consulting fees (Note 8)	123,818	22,500	294,761	22,500
Exchange and filing fees	6,920	-	37,274	-
Advertising and promotion	6,510	-	184,113	-
Travel	-	-	954	-
Share-based payments (Note 7)	-	-	922,246	-
Loss before income taxes	(284,722)	(73,256)	(1,661,162)	(80,571)
Provision for income taxes:				
Deferred income tax recovery (expense)	-	-	-	-
Net loss for the period	(284,722)	(73,256)	(1,661,162)	(80,571)
Plan of arrangement costs	-	-	10,941	-
Loss (Gain) on foreign exchange	15	-	(1,502)	-
Comprehensive loss for the period	\$ (284,737)	\$ (73,256)	\$ (1,651,723)	\$ (80,571)
Basic and Diluted Loss Per Share	\$ (0.01)	\$ (732.56)	\$ (0.07)	\$ (805.71)
Weighted Average Number of Shares Outstanding	24,672,555	100	24,672,555	100

The accompanying notes are an integral part of these interim consolidated financial statements

CANADIAN MINING CORP.
Interim Consolidated Statements of Cash Flow
March 31, 2018 and 2017
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

	Nine months ended March 31,	
	2018	2017
OPERATING ACTIVITIES		
Loss for the period	\$ (1,651,723)	\$ (80,571)
Items not involving cash:		
Share-based payments	922,246	-
Accrued professional fee expense	-	40,500
	(729,477)	(40,071)
Changes in non-cash working capital items:		
Accounts receivable	(34,293)	-
Promissory note	(374,445)	-
Deposits	(25,000)	-
Accounts payable and accrued liabilities	(81,350)	-
Related party advances	(108,308)	-
	(1,352,873)	(40,071)
INVESTING ACTIVITIES		
Expenditures on mineral properties	(42,111)	(23,756)
FINANCING ACTIVITIES		
Net proceeds received on issuance of shares	2,101,458	-
Cash received on related party loan	-	63,827
Increase in cash and cash equivalents	706,474	-
Cash and cash equivalents, beginning of year	1,016,593	-
Cash and cash equivalents, end of period	\$ 1,723,067	\$ -
Cash and cash equivalents consist of:		
Cash	\$ 123,067	-
Short-term deposits	1,600,000	-
	\$ 1,723,067	\$ -

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CANADIAN MINING CORP.

Interim Consolidated Statements of Changes in Equity

March 31, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

	Common Shares		Contributed	Deficit	Total
	Number	Amount	Surplus		Equity
June 30, 2016	100	\$ 100	\$ -	\$ -	\$ 100
Loss for the period	-	-	-	(80,571)	(80,571)
March 31, 2017	100	\$ 100	\$ -	\$ (80,571)	\$(80,471)
June 30, 2017	16,928,643	\$1,019,927	\$410,854	\$(751,923)	\$678,858
Shares issued pursuant to private placement	8,798,944	2,199,736	-	-	2,199,736
Share issuance costs	-	(159,789)	-	-	(159,789)
Shares issued pursuant to warrants exercised	127,900	11,511	-	-	11,511
Shares issued pursuant to options exercised	200,000	50,000	-	-	50,000
Fair value of stock options granted	-	-	922,246	-	922,246
Fair value of warrants issued as finders' fees	-	(108,896)	108,896	-	-
Loss for the period	-	-	-	(1,651,723)	(1,651,723)
March 31, 2018	26,055,487	\$3,012,488	\$1,441,996	\$(2,403,646)	\$2,050,838

The accompanying notes are an integral part of these interim consolidated financial statements

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Notes to the Interim Consolidated Financial Statements

For the nine months ended March 31, 2018 and 2017

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1. NATURE OF OPERATIONS

Canadian Mining Corp. (formerly Canadian Zeolite Corp.) (the “Company” or “Canadian Mining”) was incorporated on April 26, 2013 and was a wholly-owned subsidiary of Canadian Zeolite Corp. (formerly Canadian Mining Company Inc.), a reporting issuer in British Columbia and Alberta. During fiscal 2017, the Company and its wholly-owned subsidiary, Canadian Mining Company of Arizona, Inc., were spun out from the parent corporation pursuant to a Plan of Arrangement as disclosed in Note 5. On June 5, 2017, the Company began trading on the TSX Venture Exchange under the symbol CNG. The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

The Company’s principal business activity is the exploration and development of mineral properties. At the date of these interim consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on any of its properties and the ability of the Company to recover the costs it has incurred to date on these properties is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property. The Company is in the development stage with no source of operating revenue and is dependent upon equity financing on terms that are acceptable to the Company, to maintain its current operations. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “CNG.V”.

