United Battery Metals Corp.

(Formerly United Lithium Corp.)

Consolidated Financial Statements

July 31, 2018 and 2017

(Expressed in Canadian Dollars)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of United Battery Metals Corp. (Formerly United Lithium Corp.):

We have audited the accompanying consolidated financial statements of United Battery Metals Corp., which comprise the statements of financial position as at July 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the year ended July 31, 2018 and the period from April 28, 2017 (inception) to July 31, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the 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.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of United Battery Metals Corp. as at July 31, 2018 and 2017 and its financial performance and its cash flows for the year ended July 31, 2018 and the period from April 28, 2017 (inception) to July 31, 2017, is in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about United Battery Metals Corp.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
November 27, 2018

United Battery Metals Corp.
(Formerly United Lithium Corp.)
Consolidated Statement of Financial Position
(Expressed in Canadian dollars)

	Notes	July 31, 2018	July 31, 2017
ASSETS			
Current assets			
Cash		$ 70,234	$ 389,748
Receivables		3,109	950
Prepaid expenses		4,620	-
		77,963	390,698
Non-current assets			
Exploration and evaluation assets	3	1,079,388	50,822
TOTAL ASSETS		**$ 1,157,351**	**$ 441,520**
LIABILITIES			
Current liabilities			
Trade payables and accrued liabilities	4,6	$ 33,859	$ 10,816
TOTAL LIABILITIES		33,859	10,816
SHAREHOLDERS' EQUITY			
Share capital	5	1,471,494	290,003
Special warrants	5	-	157,675
Reserve	5	10,609	-
Deficit		(358,611)	(16,974)
SHAREHOLDERS' EQUITY		1,123,492	430,704
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 1,157,351**	**$ 441,520**

Nature of operations and going concern (Note 1)
Subsequent events (Note 9)

Approved and authorized on behalf of the Board on November 27, 2018:

"Michael Dehn"	Director	"Charn Deol"	Director

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

United Battery Metals Corp.
(Formerly United Lithium Corp.)
Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

	Notes		For the year ended July 31, 2018		Period from April 28, 2017 (inception) to July 31, 2017
Expenses					
Director fees	6	$	15,000	$	-
General and administration			3,162		189
Investor relations			24,766		-
Management and consulting fees	6		35,889		8,306
Professional fees	6		60,828		8,479
Project generation			1,055		-
Public company costs			2,495		-
Regulatory and transfer agent fees			54,062		-
Share-based payments	5		10,609		-
Travel			86		-
Total expenses			(207,952)		(16,974)
Impairment of evaluation and exploration assets	3		(133,685)		-
Net and comprehensive loss		**$**	**(341,637)**	**$**	**(16,974)**
Basic and diluted loss per share		**$**	**(0.03)**	**$**	**(0.00)**
Weighted average number of common shares outstanding			**13,558,183**		**7,622,388**

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

United Battery Metals Corp.
(Formerly United Lithium Corp.)
Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

		Share Capital		Special warrants	Reserve	Deficit	Total
	Note	Number of shares	Amount	Amount	Amount		
Balance at inception		-	$ -	$ -	$ -	$ -	$ -
Shares issued, net of share issuance costs	5	12,100,092	275,003	-	-	-	275,003
Shares issued, acquisition of property rights	3,5	300,000	15,000	-	-	-	15,000
Special warrants	5	-	-	157,675	-	-	157,675
Net loss for the year		-	-	-	-	(16,974)	(16,974)
Balance at July 31, 2017		**12,400,092**	**290,003**	**157,675**	**-**	**(16,974)**	**430,704**
Shares issued, special warrants converted	5	1,574,250	157,425	(157,425)	-	-	-
Share issuance costs		-	(2,934)	-	-	-	(2,934)
Shares issued, acquisition of subsidiary	3,5	2,050,000	1,025,000	-	-	-	1,025,000
Special warrants cancelled	5	-	-	(250)	-	-	(250)
Warrants exercised	5	10,000	2,000	-	-	-	2,000
Share-based payments	5	-	-	-	10,609	-	10,609
Net loss for the year		-	-	-	-	(341,637)	(341,637)
Balance at July 31, 2018		**16,034,342**	**$ 1,471,494**	**$ -**	**$ 10,609**	**$ (358,611)**	**$ 1,123,492**

