

Canada One Mining Corp.
(An Exploration Stage Company)

Condensed Interim Consolidated Financial Statements

April 30, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

Head Office

#510 – 580 Hornby St.
Vancouver, BC, V6C 3B6

Records Office

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

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

Canada One Mining Corp.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | April 30, 2018 | July 31, 2017 |
|---|---------------------------|------------------|
| Assets | | |
| Current | | |
| Cash | \$ 5,464 | \$ 247,793 |
| GST receivable | 33,240 | 21,292 |
| Subscriptions receivable <i>(Note 9)</i> | - | 50,500 |
| Loans receivable | 27,843 | - |
| Due from related party <i>(Note 10)</i> | 155,000 | - |
| | 221,547 | 319,585 |
| Exploration and evaluation assets <i>(Note 4)</i> | 13,646 | 7,806 |
| Reclamation bonds <i>(Note 5)</i> | 23,000 | 23,000 |
| | \$ 258,193 | \$ 350,391 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities <i>(Notes 6)</i> | \$ 181,684 | \$ 149,814 |
| Due to related parties <i>(Note 9)</i> | 85,642 | 149,692 |
| Loan payable <i>(Note 7)</i> | 72,612 | 68,295 |
| Indemnification provision <i>(Note 8)</i> | 18,000 | 18,000 |
| | 357,938 | 385,801 |
| Shareholders' Deficiency | | |
| Share capital <i>(Note 9)</i> | 19,763,235 | 19,726,118 |
| Share-based payment reserve <i>(Note 9)</i> | 2,168,257 | 2,168,257 |
| Subscriptions received in advance <i>(Note 10)</i> | 250,000 | - |
| Deficit | (22,281,237) | (21,929,785) |
| | (99,745) | (35,410) |
| | \$ 258,193 | \$ 350,391 |

Nature of operations and going concern *(Note 1)*

Approved on behalf of the Board: “Michael Kinley”
Michael Kinley
Director

“Peter Berdusco”
Peter Berdusco
Director

See accompanying notes to the Condensed Interim consolidated financial statements.

Canada One Mining Corp.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Three months ended April 30, | | Nine months ended April 30, | |
|---|---------------------------------|--------------------|--------------------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Expenses | | | | |
| Consulting | \$ 64,952 | \$ 5,000 | \$ 96,120 | \$ 15,000 |
| Interest expense (Note 7) | 398 | 9,453 | 4,929 | 13,922 |
| Investor communications | 6,475 | - | 6,475 | 452 |
| Management fees (Note 10) | 39,000 | 27,500 | 117,000 | 45,000 |
| Marketing fees | - | - | 20,386 | - |
| Office and general (Note 10) | 7,837 | 4,390 | 24,605 | 12,394 |
| Professional fees | 24,240 | 4,050 | 44,099 | 13,328 |
| Regulatory fees | 1,245 | 2,107 | 12,119 | 12,968 |
| Travel | 27,868 | - | 27,868 | - |
| | (172,015) | (52,500) | (353,601) | (113,064) |
| Write-off of accounts payable | - | - | 2,149 | - |
| Net loss and comprehensive loss for the period | \$ (172,015) | \$ (52,500) | \$ (351,452) | \$ (113,064) |
| Loss per share – basic and diluted | \$ (0.01) | \$ (0.01) | \$ (0.02) | \$ (0.02) |
| Weighted average number of common shares outstanding | 21,542,110 | 5,894,661 | 21,393,461 | 5,894,661 |

See accompanying notes to the condensed interim consolidated financial statements.

Canada One Mining Corp.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Changes in Shareholders' Deficiency
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