On March 18, 2017 the Company signed a Letter of Intent (“LOI”) with 1145411 B.C. Ltd., a Canadian corporation (“B.C. Ltd.”), whereby B.C. Ltd. will become a wholly owned subsidiary of CNG. Upon consummation of the transaction described in this LOI, all of B.C. Ltd.’s assets, liabilities, and business operations (collectively, the “B.C. Ltd. Business”) will become the assets, liabilities, and business operations of CNG, which will constitute a change of business for CNG. B.C. Ltd. is the owner of 100% of the issued and outstanding capital stock of Bonhomie Labs Inc., a California corporation (“Bonhomie”). Bonhomie is the owner of 51% of the issued and outstanding capital stock of SAP Global, a California corporation (“SAP”). SAP is the holder of various licenses and permits that allow it to legally operate cannabis businesses in the State of California. Completion of the transaction would constitute a change of business and is subject to shareholder and exchange approval.

2. GOING CONCERN

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties (as described in Note 1)

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related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

The Company's ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

3. BASIS OF PRESENTATION

These interim consolidated financial statements have been prepared on a historical cost basis. In addition, these interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The interim consolidated financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the audited annual consolidated financial statements for the year ended June 30, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

The policies applied in these interim consolidated financial statements are based on IFRS issued and outstanding as of March 31, 2018.

3.1. Basis of measurement

These interim consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

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(i) Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment.

(ii) Exploration and evaluation properties and impairment

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation properties. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely and exploration and evaluation properties should be impaired. Management has assessed impairment indicators on the Company's exploration and evaluation properties and has concluded that no impairment indicators existed as of March 31, 2018.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

4.2 Exploration and Evaluation Assets

(i) Pre-license costs:

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

(ii) Exploration and evaluation costs:

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes, on a property by property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not depreciated during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

4.3 Decommissioning and Restoration

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The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at March 31, 2018, the Company has determined that it does not have any decommissioning and restoration obligations related to current or former operations in excess of the reclamation bonds held by the B.C. Ministry of Energy and Mines.

4.4 Impairment of Non-Financial Assets

For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value less costs to sell and its value in use, is estimated.

4.5 Provisions

Liabilities are recognized when the Company has a present obligation (legal or constructive) 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. A provision is a liability of uncertain timing or amount.

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 the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.6 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

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Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.7 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

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The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to share option reserve. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in share option reserve are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in share option reserve.

4.8 Valuation of equity units issued in private placements

The Company has adopted the residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any to the less easily measurable component. The fair value of common shares issued in private placement was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to contributed surplus.

4.9 Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.10 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

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In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

During the nine months ended March 31, 2018 and 2017, all the outstanding share options and warrants were anti-dilutive.

4.11 Financial Instruments - Recognition and Measurement

Non-derivative financial assets and financial liabilities

The Company classifies financial assets as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Available-for-sale financial assets are those financial assets that are not classified as any of the above. Financial liabilities are either classified as financial liabilities at fair value through profit or loss or as other financial liabilities.

Financial assets and financial liabilities are recognized initially at fair value.

Financial assets and financial liabilities at fair value through profit or loss are subsequently measured at fair value with changes in fair values recognized in profit or loss.

Financial assets classified as available for sale are subsequently measured at fair value with changes in fair value recognized in other comprehensive income.

Loans and receivables, held-to-maturity investments and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's financial instruments consist of cash and cash equivalents, promissory note, accounts receivable, and accounts payable and accrued liabilities.

Cash and cash equivalents are classified as fair value through profit or loss, and promissory note and accounts receivable are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities.

Transaction costs, other than those related to financial instruments classified as financial assets and financial liabilities at fair value through profit or loss, are added to the fair value of the financial asset and financial liability on initial recognition.

4.12 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

4.13 Comprehensive Income (Loss)

Total comprehensive income (loss) comprises all components of profit or loss and other comprehensive income. Other comprehensive income (loss) includes items such as gains and

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losses from translating the financial statements of a foreign operation, gains and losses on re-measuring available-for-sale financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

4.14 Changes in Accounting Standards

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

Accounting Standards Issued and Effective January 1, 2017 or Later

- IFRS 2 Share-based Payment – classification and measurement of share-based payment transactions (Amendment to IFRS 2);
- IFRS 9 Financial Instruments;
- IFRS 16 Leases;
- IAS 7 Statement of Cash Flows – disclosure initiative (Amendment to IAS 7); and
- IAS 12 Income Taxes – recognition of deferred tax assets for unrealized losses (Amendments to IAS 12).

