# 66 RESOURCES CORP.

# CONDENSED INTERIM FINANCIAL STATEMENTS

# FOR THE SIX MONTH PERIOD ENDED MAY 31, 2018

# (UNAUDITED)

## Notice of No Auditor Review of Interim Financial Statements

The accompanying unaudited financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute to Chartered Accountants for a review of interim financial statements by an entity's auditors.

**66 RESOURCES CORP.**
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**
(Expressed in Canadian dollars)

| | May 31, 2018 (Unaudited) | November 30, 2017 (Audited) |
|---|---|---|
| **ASSETS** | | |
| CURRENT | | |
| Cash | $ 32,388 | $ 64,126 |
| Amounts receivable | 2,737 | 5,032 |
| | 35,125 | 69,158 |
| DEFERRED FINANCING COSTS | 10,000 | – |
| EXPLORATION AND EVALUATION ASSET (Note 4) | 97,828 | 97,828 |
| | $ 142,953 | $ 166,986 |
| **LIABILITIES** | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | $ 66,739 | $ 65,174 |
| **SHAREHOLDERS' EQUITY** | | |
| SHARE CAPITAL (Note 5) | 167,360 | 145,100 |
| CONTRIBUTED SURPLUS | 149,988 | 56,000 |
| DEFICIT | (241,134) | (99,288) |
| | 76,214 | 101,812 |
| | $ 142,953 | $ 166,986 |

NATURE OF BUSINESS AND CONTINUING OPERATIONS (Note 1)
COMMITMENTS (Note 9)

Approved and authorized for issue on behalf of the Board on June 13, 2018

*"Michael Dake "* Director *"David Grandy"* Director

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

**66 RESOURCES CORP.**
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE LOSS**
(Expressed in Canadian dollars) (Unaudited)

| | Three months ended May 31, 2018 | Six months ended May 31, 2018 |
|---|---|---|
| **EXPENSES** | | |
| Management fees | $ 7,500 | $ 15,000 |
| Office and miscellaneous | 1,995 | 2,501 |
| Professional fees | 9,245 | 11,945 |
| Rent | 3,953 | 7,268 |
| Share-based payments | – | 93,988 |
| Transfer agent and filing fees | 1,904 | 11,144 |
| NET LOSS AND COMPREHENSIVE LOSS | $ 24,597 | $ 141,846 |
| LOSS PER SHARE (basic and diluted) | $ (0.00) | $ (0.03) |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 5,606,963 | 4,657,123 |

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

**66 RESOURCES CORP.**
**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**
(Expressed in Canadian dollars) (Unaudited)

| | Common Shares | | | | |
|---|---|---|---|---|---|
| | **Number of Shares** | **Amount** | **Contributed Surplus** | **Deficit** | **Total** |
| | | $ | $ | $ | $ |
| Balance, November 30, 2017 | 4,934,000 | 145,100 | 56,000 | (99,288) | 101,812 |
| Shares issued for cash | 148,398 | 22,260 | – | – | 22,260 |
| Cancellation of shares | (600,000) | – | – | – | – |
| Share-based payments | – | – | 93,988 | – | 93,988 |
| Net loss for the period | – | – | – | (141,846) | (141,846) |
| Balance, May 31, 2018 | 4,482,398 | 167,360 | 149,988 | (241,134) | 76,214 |

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

**66 RESOURCES CORP.**
**CONDENSED INTERIM STATEMENT OF CASH FLOWS**
(Expressed in Canadian dollars) (Unaudited)

| | Three months ended May 31, 2018 | Six months ended May 31, 2018 |
|---|---|---|
| **CASH PROVIDED BY (USED IN):** | | |
| **OPERATING ACTIVITIES** | | |
| Net loss for the period | $ (24,597) | $ (141,846) |
| Item not involving cash: | | |
| Share-based payments | – | 93,988 |
| | (24,597) | (47,858) |
| Changes in non-cash working capital balances: | | |
| Amounts receivable | 3,156 | 2,295 |
| Accounts payable and accrued liabilities | 16,293 | 1,565 |
| Cash used in operating activities | (5,148) | (43,998) |
| **FINANCING ACTIVITIES** | | |
| Deferred financing costs | – | (10,000) |
| Issuance of common shares | – | 22,260 |
| Cash provided by financing activities | – | 12,260 |
| DECREASE IN CASH | (5,148) | (31,738) |
| CASH, BEGINNING OF PERIOD | 37,536 | 64,126 |
| CASH, END OF PERIOD | $ 32,388 | $ 32,388 |
| SUPPLEMENTAL CASH DISCLOSURES | | |
| Interest paid | $ – | $ – |
| Income taxes paid | $ – | $ – |

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

1. NATURE OF OPERATIONS

66 RESOURCES CORP. (the "Company") was incorporated on May 31, 2017 under the laws of British Columbia. The address of the Company's corporate office and its principal place of business is 200-551 Howe Street, Vancouver, V6C 2C2, British Columbia, Canada.