| | Number of shares | Share capital | Share-based payment reserve | Subscription received in advance | Deficit | Total shareholders' deficiency |
|-----------------------------------|---------------------|---------------|--------------------------------|--|-----------------|-----------------------------------|
| Balance, July 31, 2016 | 5,894,663 | \$ 18,195,418 | \$ 2,163,157 | \$ - | \$ (21,626,068) | \$ (1,267,493) |
| Net loss for the period | - | - | - | - | (113,064) | (113,064) |
| Balance, April 30, 2017 | 5,894,663 | 18,195,418 | 2,163,157 | - | (21,739,132) | (1,380,557) |
| Private placement | 15,400,000 | 1,540,000 | - | - | - | 1,540,000 |
| Share issuance costs | - | (9,300) | 5,100 | - | - | (4,200) |
| Net loss for the period | - | - | - | - | (190,653) | (190,653) |
| Balance, July 31, 2017 | 21,294,663 | 19,726,118 | 2,168,257 | - | (21,929,785) | (35,410) |
| Warrants exercised | 247,447 | 37,117 | - | - | - | 37,117 |
| Subscriptions received in advance | - | - | - | 250,000 | - | 250,000 |
| Net loss for the period | - | - | - | - | (351,452) | (351,452) |
| Balance, April 30, 2018 | 21,542,110 | \$ 19,763,235 | \$ 2,168,257 | \$ 250,000 | \$ (22,281,237) | \$ (99,745) |

See accompanying notes to the condensed interim consolidated financial statements.

Canada One Mining Corp.
(An Exploration Stage Company)
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)
For the nine months ended April 30,

| | 2018 | 2017 |
|---|------------------|-----------------|
| Operating Activities | | |
| Net loss for the period | \$ (351,452) | \$ (113,064) |
| Items not involving cash: | | |
| Loan interest accrued | 4,317 | 6,660 |
| Change in non-cash working capital items: | | |
| GST receivable | (11,948) | (1,910) |
| Loan receivable | (182,843) | - |
| Subscription receivable | 50,500 | - |
| Accounts payable and accrued liabilities | (28,002) | 90,748 |
| Cash used in operating activities | (519,428) | (17,566) |
| Investing Activities | | |
| Expenditures on exploration and evaluation assets | (10,018) | (1,517) |
| Cash used in investing activities | (10,018) | (1,517) |
| Financing Activities | | |
| Loans received | - | 21,423 |
| Proceeds from warrants exercised | 37,117 | - |
| Subscription received in advance | 250,000 | - |
| Cash provided by financing activities | 287,117 | 21,423 |
| Change in cash | (242,329) | 2,340 |
| Cash, beginning of the period | 247,793 | 693 |
| Cash, end of the period | \$ 5,464 | \$ 3,033 |

Supplemental cash flow information (*Note 11*)

See accompanying notes to the condensed interim consolidated financial statements.

Canada One Mining Corp.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

For the nine months ended April 30, 2018 and 2017

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Canada One Mining Corp. (the “Company”) is an exploration stage company incorporated under the laws of British Columbia and its shares trade on the TSX Venture Exchange (“TSX-V”) under the symbol “CONE” (formerly “URA”). On November 22, 2016, the Company consolidated its share capital on a ten to one basis. These condensed interim consolidated financial statements reflect the share consolidation. The Company’s registered office is located at Suite 580 – 510 Hornby Street, Vancouver, British Columbia, Canada, V6C 3B6.

The Company is focused on exploration of its resource properties in British Columbia and has not yet determined whether its exploration and evaluation assets contain mineral reserves that are economically recoverable.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business.

The recovery of amounts shown as acquisition costs of exploration and evaluation assets and the related deferred exploration costs for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete development, and upon future profitable operations from the properties or proceeds from the disposition thereof.

The Company’s ability to continue as a going concern is dependent on the Company being able to satisfy its liabilities as they become due and to obtain the necessary financing to complete the exploration and development of its exploration and evaluation asset interests, the attainment of profitable mining operations and/or the receipt of proceeds from the disposition of its exploration and evaluation asset interests.

These condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary, should the Company be unable to continue as a going concern.

The Company reported a net loss and comprehensive loss of \$351,452 (2017 - \$113,064) for the period ended April 30, 2018, has an accumulated deficit of \$22,281,237 at April 30, 2018 (July 31, 2017 - \$21,929,785) and a working capital deficiency of \$136,391 at April 30, 2018 (July 31, 2017 - \$66,216). The Company has no meaningful sources of generating cash, in either the short- or long-term, other than accessing the capital markets for the placement of its equity securities. The Company is dependent on the capital markets to provide funding for future activities and outlays, and these markets can be highly variable and volatile over a multi-year cycle. A deterioration of those capital markets could have a material adverse effect on the Company’s prospects for success or even for survival. Management is actively engaged in the review and due diligence on opportunities of merit in the mining sector and is seeking to raise the necessary capital to meet its funding requirements. There can be no assurance that management’s plan will be successful. These uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

Canada One Mining Corp.

