

SQUIRE MINING LTD.

(An Exploration Stage Company)

CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended April 30, 2018

(Stated in Canadian Dollars)

(Unaudited – Prepared by Management)

NOTICE TO READER

The accompanying financial statements for the six months ended April 30, 2018 and 2017 and as at April 30, 2018 and October 31, 2017 have been prepared by management and have not been reviewed or audited by the Company's auditors.

SQUIRE MINING LTD.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
April 30, 2018 and October 31, 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	<u>ASSETS</u>		April 30, <u>2018</u>	October 31, <u>2017</u>
Current				
Cash and cash equivalents		\$	92,021	\$ 533,056
Amounts receivable			12,576	7,003
Investment			290,500	7,003
Prepaid expense – Note 9			<u>15,750</u>	<u>3,150</u>
			410,847	543,209
License – Note 6			225,000	-
Exploration and evaluation assets – Note 5			<u>133,388</u>	<u>78,653</u>
		\$	<u>769,235</u>	\$ <u>621,862</u>
	<u>LIABILITIES</u>			
Current				
Accounts payable – Note 9		\$	58,479	\$ 98,191
Accrued liabilities			<u>45,200</u>	<u>9,447</u>
			<u>103,679</u>	<u>107,638</u>
	<u>SHAREHOLDERS' EQUITY</u>			
Share capital – Note 7			1,621,428	903,738
Share subscription			140,000	-
Reserve			582,883	99,850
Accumulated deficit			<u>(1,678,765)</u>	<u>(489,364)</u>
			<u>665,556</u>	<u>514,224</u>
		\$	<u>769,235</u>	\$ <u>621,862</u>

SEE ACCOMPANYING NOTES

SQUIRE MINING LTD.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
for the six months ended April 30, 2018 and 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended April 30,		Six months ended April 30,	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General and administrative expenses				
Accounting and audit fees	\$ -	\$ 500	\$ 2,000	\$ 1,800
Administration services – Note 9	5,867	-	19,823	-
Bank charges	1,660	133	2,554	300
Consulting fees – Note 9	124,190	-	359,978	-
Legal fees	39,415	-	70,734	-
Management fees – Note 9	57,500	-	110,000	-
Office and miscellaneous	6,607	217	22,830	1,740
Regulatory filing fees	5,265	3,680	7,715	5,180
Rent	3,000	-	6,000	-
Share-based payments – Notes 7 and 9	90,000	-	448,333	-
Transfer agent fees	100	275	4,938	1,664
Travel	<u>79,282</u>	<u>100</u>	<u>124,485</u>	<u>-</u>
Loss before other item	(422,897)	(4,905)	(1,189,401)	(10,684)
Other item:				
Project investigation costs – Note 11	<u>-</u>	<u>2,663</u>	<u>-</u>	<u>(46,545)</u>
Net loss and comprehensive loss for the period	<u>\$ (422,897)</u>	<u>\$ (2,242)</u>	<u>\$ (1,189,391)</u>	<u>\$ (57,229)</u>
Basic and diluted loss per common share	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>	<u>\$ (0.03)</u>	<u>\$ (0.00)</u>
Weighted average number of common shares outstanding	<u>37,016,584</u>	<u>22,152,001</u>	<u>37,016,584</u>	<u>22,152,001</u>

SEE ACCOMPANYING NOTES

SQUIRE MINING LTD.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
for the six months ended April 30, 2018 and 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	Six months ended April 30,	
	<u>2018</u>	<u>2017</u>
Operating Activities		
Net income (loss) for the period	\$ (1,189,391)	\$ (57,229)
Items not involving cash:		
Share-based payments	588,333	-
Changes in non-cash working capital items related to operations:		
Amounts receivable	(5,573)	348
Prepaid expenses	(12,600)	-
Accounts payable	(39,712)	(19,607)
Accrued liabilities	<u>35,753</u>	<u>10,000</u>
	<u>(623,190)</u>	<u>(86,488)</u>
Investing Activities		
License	(225,000)	-
Short term investment	(290,500)	(13,528)
Exploration and evaluation costs	<u>(54,735)</u>	<u>(13,528)</u>
	<u>(570,235)</u>	<u>(13,528)</u>
Finance Activity		
Shares issued for cash	<u>752,390</u>	-
	<u>752,390</u>	-
Decrease in cash during the period	(441,035)	(100,016)
Cash and cash equivalents, beginning of the period	<u>533,056</u>	<u>297,169</u>
Cash and cash equivalents, end of the period	<u>\$ 92,021</u>	<u>\$ 197,153</u>
Cash and cash equivalents consist of:		
Cash	\$ -	\$ 231,416
Cash held in trust	<u>-</u>	<u>1,300</u>
	<u>\$ -</u>	<u>\$ 232,716</u>
Non-cash transactions:		
Accounts payable	\$ -	\$ 3,528
Exploration and evaluation asset	\$ -	\$ (3,528)