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

United Battery Metals Corp.
(Formerly United Lithium Corp.)
Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)

	For the year ended July 31, 2018	Period from April 28, 2017 (inception) to July 31, 2017
Operating activities		
Net loss for the year	$ (341,637)	$ (16,974)
Adjustments for non-cash items:		
Share-based payments	10,609	-
Impairment of evaluation and exploration assets	133,685	-
Changes in non-cash working capital items:		
Receivables	(2,159)	(950)
Prepaids expenses	(4,620)	-
Trade payables and accrued liabilities	23,043	10,816
Net cash flows used in operating activities	(181,079)	(7,108)
Investing activities		
Exploration and evaluation assets	(137,251)	(35,822)
Net cash flows used in investing activities	(137,251)	(35,822)
Financing activities		
Shares issued (net of share issuance costs)	-	275,003
Share issuance costs	(2,934)	-
Cancellation of special warrants	(250)	-
Warrants exercised	2,000	157,675
Net cash flows provided by (used in) financing activities	(1,184)	432,678
Increase (decrease) in cash	(319,514)	389,748
Cash, beginning of the year	389,748	-
Cash, end of the year	**$ 70,234**	**$ 389,748**
Non-cash Investing and Financing Information:		
Shares issued, acquisition of mineral property	$ 1,025,000	$ -
Shares issued, conversion of special warrants	$ 157,425	$ -

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

1. Nature of operations and going concern

United Battery Metals Corp. (formerly United Lithium Corp.) (the "Company") was incorporated on April 28, 2017 under the laws of the Province of British Columbia, Canada, and its principal activity is the acquisition and exploration of mineral properties in the United States.

The head office and principal address of the Company is located at 789 West Pender Street, Suite 1080, Vancouver, British Columbia, Canada, V6C 1H2. The Company's registered and records office address is 789 West Pender Street, Suite 1080, Vancouver, British Columbia, Canada, V6C 1H2.

These consolidated financial statements have been prepared on the assumption that the Company 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. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. At July 31, 2018, the Company had not achieved profitable operations, had a net loss of $341,637 for the year ended July 31, 2018, an accumulated deficit of $358,611 at July 31, 2018, had not advanced its mineral properties to commercial production and expects to incur further losses in the development of its business, all of which indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its mineral property exploration activities and its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance that it will be able to do so in the future.

2. Significant accounting policies and basis of preparation

These consolidated financial statements were authorized for issue by the directors of the Company on November 27, 2018.

Statement of compliance with International Financial Reporting Standards
These 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") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation
These consolidated financial statements of the Company have been prepared on a historical cost basis except for certain financial assets measured at fair value. These consolidated financial statements are presented in Canadian dollars unless otherwise specified. The financial statements of the Company reflect the consolidation of the financial results of the wholly owned entities controlled since existed.

2. Significant accounting policies and basis of preparation (cont'd)

***Significant accounting judgments, estimates and assumptions** (cont'd)*

Consolidation

The consolidated financial statements include the accounts of the Company and its controlled subsidiaries. Details of controlled subsidiaries are as follows:

		Percentage owned*	
	Country of incorporation	**July 31, 2018**	**July 31, 2017**
Greenhat Mineral Holdings Ltd.	U.S.	100%	N/A
Greenhat Mineral Holdings (US) Ltd.	U.S.	100%	N/A

*Percentage of voting power is in proportion to ownership.

Significant accounting judgments estimates and assumptions

The preparation of consolidated 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 consolidated financial statements and the reported revenues and expenses during this period.