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Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited – Prepared by Management)

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2. Significant Accounting Policies

a) Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting.

The policies applied in these condensed interim consolidated financial statements are presented below and are based on IFRS issued and effective as of April 30, 2018. Any subsequent changes to IFRS that are given effect in our annual consolidated financial statements for the year ending July 31, 2018 could result in restatements of these condensed interim consolidated financial statements. None of these standards are expected to have a significant effect on the condensed interim consolidated financial statements.

These condensed interim consolidated financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale and fair value through profit or loss. These condensed interim consolidated financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

The Board of Directors approved the condensed interim consolidated financial statements on June 29, 2018.

b) Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, Anglo-Canadian Minerals, Corp. (incorporated in Nevada, USA) and Anglo-Canadian Gold Corp. (incorporated in British Columbia). Both subsidiaries are holding corporations. All intercompany transactions and balances have been eliminated.

c) Foreign Currency Transactions

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for all entities within the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21 *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transaction. Exchange gains and losses arising on translation are reflected in profit or loss for the period.

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2. Significant Accounting Policies *(continued)*

d) Estimates and Judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment of the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the consolidated statements of financial position.
- ii) The inputs in the Black-Scholes option pricing model to value stock options and agent warrants.

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) Economic recoverability and probability of future benefits of exploration and evaluation costs.

Management has determined that exploration, evaluation and related costs incurred that were capitalized may have future economic benefits and may be economically recoverable. 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, scoping and feasibility studies, accessible facilities and existing permits.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

- i) Valuation of share-based compensation

The Company uses the Black-Scholes option pricing model for valuation of share-based compensation. Option pricing models require the input of subjective assumptions including expected price volatility, interest rates and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

e) Exploration and Evaluation Assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and development of exploration and evaluation assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit-of-production method. If, after management review, it is determined that capitalized acquisition, exploration and development costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to their net realizable value.

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2. Significant Accounting Policies *(continued)*

e) Exploration and Evaluation Assets *(continued)*

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

f) Impairment

At the end of each reporting period, the Company's long-lived assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

g) Share Capital

Share capital issued for non-monetary consideration is recorded at fair market value pursuant to the agreement to issue shares as determined by the Board of Directors of the Company based on the trading price of the shares on the TSX-V.

h) Provision for Environmental Rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

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2. Significant Accounting Policies *(continued)*

h) Provision for Environmental Rehabilitation *(continued)*

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss for the period.

i) Flow-Through Shares

Canadian income tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow-through shares in excess of the market value of the shares without flow-through features at the time of issue is credited to other liabilities. The flow-through premium is reversed into profit or loss as the qualifying Canadian exploration expenditures are made.

j) Share Issue Costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs, which will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

k) Share-Based Payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options granted to employees is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. The amount is recognized as an expense with a corresponding increase to share-based payment reserves. Consideration paid for the shares on the exercise of stock options is credited to share capital and the related share-based payment in the share-based payment reserve is transferred to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment using the Black-Scholes option pricing model. Otherwise, share-based payments to non-employees are measured at the fair value of the goods or services received.

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2. Significant Accounting Policies (continued)

l) Income Taxes

Income tax expense is comprised of current and deferred income taxes. Current income tax and deferred income tax are recognized in profit or loss, except to the extent that they relate to items recognized directly in equity or equity investments.

Current income tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. 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 expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantively enacted. The amount of deferred income tax assets is limited to the amount of the benefit that is probable of being realized.

m) Loss per Share

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted loss per share. Under this method, the dilutive effect on loss per share is calculated presuming the proceeds of exercise of outstanding options, warrants and similar instruments would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

n) Financial Instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables – These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognized at the transaction value and subsequently carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

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2. Significant Accounting Policies (continued)

n) Financial Instruments (continued)

Financial assets (continued)

Held-to-maturity investments – These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

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

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash at fair value through profit or loss. The Company's reclamation bonds are classified as loans and receivables.

Impairment of financial assets – Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that the estimated future cash flows of the assets have been negatively impacted. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment and the loss is recognized in the statement of net loss and comprehensive loss.