5. PLAN OF ARRANGEMENT

On February 17, 2017, the Company's then parent company, Canadian Zeolite Corp. ("CNZ"), a publicly traded entity entered into Vend-In and Arrangement Agreements with Canadian Mining Corp. Pursuant to the Vend-In agreement, CNZ transferred all of the issued and outstanding shares of Canadian Mining Company of Arizona, Inc. ("CMCA"), which holds the claims to the Bullard Pass Property, to the Company. Pursuant to the Arrangement Agreement, the Company and its wholly-owned subsidiary, CMCA, were spun out of CNZ whereby the existing shareholders of CNZ received one share of the Company for every five shares of CNZ held at the record date. CNZ's shareholders also received one warrant of the Company for every five warrants of CNZ held at the record date. As a result, the Company issued CNZ shareholders 5,653,676 common shares at a deemed value of \$0.0032 per share and 455,000 share purchase warrants having a fair value of \$nil.

The fair value of the consideration given for the identifiable assets of CMCA that were acquired has been allocated as follows:

	June 30, 2017
Net assets acquired:	
Exploration and evaluation asset	\$ 16,243
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Consideration given:	
Fair value of common shares issued	\$ 16,243
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During the year ended June 30, 2017, the Company incurred \$206,525 in costs relating to the plan of arrangement which have been expensed in the consolidated statements of operations and comprehensive loss.

6. EXPLORATION AND EVALUATION ASSETS

The Company has interests in a precious metal property located in the Bullard Pass area in Arizona, United States.

A summary of the capitalized acquisition and exploration expenditures and accumulated totals for the years ending June 30, 2017 and 2016 are as follows:

	Amount (\$)
Balance at June 30, 2015	-
Additions during the year:	
Claim fees – 2016	11,533
Balance at June 30, 2016	11,533
Additions during the year:	
Claim fees	4,710
Balance at June 30, 2017	16,243
Additions during the period	
Claim fees	42,111
Balance at March 31, 2017	58,354

Bullard Pass Gold Property, Arizona, United States

- The Company has 22 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United States.

7. EQUITY

7.1 Authorized Share Capital

Unlimited number of common shares with no par value.

7.2 Shares Issued

Shares issued and outstanding as at March 31, 2018 are 26,055,487 (June 30, 2017 – 16,928,643).

During the nine months ended March 31, 2018, the following share transactions occurred:

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- a. The Company issued 8,798,944 units at \$0.25 per unit for gross proceeds of \$2,199,736. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$1.00 per common share for a period of two years from the date of closing.
 - b. The Company issued 127,900 common shares for gross proceeds of \$11,511 pursuant to the exercise of warrants.
 - c. The Company issued 200,000 common shares for gross proceeds of \$50,000 pursuant to the exercise of options.
 - d. The Company has 881,074 common shares held in escrow subject to a 36-month staged release escrow agreement.

During the year ended June 30, 2017, the following share transactions occurred:

- e. The Company issued 11,004,967 units at \$0.09 per unit for gross proceeds of \$990,447. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$0.25 per common share for a period of one year from the date of closing. The shares and warrants have an escrow provision whereby 25% are released every four months from the date of issuance.
- f. The Company issued 5,653,676 common shares having a deemed value of \$16,243 pursuant to the plan of arrangement with Canadian Zeolite Corp.
- g. The Company issued 270,000 common shares for gross proceeds of \$24,300 pursuant to the exercise of warrants.
- h. The Company has 1,057,288 common shares held in escrow subject to a 36-month staged release escrow agreement.

7.3 Warrants

The following warrants were outstanding:

	<u>Warrants</u>	<u>Exercise Price</u>
June 30, 2016	-	\$ -
Issued on private placement	11,004,967	0.25
Issued on plan of arrangement	455,000	0.09
Exercised	(270,000)	0.09
June 30, 2017	11,189,967	0.25
Issued on private placement	8,798,944	1.00
Exercised	(127,900)	0.09
Expired	(57,100)	0.09
March 31, 2018	19,803,911	\$ 0.58

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(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

<u>Expiry date</u>	<u>Warrants</u>	<u>Exercise Price</u>
May 26, 2018	11,004,967	0.14
August 3, 2019	8,798,944	0.44
	<u>19,803,911</u>	<u>\$ 0.58</u>

At March 31, 2018, the weighted-average remaining life of the outstanding warrants was 0.58 years (2017 – 1.48).