SEE ACCOMPANYING NOTES

SQUIRE MINING LTD.
(An Exploration Stage Company)
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
for the periods ended April 30, 2018 and 2017
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

	<u>Number of Common Shares</u>	<u>Amount</u>	<u>Reserve</u>	<u>Deficit</u>	<u>Total</u>
Balance, October 31, 2016	22,152,001	\$ 537,838	\$ 73,750	\$ (270,465)	\$ 341,123
Net loss and comprehensive loss for the period	-	-	-	(57,229)	(57,229)
Balance, April 30, 2017	<u>22,152,001</u>	<u>\$ 537,838</u>	<u>\$ 73,750</u>	<u>\$ (327,694)</u>	<u>\$ 283,894</u>
Balance, October 31, 2017	28,921,167	\$ 903,738	\$ 99,850	\$ (489,364)	\$ 514,224
For cash:					
Private placement - \$0.06	10,133,333	608,000	-	-	608,000
Stock options - \$0.10	250,000	25,000	-	-	25,000
Stock warrants - \$0.12	500,000	60,000	-	-	60,000
Stock warrants - \$0.08	430,000	34,400	-	-	34,400
Stock warrants - \$0.15	166,600	24,990	-	-	24,990
Share issue cost					
Agent's units - \$0.06	560,000	-	-	-	-
Fair value of warrants attached to agent's units	-	(67,200)	67,200	-	-
Fair value on stock options exercised	-	32,500	(32,500)	-	-
Share-based payments	-	-	448,333	-	448,333
Share subscription	-	140,000	-	-	140,000
Net loss and comprehensive loss for the period	-	-	-	(1,189,391)	(1,189,391)
Balance, April 30, 2018	<u>40,961,100</u>	<u>\$ 1,761,428</u>	<u>\$ 582,883</u>	<u>\$ (1,678,755)</u>	<u>\$ 665,556</u>

SEE ACCOMPANYING NOTES

SQUIRE MINING LTD.
(An Exploration Stage Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
April 30, 2018
(Stated in Canadian Dollars)
(Unaudited – Prepared by Management)

Note 1 Nature of Operations

The Company is a mineral property exploration company whose common shares trade on the Canadian Securities Exchange (“CSE”). On March 18, 2015, the Company received a receipt from the BCSC, ASC and OSC for its initial public offering (“IPO”) dated March 17, 2015 and become a reporting issuer in British Columbia, Alberta and Ontario. On June 12, 2015, the Company completed its IPO and commenced trading on June 16, 2015 under the trading symbol “SQR”.

The Company has an option agreement to earn an interest in a mineral property located near Quesnel, British Columbia (Note 5) and has not yet determined whether this property contains reserves that are economically recoverable. The recoverability of amounts from the property is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying property, the ability of the Company to obtain necessary financing to satisfy the expenditure requirements under the property option agreement and to complete the development of the property and upon future profitable production or proceeds for the sale thereof.

The Company is also investigating technology acquisitions. In this regard the Company also has entered into an agreement for an 18% interest in a license to commercially exploit a patented communication technology (Note 6). Activities utilizing this license had not commenced at April 30, 2018.

Squire Mining Ltd. (the “Company”) was incorporated under the Business Corporations Act (British Columbia) on March 23, 2011. On January 13, 2015 the Company changed its name from 0906251 B.C. Ltd. to Squire Mining Ltd.

The address of the Company’s corporate office and principal place of business is c/o Suite 404 – 815 Hornby Street, Vancouver, BC, V6Z 2E6 and the address of its records office is Suite 650 – 1188 West Georgia Street, Vancouver, BC, V6E 4A2.

Note 2 Basis of Preparation

a) Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting and which were in effect as of April 30, 2018.

The condensed interim financial statements were authorized for issue by the Board of Directors on June 28, 2018.

Squire Mining Ltd.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

April 30, 2018

(Stated in Canadian Dollars)

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Note 2 Basis of Preparation – (cont'd)

b) Going Concern

The Company has not generated revenue from operations and incurred a net loss of \$1,189,391 for the period ended April 30, 2018, has accumulated a deficit at April 30, 2018 of \$1,678,765 and expects to incur further losses in the development of its business. These financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has not yet determined whether its mineral properties contain economically recoverable reserves. The recoverability of the amounts shown for mineral properties is dependent upon the confirmation of economically recoverable reserves and its ability to obtain adequate financing to develop its mineral properties, and to commence profitable operations in the future, all of which casts significant doubt about the Company's ability to continue as a going concern.

These financial statements do not include any adjustments relating 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.

c) Basis of Measurement

These financial statements have been prepared using the historical cost basis in Canadian dollars, which is the Company's functional currency.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Note 3 Significant Accounting Policies

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as at October 31, 2017. The accompanying unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended October 31, 2017. The following accounting policies are those policies that have become effective for the Company subsequent to October 31, 2017.