If in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statement of net loss and comprehensive loss.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in the statement of net loss and comprehensive loss.

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For the nine months ended April 30, 2018 and 2017

(Unaudited – Prepared by Management)

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2. Significant Accounting Policies *(continued)*

n) Financial Instruments *(continued)*

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of net loss and comprehensive loss.

Other financial liabilities – Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. This category includes bank indebtedness, accounts payable and accrued liabilities, and loans payable.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. 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.

o) Valuation of Equity Units Issued in Private Placements

The Company has adopted a 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 most easily measured 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 a private placement are determined to be the more easily measurable component and are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded in reserves.

2. Significant Accounting Policies *(continued)*

p) Future Accounting Pronouncements

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 consolidated financial statements.

Accounting Standards Issued and Effective for Annual Reporting Periods Beginning on or After January 1, 2018

IFRS 9 Financial Instruments replaces the current standard IAS 39 *Financial Instruments: Recognition and Measurement*, replacing the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 prohibits reclassifications except in rare circumstances when the entity's business model changes. The new standard removes the requirement to separate embedded derivatives from financial asset hosts. It requires a hybrid contract to be classified in its entirety at either amortized cost or fair value.

IFRS 15 Revenue from Contracts with Customers provides guidance on how and when revenue from contracts with customers is to be recognized, along with new disclosure requirements in order to provide financial statement users with more informative and relevant information.

Accounting Standards Issued and Effective for Annual Reporting Periods Beginning on or After January 1, 2019

IFRS 16 Lease is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to 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.

3. Risk Management and Financial Instruments

The carrying values of the Company's cash, reclamation bonds, accounts payable and accrued liabilities, loans payable and advances from related parties approximate their fair value due to their short-term nature.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

Credit Risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations.

The Company's credit risk is primarily attributable to its holdings of cash and reclamation bonds. The carrying amounts of these financial assets represent the maximum credit exposure. The Company manages credit risk by placing its cash with major financial institutions in conservative cash-based liquid investments. Reclamation bonds are held with state or provincial government authorities. The Company monitors its exposure to credit risk on an ongoing basis.

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3. Risk Management and Financial Instruments *(continued)*

Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is forecasting cash used in operations and anticipating investing and financing activities.

Accounts payable have maturities of 90 days or less and are subject to normal trade terms. Loans payable are due on demand.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The risks to which the Company is exposed are:

i) Interest rate risk

The Company is not exposed to significant interest rate risk.

ii) Foreign currency risk

The Company's functional currency is the Canadian dollar. Consequently, fluctuations of the Canadian dollar in relation to other currencies impact the fair value of financial assets and liabilities and operating results. The Company does not manage currency risks through hedging or other currency management tools.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

4. Exploration and Evaluation Assets

Expenditures incurred on exploration and evaluation assets are as follows:

| | <u>Zeus</u> |
|--------------------------------|------------------|
| Balance, July 31, 2016 | <u>\$ 535</u> |
| Acquisition: | |
| Staking | 1,517 |
| | <u>1,517</u> |
| Exploration: | |
| Geological consulting | 4,860 |
| Travel | 894 |
| | <u>5,754</u> |
| Balance, July 31, 2017 | <u>7,806</u> |
| Exploration: | |
| Geological consulting | <u>5,840</u> |
| Balance, April 30, 2018 | <u>\$ 13,646</u> |

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4. Exploration and Evaluation Assets *(continued)*

Title to Exploration and Evaluation Assets

Although the Company has taken steps to verify the title to exploration and evaluation assets in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

Canadian Exploration and Evaluation Assets

Zeus, British Columbia

The Company has a 100% interest in the Zeus claims located in Lillooet, British Columbia. The claims are subject to a 2% NSR, which may be purchased for \$500,000 per 1% NSR.

Environmental

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the exploration and evaluation assets interests, the potential for production on the property may be diminished or negated.

5. Reclamation Bonds

The Company has posted security deposits of \$23,000 (July 31, 2017 - \$23,000) with the British Columbia government to cover potential reclamation costs for certain properties in British Columbia. These deposits earn interest at a nominal rate.