The fair value of the share purchase warrants issued as finder's fees during the nine-months ended March 31, 2018 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	<u>Nine Months Ended March 31, 2018</u>	<u>Year Ended June 30, 2017</u>
Strike price	\$ 1.00	-
Risk free interest rate	1.11%	-
Expected warrant life (years)	2.00 years	-
Expected stock price volatility	126%	-
Dividend payments during life of option	Nil	-
Expected forfeiture rate	Nil	-

7.4 Share-based Compensation

The Company has adopted a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority. Stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three-month period. The exercise price of any stock options granted under the plan shall be determined by the Board but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed ten years.

Total share options granted during the nine-month period ended March 31, 2018 were 1,600,000 (year ended June 30, 2017 – 1,200,000). Total share-based payments recognized for the fair value of share options granted, vested and approved by the shareholders during the nine-month period ended March 31, 2018 was \$922,246 (year ended June 30, 2017 - \$399,850).

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The fair value of the share options granted during the nine-months ended March 31, 2018 and the year ended June 30, 2017 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	Nine Months Ended March 31, 2018	Year Ended June 30, 2017
Strike price	\$0.55	\$ 0.25
Risk free interest rate	1.11%	1.11%
Expected option life (years)	5.00 years	5.00 years
Expected stock price volatility	126%	126%
Dividend payments during life of option	Nil	Nil
Expected forfeiture rate	Nil	Nil

Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of a company's shares. Expected volatility has been estimated based on historical volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

The following stock options issued under the employee stock option plan were outstanding:

	Options	Exercise price
June 30, 2016	-	\$ -
Issued	1,200,000	0.25
June 30, 2017	1,200,000	0.25
Issued	1,600,000	0.55
Exercised	(200,000)	0.25
Cancelled	(1,000,000)	0.55
March 31, 2018	1,600,000	0.36

At March 31, 2018, the weighted average remaining life of the outstanding options was 4.27 years (June 30, 2017 – 4.8 years).

Outstanding			Exercisable		
Number of Options	Exercise price	Remaining contractual life (years)	Number of Options	Exercise price	Remaining contractual life (years)
1,000,000	\$ 0.25	4.44	1,000,000	\$ 0.25	4.44
600,000	0.55	4.64	600,000	0.55	4.64
1,600,000	\$ 0.36	4.52	1,600,000	\$ 0.36	4.52

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8. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	Nature of the relationship
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the Chief Executive Officer and Chief Financial Officer.

	Management services
Services provided for the nine-month period ended March 31, 2018:	
Chief executive officer	\$ 68,000
Chief financial officer	33,000
	\$ 101,000

Key management compensation includes:

	Six months ended March 31,	
	2017	2016
Management fees and salaries	\$ 101,000	\$ -
Share-based payments	461,123	-
	\$ 562,123	\$ -

During the nine months ended March 31, 2018, the Company had repaid \$108,308 (2017 - \$nil) to Canadian Zeolite Corp., a company with directors in common.

These transactions were in the normal course of operations and measured at their exchange amounts, being the amounts agreed to by the parties to the transactions.

9. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its cash and cash equivalents and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; to perform mineral exploration activities on the Company's exploration projects; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

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The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

There have not been any changes to the Company's capital management policy during the period.

10. RISK MANAGEMENT

10.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain title to and explore its mineral properties. The capital structure of the Company consists of cash and cash equivalents and share capital.

b. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

c. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at March 31, 2018, the Company's working capital is \$1,992,485 and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2018, the Company had cash and cash equivalents of \$1,723,066 to settle current liabilities of \$164,707.

d. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals such as copper, molybdenum, tungsten, gold and silver.

10.2 Fair Values

The carrying values of cash and cash equivalents, promissory note receivable and accounts payable and accrued liabilities approximate fair values due to their short-term to maturity nature or the ability to readily convert to cash.

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Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All financial instruments are classified as Level 1 items.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

11. PROMISSORY NOTE

During the nine-month period ended March 31, 2018, the Company entered into a memorandum of understanding (the “MOU”) with Natural Ventures PR LLC (“Natural Ventures”). Natural Ventures holds various licenses that allow it to legally operate Cannabis business in the U.S. territory of Puerto Rico. The MOU states that, upon completion of the agreement, the Company will pay US\$2,250,000 for 62.5% of all the issued and outstanding shares of Natural Ventures. The Company will also loan up to US\$750,000 to Natural Ventures as part of a secured promissory note. Subsequent to March 31, 2017, the Company had loaned US\$300,000 in connection with the secured promissory note with the remaining balance to be made available as needed. If the secured promissory note is not paid back within the first year, it will accrue interest at 5% per year, calculated annually.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company’s accounts payable and accrued liabilities balance consists primarily of legal fees incurred in association with the Company’s pending transaction as disclosed in Note 1 of these interim consolidated financial statements.