The Company's principal business activities include the acquisition and exploration of mineral property assets. As at May 31, 2018, the Company had not yet determined whether the Company's mineral property asset contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and the future profitable production from the property or realizing proceeds from its disposition. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company had a deficit of $241,134 as at May 31, 2018, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These unaudited condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the Financial Reporting Interpretations Committee ("IFRIC"). These interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements and notes thereto as of and for the period ended November 30, 2017.

These unaudited condensed interim financial statements were authorized for issue in accordance with a resolution from the Board of Directors on June 13, 2018.

b) Basis of presentation

These interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the period ended November 30, 2017. The adoption of new accounting standards has had no material impact on the financial statements.

## 3. NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

Effective for annual periods beginning on or after January 1, 2018

*IFRS 2 Share-based Payment*
The amendments clarify the classification and measurement of share-based payment transactions.

*IFRS 9 Financial Instruments – Classification and Measurement*
IFRS 9 is the first step in the process to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for classifying and measuring financial assets and liabilities and carries over from the requirements of IAS 39.

*IFRS 15 Revenue from Contracts with Customers*
IFRS 15 is a new standards 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 Company does not expect the adoption of these standards and interpretations to have a significant impact on the financial statements of the Company.

Effective for annual periods beginning on or after January 1, 2019

*New standard IFRS 16 Leases*
IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties of a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

The extent of the impact of the adoption of these standards and interpretations on the financial statements of the Company has not been determined.

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning on or after January 1, 2018, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list above.

(Expressed in Canadian dollars) (Unaudited)

4. EXPLORATION AND EVALUATION ASSET

| | Acquisition Costs | Exploration Costs | Total |
|---|---|---|---|
| | $ | $ | $ |
| Balance, May 31, 2017 (incorporation date) | - | - | - |
| Acquisition and exploration costs | 10,000 | 87,828 | 97,828 |
| Balance, November 30, 2017 and May 31, 2018 | 10,000 | 87,828 | 97,828 |

**Champ Property**

Pursuant to an option agreement (the "Agreement") dated August 24, 2017, the Company was granted an option to acquire a 100% undivided interest in the Champ Property (the "Property") located in the Greenwood Mining District of British Columbia.

In accordance with the Agreement, the Company has the option to acquire a 100% undivided interest in the Property by issuing a total of 300,000 common shares of the Company to the optionor and making a payment of $10,000. The cash payment has been made and the common shares will be issued no later than 15 days after the Company's common shares are listed, posted and called for trading on the Canadian Securities Exchange ("CSE").

The optionor retains a 2% Net Smelter Return royalty on the Property. The Company has the right to purchase the first 1% of the royalty for $1,000,000 and the remaining 1% for $1,000,000 at any time during the five year period starting from the commencement of commercial production on the Property.

5. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Escrow Shares:

The Company entered into an escrow agreement, whereby 1,500,000 common shares will be held in escrow and are scheduled for release in accordance with the terms of the escrow agreement. .

c) Issued and Outstanding as at May 31, 2018: 4,482,398 common shares.

For the period ended November 30, 2017, the Company had the following share capital transactions:

(i) The Company issued 1,600,000 common shares at a price of $0.005 per share for gross proceeds of $8,000. The fair value of the 1,600,000 common shares was estimated to be $64,000. Accordingly, the Company recorded share-based payments of $56,000 and a corresponding increase to contributed surplus.

5. SHARE CAPITAL (continued)

c) Issued and Outstanding as at May 31, 2018: 4,482,398 common shares.(continued)

(ii) The Company issued 3,300,000 units at a price of $0.04 per unit for gross proceeds of $132,000. Each unit consists of one common share and one-half share purchase warrant. Each full warrant entitles the holder to purchase one common share of the Company at $0.04 per share for 1 year. 1,875,000 of those common shares were issued on a flow-through basis. The Company is committed to spend the proceeds of these flow-through shares on eligible mineral exploration and evaluation expenditures, with $75,000 having been spent from the date of issuance to May 31, 2018.

(iii) The Company issued 34,000 common shares at a price of $0.15 per common share for gross proceeds of $5,100.

For the period ended May 31, 2018, the Company had the following share capital transactions:

(iv) The Company issued 148,398 common shares at a price of $0.15 per common share for gross proceeds of $22,260.

(v) On April 19, 2018, 600,000 common shares issued at a price of $0.005 per share were returned to treasury and cancelled and the issue price of the remaining founders shares were adjusted to $0.008.