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 the recoverability of evaluation and exploration assets, valuation of share-based payments, and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

i) Going concern
Management has determined that the Company will continue as a going concern for the next year.

ii) Economic recoverability and probability of future benefits of exploration and evaluation asset. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

Foreign currency translation

The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. These consolidated financial statements are presented in Canadian dollars which is the Company's and its subsidiary's functional and presentation currency.

2. Significant accounting policies and basis of preparation (cont'd)

Significant accounting judgments, estimates and assumptions *(cont'd)*

Transactions and balances:
Foreign currency transactions are translated into an entity's functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of loss in the period in which they arise.

The financial statements of entities that have a functional currency different from that of United Battery Metals Corp. ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position; income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates) and items that are directly recognized in equity at historical rates. All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

Exploration and evaluation assets
Exploration and evaluation expenditures relating to mineral properties include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, or (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Share-based payments
Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes Option Pricing Model which incorporates all market vesting conditions. The number of

2. Significant accounting policies and basis of preparation (cont'd)

Share-based payments *(cont'd)*

shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Vesting is determined by the Board of Directors.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

<u>Financial assets at fair value through profit or loss</u>

Financial assets are classified at fair value through profit or loss ("FVTPL") 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.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

<u>Held-to-maturity investments</u>

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

<u>Available-for-sale financial assets</u>

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

<u>Financial liabilities at FVTPL</u>

Financial liabilities are classified at FVTPL when they comprise derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in the statement of loss and comprehensive loss.

2. Significant accounting policies and basis of preparation (cont'd)

Other financial liabilities

Other financial liabilities are non-derivative financial liabilities initially measured at fair value and subsequently measured at amortized cost. Transaction costs incurred upon the issuance of debt instruments or modification of a financial liability are deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

The Company has classified its cash at fair value through profit or loss. Trade payables are classified as other financial liabilities.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

Impairment of assets

The carrying amount of the Company's assets (which includes exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of loss and comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and short-term highly liquid investments and bank overdrafts.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized

2. Significant accounting policies and basis of preparation (cont'd)

Income taxes *(cont'd)*

directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred tax is accounted for using the statement of financial position 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. Deferred taxes are not recognized for temporary differences related to the initial recognition of the assets or liabilities that affect neither accounting nor taxable profit nor investments in subsidiaries, associates and interests in joint ventures to the extent it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and expected date of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilized.

Loss per share
Basic loss per share is computed by dividing net loss available to common shareholders 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 shares 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 exercise were used to acquire common shares at the average market price during the reporting period.

Restoration and environmental obligations
The Company recognizes liabilities for legal and constructive obligations associated with the retirement of mineral properties. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in 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 the 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.

The Company did not have any restoration provisions at July 31, 2018.

New accounting standards not yet adopted
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 do not expect that these will have an impact on the financial statements.

2. Significant accounting policies and basis of preparation (cont'd)

New accounting standards not yet adopted *(cont'd)*

IFRS 9 Financial Instruments
IFRS 9 replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities to only two classification categories: amortized cost and fair value. This standard is effective for fiscal years beginning on or after January 1, 2018.

IFRS 16 Leases
IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15.

3. Exploration and evaluation assets

Wray Mesa Project – Montrose County, Colorado, USA

In July 2018, the Company entered into a share purchase agreement to acquire 100% of the outstanding shares of Greenhat Minerals Holdings Ltd. ("Greenhat"). Greenhat holds the rights to the Wray Mesa project, an exploration stage uranium/vanadium property located in Montrose County, Colorado, USA. In consideration for the shares of Greenhat, the Company paid $50,000 in cash and issued 2,050,000 common shares of the Company with a fair value of $1,025,000, for total consideration of $1,075,000. (Note 5) The acquisition costs of Greenhat was allocated entirely to the property.