6. Accounts Payable and Accrued Liabilities

During the year ended July 31, 2017, the Company issued 9,352,285 units to settle accounts payable of \$935,228 through a private placement (Notes 9 and 10).

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7. Loans Payable

At April 30, 2018, the following loans were outstanding:

- i) During the year ended July 31, 2017, the Company repaid loan principal and interest of \$39,305, of which \$7,500 was settled through issuance of 75,000 units (Note 9) pursuant to a private placement. During the period ended April 30, 2018, the Company recorded \$1,452 (2017 - \$2,425) of interest expense and interest payable.
- ii) \$19,880 (July 31, 2017 - \$18,295) loan bearing interest at 8% per annum, repayable in March 2018. The loan accrued \$1,280 (2017 - \$3,000) of interest during the period ended April 30, 2018 with interest payable of \$1,280 outstanding (July 31, 2017 - \$Nil). During the year ended July 31, 2017, the Company repaid the principal and interest portion of the loan in the amount of \$50,000.
- iii) \$50,000 (July 31, 2017 - \$50,000) non-interest bearing loan from an individual, repayable in February 2016. Pursuant to the terms of the agreement, the individual has the right to convert the \$50,000 loan amount into common shares of the Company at \$1.00 per share.

At July 31, 2017, the following loans were outstanding:

- i) \$Nil (July 31, 2016 - \$25,000) loan accruing 5% interest per annum, repayable in November 2014. The loan accrued \$935 (July 31, 2016 - \$1,253) of interest during the year ended July 31, 2017 with interest payable of \$Nil outstanding (July 31, 2016 - \$3,387). During the year ended July 31, 2017, the Company repaid loan and interest of \$29,322, of which \$4,000 was settled through issuance of 40,000 Units (Note 9) pursuant to a private placement.
- ii) \$Nil (July 31, 2016 - \$25,990) loan accruing interest at 10% per annum, repayable in March 2016. During the year ended July 30, 2017, the Company received an additional \$7,000 non-interest bearing loan. The loan accrued \$2,425 (July 31, 2016 - \$1,931) of interest during the year ended July 31, 2017 with interest payable of \$Nil outstanding (July 31, 2016 - \$3,890). During the year ended July 31, 2017, the Company repaid loan and interest of \$39,305, of which \$7,500 was settled through issuance of 75,000 Units (Note 9) pursuant to a private placement.
- iii) \$Nil (July 31, 2016 - \$50,000) loan bearing interest at 8% per annum, repayable in March 2016. The loan accrued \$4,761 (July 31, 2016 - \$4,000) of interest during the year ended July 31, 2017 with interest payable of \$18,295 outstanding (July 31, 2016 - \$13,534). During the year ended July 31, 2017, the Company repaid the principal portion of the loan in the amount of \$50,000.
- iv) \$Nil (July 31, 2016 - \$5,500) from two individuals. The loan bears interest at 5% per annum, repayable in April 2015. The loan accrued \$206 (July 31, 2016 - \$275) of interest during the year ended July 31, 2017 with interest payable of \$Nil outstanding (July 31, 2016 - \$682). During the year ended July 31, 2017, the Company repaid loan and interest of \$6,388.
- v) \$Nil (July 31, 2016 - \$2,500) loan accruing 5% interest per annum, repayable in August 2014. The loan accrued \$94 (July 31, 2016 - \$125) of interest during the year ended July 31, 2017 with interest payable of \$Nil outstanding (July 31, 2016 - \$246). During the year ended July 31, 2017, the Company repaid loan and interest of \$2,840.

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7. Loans Payable *(continued)*

- vi) \$Nil (July 31, 2016 - \$20,000) loan from an individual accruing a fixed interest amount of \$5,000, repayable in November 2014. During the year ended July 30, 2017, the Company received an additional \$14,434 of non-interest bearing loans. Interest payable of \$nil was outstanding (July 31, 2016 - \$5,000). During the year ended July 31, 2017, the Company issued 394,240 Units valued at \$39,424 to settle the loan (Note 9).
- vii) \$Nil (July 31, 2016 - \$8,835) non-interest bearing loans from several individuals with no fixed terms for repayment. During the year ended July 31, 2017, the Company repaid the loans.
- viii) \$Nil (July 31, 2016 - \$75,478) non-interest bearing promissory note with no fixed terms for repayment. During the year ended July 31, 2017, the Company issued 754,780 Units valued at \$75,478 to settle the loan (Note 9).