For the purposes of the calculating the tax effect of any premium related to the issuance of the flow-through shares, the Company reviewed recent financings and compared it to determine if there was a premium paid on the shares. As a result of the review the Company did not recognize any premium on the flow-through shares issued.

d) Stock Options

During the period ended May 31, 2018, the Company adopted a Stock Option Plan (the “Plan”). Under the Plan, the Company can issue up to 10% of the issued and outstanding common shares as incentive stock options to directors, officers, employees and consultants to the Company. The Plan limits the number of stock options which may be granted to any one individual to not more than 5% of the total issued common shares of the Company in any 12 month period. The Plan also limits the stock options which may be granted to any one individual if the exercise would result in the issuance of common shares more than 2% in any 12 month period. The number of options granted to any one consultant or a person employed to provide investor relations activities in any 12 month period must not exceed 2% of the total issued common shares of the Company. As well, stock options granted under the Plan may be subject to vesting provisions as determined by the Board of Directors.

(Expressed in Canadian dollars) (Unaudited)

5. SHARE CAPITAL (continued)

e) Stock Options (continued)

On December 29, 2017, the Company granted 700,000 stock options to certain directors and officers of the Company at an exercise price of $0.20 for a period of ten years from the date of grant. On February 22, 2018 the number of stock options was reduced to 665,000 and on April 19, 2018 the exercise price was reduced to $0.15. The fair value of the stock options was estimated at $93,988 using the Black Scholes Pricing Model with the following assumptions:

| | |
|---|---|
| Share price | $0.15 |
| Risk free interest rate | 2.04% |
| Expected life | 10 years |
| Expected volatility | 125% |
| Expected forfeiture rate | Nil |
| Expected dividends | Nil |

The grant of the stock options is effective on the first trading day of the Company's shares on the CSE.

6. RELATED PARTY BALANCES AND 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. 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.

The Company has incurred the following key management personnel cost from related parties:

| | **Six months period ended May 31, 2018** |
|---|---|
| | $ |
| Management fees | 15,000 |
| Share-based payments | 93,988 |
| Total | 108,988 |

Key management includes directors and key officers of the Company, including the President, Chief Executive Officer and Chief Financial Officer.

As at May 31, 2018, included in the accounts payable was the amount of $26,250 (2017 - $10,500) due to the CEO of the Company.

7. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial assets include cash and is classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's condensed interim statements of financial position as at May 31, 2018 are as follows:

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| | Quoted Prices in Active Markets For Identical Instruments (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
| | $ | $ | $ | $ |
| Cash | 32,388 | - | - | 32,388 |

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at May 31, 2018 because of the demand nature or short - term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal.

The Company does not have any significant foreign currency denominated monetary liabilities. The principal business of the Company is the identification and evaluation of assets or a business and once identified or evaluated, to negotiate an acquisition or participation in a business subject to receipt of shareholder approval and acceptance by regulatory authorities.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short - term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to concentrations of credit risks consist principally of cash. To minimize the credit risk the Company places these instruments with a high quality financial institution.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations.

9. COMMITMENTS

(i) The Company is committed to common share issuances as described in Note 5.

(ii) The Company signed an engagement letter with Canaccord Genuity Corp. (the "Agent") whereby the Agent has agreed to raise on commercially reasonable efforts up to $450,000 in an initial public offering ("IPO") by the issuance of up to 2,000,000 common shares of the Company at a price of $0.20 per common share. Canaccord has agreed to amend the engagement letter at the time the agency agreement is signed where by the Agent has agreed to raise $450,000 in an initial public offering ("IPO") by the issuance of 3,000,000 common shares of the Company at a price of $0.15 per common share.

Pursuant to the terms of the engagement letter, the Company has agreed to pay to the Agent a commission of 8% of the gross proceeds of the IPO. The Company has also agreed to grant to the Agent warrants (the "Agent's Warrants") which will entitle the Agent to purchase up to 8% of the common shares sold under the IPO, at a purchase price that is equal to the price per share offered in the IPO. The Agent's Warrants are exercisable until twenty four (24) months from the date the Company's shares are listed on the CSE. In addition, the Company has agreed to pay a corporate finance fee of $25,000 ($10,000 paid). In addition, the Company will pay the Agent's legal fees incurred pursuant to the IPO and any other reasonable expenses of the Agent.

The Company receives regulatory approval for the issuance of a 3,000,000 common shares pursuant to a prospectus dated May 23, 2018. The Company has not completed the offering as the date of filing.

10. COMPARATIVE FIGURES

Comparative figures for the period ended May 31, 2017 are not available as the Company was incorporated on May 31, 2017. The Company has used the figures for the period May 31, 2017 (date of incorporation) to November 30, 2017 for comparative purposes.