South Big Smoky Valley Project – Esmeralda County, Nevada USA

On July 14, 2017, the Company entered into an option agreement with Ultra Lithium Corp. to earn a 100% interest in the South Big Smoky Valley Project ("SBS Project"). The SBS Project is a contiguous set of 100 claims located in Esmeralda County, Nevada USA.

In order to exercise its option to acquire the 100% interest in the SBS Project, the Company was required to make total payments of $125,000 in cash, issue 1,000,000 common shares of the Company and incur qualified exploration expenditures of $465,000 over a three-year period. During the year ended July 31, 2017, the Company issued 300,000 common shares with a fair value of $15,000 and incurred exploration expenditures of $35,822 on the SBS Project (Note 5). During the year ended July 31, 2018, the Company paid $15,000 in cash and incurred exploration expenditures of $67,863 on the SBS Project.

During the year ended July 31, 2018, the Company decided not to proceed with the SBS Project and recorded an impairment of $133,685 in the consolidated statement of loss and comprehensive loss for the current year.

(Expressed in Canadian dollars)

3. Exploration and evaluation assets (cont'd)

Details of the Company's exploration and evaluation assets at July 31, 2018 are as follows:

	Big Smoky	Wray Mesa	Total
Property acquisition costs			
Balance, beginning of year	$ 15,000	$ -	$ 15,000
Additions	15,000	1,075,000	1,090,000
Balance, end of year	$ 30,000	$ 1,075,000	$ 1,105,000
Exploration and evaluation costs			
Balance, beginning of year	$ 35,822	$ -	$ 35,822
Costs incurred during period:			
Analysis	9,866	-	9,866
Field and assays	3,842	1,637	5,479
Geological	44,646	-	44,646
Travel and accommodation	9,508	2,751	12,259
Balance, end of year	$ 103,685	$ 4,388	$ 108,073
Other items:			
Impairment	(133,685)	-	(133,685)
Total	$ -	$ 1,079,388	$ 1,079,388

Details of the Company's exploration and evaluation assets at July 31, 2017 are as follows:

	Big Smoky
Property acquisition costs	
Balance, beginning of year	$ -
Additions	15,000
Balance, end of year	$ 15,000
Exploration and evaluation costs	
Balance, beginning of year	$ -
Costs incurred during the year:	
Claim maintenance	22,822
Geological	13,000
Balance, end of year	$ 35,822
Total	$ 50,822

(Expressed in Canadian dollars)

4. Trade payables and accrued liabilities

		July 31, 2018		July 31, 2017
Trade payables	$	5,962	$	31
Amounts due to related parties (Note 6)		12,263		6,285
Accrued liabilities		15,634		4,500
Total trade payables and accruals	$	33,859	$	10,816

Amounts due to related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

5. Share capital and reserves

Authorized share capital
An unlimited number of common shares without par value.

Issued share capital
At July 31, 2018, there were 16,034,342 (2017 – 12,400,092) issued and fully paid common shares.

On July 13, 2018, the Company issued 2,050,000 common shares with a fair value of $1,025,000 in connection with the acquisition of Greenhat (Note 3).

On December 1, 2017, the Company issued a total of 1,574,250 common shares and 787,125 share purchase warrants in connection with the conversion of 1,574,250 special warrants. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of 24 months at an exercise price of $0.20 per share.

During the year ended July 31, 2018, 10,000 warrants were exercised for proceeds of $2,000.

On July 14, 2017, the Company issued 300,000 common shares pursuant to a purchase option agreement with an assigned fair value of $15,000 (Note 3).

On June 26, 2017, the Company issued a total of 2,600,026 units at $0.05 per unit, for gross proceeds of $130,001. Each unit consisted of one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of eighteen months at an exercise price of $0.10 per share.

On June 9, 2017, the Company issued a total of 6,500,066 units at $0.02 per unit, for gross proceeds of $130,002. Each unit consisted of one common share and one-half of one share purchase warrant. Each full warrant entitles the holder to purchase one additional common share of the Company for a period of eighteen months at an exercise price of $0.10 per share.