8. Indemnification provision

The Company raised capital through the issuance of flow-through shares in 2014, which provided indemnity to the shareholders for additional taxes payable if the Company was unable to, or failed to, expend and renounce the qualifying expenditures as agreed, without limiting the recourse of the subscriber. The Company was not able to spend approximately \$17,067 of the flow-through funds raised. Accordingly, the Company is exposed to costs for the indemnification of the shareholders. The Company estimated the potential shareholder indemnification liability in the amount of \$18,000 (July 31, 2017 - \$18,000) as at April 30, 2018. To estimate the potential indemnification liability, management used a combined tax rate of 45.8% on unspent flow-through funds raised. The accrued amounts are subject to measurement uncertainty due to the tax filing positions of the subscribers, their tax rates and the amount of personal taxes that may be payable and the interpretation of the indemnity agreements, which will not be known until potentially affected subscribers are reassessed for their tax positions by the Canada Revenue Agency and these amounts become known to the Company.

9. Share Capital

Authorized

The Company has an unlimited number of common shares without par value authorized for issuance.

Shares Issued

During the period ended April 30, 2018, the Company issued 247,447 common shares pursuant to the exercise of warrants for gross proceeds of \$37,117.

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9. Share Capital *(continued)*

Shares Issued *(continued)*

During the year ended July 31, 2017, the Company closed a private placement of 15,400,000 units at \$0.10 per unit for proceeds of \$1,540,000, of which \$1,061,630 settled outstanding debts (Notes 6 and 7). Each unit is comprised of one common share and one share purchase warrant exercisable at \$0.15 expiring on July 4, 2020 (the “Units”). No value was allocated to the warrant component of the Unit offering completed. The Company paid finder’s fees of \$4,200 and issued 40,000 finder’s warrants with a fair value of \$5,100. Each finder’s warrant is exercisable at \$0.15 expiring on July 4, 2020. The finder’s warrants were valued using the Black-Scholes Valuation Model based on the following assumptions: dividend yield 0%, expected life of 3 years, expected volatility of 294.99%, and a risk-free interest rate of 1.22%. In connection with the private placement, subscriptions receivable of \$50,500 (received during the period ended April 30, 2018) was recorded.

Stock Options

As at April 30, 2018, the Company has a stock option plan (the “Plan”) allowing for the reservation of common shares issuable under the Plan to a maximum of 20% of the issued and outstanding common shares of the Company. The vesting of each option grant is determined by the Board of Directors, consistent with TSX-V rules.

When an employee is terminated or resigns, the date of expiry of the options held is generally revised to expire ninety days after the final day of employment. Similarly, options granted to a consultant expire ninety days after the contract ends and final services have been rendered.

There were no stock options granted during the period ended April 30, 2018 and year ended July 31, 2017.

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9. Share Capital *(continued)***Stock Options** *(continued)*

The following table provides information about outstanding and exercisable stock options as at April 30, 2018:

| Expiry Date | Exercise Price | Balance | | | Exercisable | | | Expired/ | | Balance | | Exercisable | |
|--|-------------------|----------------|---------------|-----------------|----------------|----------------|---------------|------------------|---------------|---------------|---------------|---------------|--|
| | | 31-Jul-16 | Granted | Forfeited | 31-Jul-17 | 31-Jul-17 | Granted | Forfeited | 30-Apr-18 | 30-Apr-18 | | | |
| August 29, 2016 | \$ 1.50 | 50,000 | - | (50,000) | - | - | - | - | - | - | - | - | |
| August 22, 2017 | \$ 1.00 | 189,500 | - | - | 189,500 | 189,500 | - | (189,500) | - | - | - | - | |
| August 20, 2018 | \$ 0.50 | 105,000 | - | - | 105,000 | 105,000 | - | (95,000) | 10,000 | 10,000 | 10,000 | 10,000 | |
| November 19, 2018 | \$ 0.50 | 60,000 | - | - | 60,000 | 60,000 | - | (60,000) | - | - | - | - | |
| Totals | | 404,500 | - | (50,000) | 354,500 | 354,500 | - | (344,500) | 10,000 | 10,000 | 10,000 | 10,000 | |
| Weighted Average Exercise Price | | \$0.86 | \$0.00 | \$1.50 | \$0.77 | \$0.77 | \$0.00 | \$0.78 | \$0.50 | \$0.50 | \$0.50 | \$0.50 | |