On May 2, 2017, the Company issued 3,000,000 common shares at $0.005 per share for proceeds of $15,000.

(Expressed in Canadian dollars)

5. Share capital and reserves (cont'd)

Stock options

On June 19, 2017, the Company implemented a stock option plan (the "Plan"), enabling the Board to grant stock options to purchase common shares in the capital of the Company from time to time to eligible persons (collectively, "Optionees") in consideration of such Optionees providing services to the Company or a subsidiary of the Company. The number of stock options granted by the Company to Optionees is determined by the Board, within the guidelines established by the Plan. The stock options enable such persons to purchase common shares at a price fixed under such guidelines.

The aggregate number of shares that may be issued pursuant to options granted under the Plan, unless otherwise approved by shareholders, may not exceed that number which is equal to 10% of the issued and outstanding shares of the Company at the time of the grant and the term of any stock option will not exceed ten years.

During the year ended July 31, 2018, the Company issued 200,000 stock options to directors and officers of the Company at an exercise price of $0.50 per share and exercisable for five years (Note 6). All options vest on January 17, 2019. The fair value of the options granted was $92,590 determined using the Black Scholes Option Pricing Model with the following assumptions: risk free rate of 2.19%, volatility of 157.49%, and expected life of 5 years. Share-based payments of $10,609 (2017 - $Nil) were recorded in the year ended July 31, 2018 in connection with the options. The stock options fully vest on the date that is six months subsequent to the common shares in the capital of the Company receiving Depository Trust Company (DTC) eligibility. The DTC eligibility was received on July 17, 2018 and the Company recognized the expense of $10,609 for the vesting period from July 17, 2018 to July 31, 2018.

The following table summarizes information about the stock option transactions for the 2017 and 2018 fiscal years:

	Number of Options	Weighted Average Exercise Price ($)
Balance, July 31, 2017 and inception	-	-
Stock options issued	200,000	0.50
Balance, July 31, 2018	200,000	0.50

Stock options outstanding at July 31, 2018 are as follows:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price ($)	Expiry Date
200,000	-	0.50	July 9, 2023

Warrants

On July 31, 2017, the Company issued 1,576,750 special warrants ("Special Warrant") for gross proceeds of $157,675 pursuant to a private placement. Each Special Warrant entitled the holder to acquire one unit of the Company. Each unit consisted of one common share and one-half of one share purchase warrant ("Regular Warrant"). Each full Regular Warrant entitles the holder to purchase one additional common share of the Company for a period of 18 months at an exercise price of $0.20 per share.

On December 1, 2017, 1,574,250 Special Warrants converted to 1,574,250 common shares and 787,125 Regular Warrants.

During the year ended July 31, 2018, 2,500 Special Warrants were cancelled and returned to treasury and 10,000 Regular Warrants were exercised for proceeds of $2,000.

(Expressed in Canadian dollars)

5. Share capital and reserves (cont'd)

***Warrants** (cont'd)*

The following table summarizes information about the warrant transactions for the 2017 and 2018 fiscal years:

	Special Warrants		Warrants	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, Opening	-	-	-	-
Issued	1,576,750	-	4,550,045	0.10
Balance, July 31, 2017	1,576,750	-	4,550,045	0.10
Cancelled	(2,500)	-	-	-
Converted to shares and regular warrants	(1,574,250)	-	-	-
Issued	-	-	787,125	0.20
Exercised	-	-	(10,000)	0.20
Balance, July 31, 2018	-	-	5,327,170	0.11

Warrants outstanding at July 31, 2018 are as follows:

Number of Warrants	Exercise Price ($)	Expiry Date
3,250,033	0.10	Dec. 9, 2018
1,300,012	0.10	Dec. 26, 2018
777,125	0.20	Dec. 1, 2019
5,327,170		

Reserve

Stock option
The stock option reserves recorded items recognized as share-based payments until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

Warrant
The warrant reserves record items recognized as part of a unit financing until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital.

6. Related party transactions

Balances
As at July 31, 2018, $12,263 (2017 - $6,285) is due to related parties and is included in trade payables and accrued liabilities (Note 4). Of this balance, $4,388 (2017 - $Nil) is due to the CEO of the Company and $7,875 (2017 – $6,284) is due to the CFO. The amount has arisen from the unpaid portion of certain fees disclosed below.

(Expressed in Canadian dollars)

6. Related party transactions (cont'd)

Transactions

During the years ended July 31, 2018 and 2017, the following amounts were incurred with directors and officers of the Company:

		July 31, 2018		July 31, 2017
Director fees	$	15,000	$	-
Management fees paid to a company controlled by the CFO		15,000		-
Management fees paid to a company controlled by the former CFO		12,645		2,306
Professional fees paid to a company controlled by the former CFO		28,381		3,199
Management fees paid to a company controlled by a former director		-		6,000
Management fees paid to the former CEO		1,860		-
	$	72,886	$	11,505

The CEO, CFO and two Directors of the Company received 50,000 stock options each for the value of $10,609 (Note 5).

7. Income tax

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

		July 31, 2018		July 31, 2017
Net loss	$	(341,637)	$	(16,974)
Statutory tax rate		27%		26%
Expected income tax recovery		(92,242)		(4,413)
Non-deductible items and other		(3,827)		-
Change in unrecognized deductible temporary differences		96,069		4,413
Total income tax recovery	$	-	$	-

The significant components of the Company's deferred tax asset is as follows:

		July 31, 2018		July 31, 2017
Unrecognized deferred tax asset:				
Non-capital losses	$	99,848	$	4,413
Share issuance costs		634		-
	$	100,482	$	4,413

8. 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 summarized 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's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts at a major bank in Canada. As most of the

Company's cash held by one bank there is a concentration of credit risk. This risk is managed by using major banks that are high credit quality financial institutions as determined by rating agencies. Credit risk is assessed as low.

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 necessary levels of equity funding. Liquidity risk is assessed as high.

Foreign exchange risk
Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. As at July 31, 2018, there are no financial assets and liabilities denominated in a currency other than the Company's functional currency.

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 significant interest rate risks.

Capital Management
The Company's policy is, if permitted by market conditions, to maintain a strong capital base so as to support investor and creditor confidence and support future development of the business. The capital structure of the Company consists of equity, comprising share capital and reserves net of accumulated deficit. The Company is not subject to any externally imposed capital requirements. There has been no change in the Company's management of capital during the year ended July 31, 2018

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

Fair value

The Company's financial instruments consist of cash and trade payables. The fair value of these financial instruments approximates their carrying values due to the short-term nature of these investments. Cash is measured at fair value using Level 1 inputs.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

9. Subsequent events

Subsequent to the year ended July 31, 2018:

1) The Company completed a non-brokered private placement financing issuing 3,762,750 units at a price of $0.40 per unit for gross proceeds of $1,505,100. Each unit consisted of one common share and one half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of $0.60 for a period of 12 months from the date of issuance. Finders' fees of $35,430, and 88,575 finders' warrants, exercisable at $0.60 per common share for a period of 12 months from the date of issuance, were paid in connection with the private placement.

2) The Company completed a non-brokered private placement financing issuing 485,434 units at a price of $1.15 per unit for gross proceeds of $558,249. Each unit consisted of one common share and one half of one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one common share at a price of $1.25 for a period of 24 months from the date of issuance.

3) The Company granted 700,000 stock options to directors and officers. The stock options are exercisable at $0.90 per common share for a period of 5 years from the date of issuance.

4) A total of 5,089,768 warrants were exercised for proceeds of $580,727.