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9. Share Capital (continued)**Warrants**

The following summarizes the transactions and number of outstanding and exercisable share purchase warrants, including finder's warrants.

| | Number of Warrants | Weighted Average Exercise Price |
|-------------------------|-----------------------|--|
| Balance, July 31, 2016 | - | \$ - |
| Issued | <u>15,440,000</u> | 0.15 |
| Balance, July 31, 2017 | 15,440,000 | 0.15 |
| Exercised | <u>(247,447)</u> | 0.15 |
| Balance, April 30, 2018 | <u>15,192,553</u> | \$ 0.15 |

10. Related Party Transactions and Key Management Compensation

Key management compensation includes all fees paid or accrued to officers and/or directors described in this note. Except as disclosed elsewhere in these financial statements, related party transactions incurred during the period ended April 30, 2018 were as follows:

Management fees totaling \$Nil (2017 - \$45,000), and office and general expenses of \$Nil (2017 - \$150) were accrued to the former Chief Executive Officer ("CEO"), who is also a former director of the Company. During the year ended July 31, 2017, the former CEO assigned \$513,813 of his debt to a non-related individual, thereby reducing the balance owing at April 30, 2018 to \$44,167 (July 31, 2017- \$44,167).

Management fees totaling \$90,000 (2017 - \$Nil) and office costs of \$22,500 (2017 - \$Nil) were accrued to a corporation owned by the CEO and director of the Company. The Company entered into agreements with various vendors to reassign \$418,037 of debt to this related party, which was then settled through the issuance of 4,180,370 units (Note 9). At April 30, 2018, \$13,125 (July 31, 2017 - \$102,375) was owed to this related party. During the period ended April 30, 2018, the Company loaned \$155,000 to this related party. The loan is non-interest bearing and has no fixed terms of repayment. The loan was repaid to the Company subsequent to April 30, 2018.

Management fees totaling \$27,000 (2017 - \$Nil) were accrued to a corporation owned by the Chief Financial Officer ("CFO"), who is also a director of the Company. At April 30, 2018, \$28,350 (July 31, 2017 - \$3,150) was owed to this related party.

During the year ended July 31, 2017, the former CFO and director of the Company assigned \$19,643 of his debt to a related party, thereby reducing the balance owing at July 31, 2017 to \$Nil.

As at April 30, 2018, total amounts due to related parties was \$85,642 (July 31, 2017 - \$149,692). Amounts due to related parties are unsecured, non-interest bearing and are due on demand.

During the period ended April 30, 2018, the Company received \$250,000 from a Company related by a common director for a future private placement. At April 30, 2018, the amount remained as a share subscription received in advance.

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11. Supplemental Cash Flow Information

| | April 30, 2018 | July 31, 2017 |
|--|---------------------------|--------------------------|
| Non-Cash Investing and Financing Activities: | | |
| Accounts payable for exploration and evaluation assets costs | \$ 49,139 | \$ 53,317 |
| Subscriptions receivable | - | 50,500 |
| Private placement proceeds settled with debt | - | 1,061,630 |
| Fair value of finder's warrants | - | 5,100 |

12. Capital Management

The Company's objectives when managing capital are to ensure that there are adequate resources to sustain operations and to continue as a going concern, to maintain adequate levels of funding to support acquisition and exploration of mineral projects, to maintain investor and market confidence, and to provide returns to shareholders. Funds are primarily secured through equity capital raised by way of private placements.

Exploration involves a high degree of risk and substantial uncertainties about the ultimate ability of the Company to achieve positive cash flow from operations. Management primarily funds the Company's exploration by issuing share capital rather than using other capital sources that require fixed repayments of principal or interest.

The Company considers the items included in share capital to be capital and it manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Management evaluates capital requirements and considers the availability of capital, investor sentiment and the market in general on an on-going basis.

The Company is not subject to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period ended April 30, 2018.

13. Segmented Disclosure

The Company operates in one operating segment, mineral exploration. All of the Company's assets are located in Canada.