Squire Mining Ltd.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

April 30, 2018

(Stated in Canadian Dollars)

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Note 3 Significant Accounting Policies – (cont'd)

Intangible assets

Intangible assets consist of an interest in an exclusive eight-year license acquired externally and are recorded at cost less accumulated amortization and impairment losses. The intangible assets will be amortized on a straight-line basis over 8 years commencing February 1, 2018.

Research costs are expensed as incurred. Development costs are expensed as incurred unless they meet certain criteria for deferral and amortization. The Company assesses whether it has met the relevant criteria for deferral and amortization at each reporting date.

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's 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 flows, 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.

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Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

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Note 3 Significant Accounting Policies – (cont'd)

Accounting standards and amendments issued not yet effective

The following new standards and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards; however, the Company does not expect them to have a significant effect on the financial statements.

- IFRS 9, *Financial Instruments* (effective for reporting periods beginning on or after January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options available in IAS 39.
- IFRS 16 *Leases* establishes a single lease accounting model requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with the approach to lessor accounting in IFRS 16 substantially unchanged from the predecessor standards IAS 17 *Leases*. The standard replaces IAS 17 *Leases* and related interpretations. This standard is effective for reporting periods beginning on or after January 1, 2019.

Note 4 Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Information about critical estimates and judgements in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Estimates

Share-based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

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(Stated in Canadian Dollars)

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Note 4 Use of Estimates and Judgments – (cont'd)Judgements

Exploration and evaluation expenditure

The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position, utilize the cost model and the carrying value of the exploration and evaluation assets is based on the expenditures incurred. Management regularly tests for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Impairment of exploration and evaluation assets is generally considered to have occurred if one of the following factors are present: the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications in an area with development likely to proceed that the carrying amount is unlikely to be recovered in full by development or by sale.

Intangible assets

The recoverability of expenditures incurred on its intangible. The Company evaluates these amounts at least annually for indicators of impairment.

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future is a judgment. The factors considered by management are disclosed in Note 2.

Note 5 Exploration and Evaluation AssetsStar Property

	Balance October 31, <u>2016</u>	<u>Additions</u>	Balance October 31, <u>2017</u>	<u>Additions</u>	Balance, April 30, <u>2018</u>
Acquisition costs	\$ 18,000	\$ 10,000	\$ 28,000	\$ 54,735	\$ 82,735
Deferred exploration costs					
Assays	22,792	-	22,792	-	22,792
Equipment rental	7,322	-	7,322	-	7,322
Food and accommodations	5,531	-	5,531	-	5,531
Geological	40,470	-	40,470	-	40,470
Supplies	<u>2,021</u>	<u>-</u>	<u>2,021</u>	<u>-</u>	<u>2,021</u>
	<u>78,136</u>	<u>-</u>	<u>78,136</u>	<u>-</u>	<u>78,136</u>
Mineral Exploration Tax Credits	<u>(27,483)</u>	<u>-</u>	<u>(27,483)</u>	<u>-</u>	<u>(27,483)</u>
Balance, ending	<u>\$ 68,653</u>	<u>\$ 10,000</u>	<u>\$ 78,653</u>	<u>\$ 54,735</u>	<u>\$ 133,388</u>

Squire Mining Ltd.

(An Exploration Stage Company)

Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

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Note 5 Exploration and Evaluation Assets – (cont'd)

By a mineral property option agreement dated October 5, 2013 and amended on December 5, 2014, the Company could acquire up to a 100% interest in the Star Property. This property consisted of six mineral tenures and is located approximately 80 kilometres west southwest of Quesnel, British Columbia.

In order to earn a 51% interest in the Star Property, the Company was to pay \$78,000 in cash and incur \$885,000 in exploration work over four years. As at October 31, 2017, the Company had paid \$28,000 and incurred in excess of \$35,000 in exploration, the minimum required amount.

The Company could earn an additional 10% interest in the Star Property by completing a pre-feasibility study and a further 9% interest upon successful completion of a senior financing required to put the Star Property into production.

As at October 31, 2017, the Company has forfeited two of the original six claims as the Company did not consider it to be part of the core claims.

Prior to October 5, 2013, the date of the option agreement, the Company incurred an aggregate total of \$26,948 in costs related to the evaluation of the Star Property, which have been previously expensed to the Statement of Loss and Comprehensive Loss.

At October 31, 2017, the Company had not paid the required property payment or incurred the required exploration costs due by twenty-four months after the listing date. By an agreement dated February 1, 2018 the Company replaced the prior agreements with a new option agreement effective February 15, 2018 such that in order to earn the 51% interest in the Star Property, the Company shall pay \$60,000 in cash and incur \$785,000 in exploration work as follows:

<u>Date</u>	<u>Payment</u>	<u>Exploration Work</u>
February 15, 2018 (Paid \$10,000)	\$ 10,000	\$ 52,235
August 15, 2018	10,000	-
February 15, 2019	10,000	250,000
August 15, 2019	10,000	-
February 15, 2020	10,000	500,000
August 15, 2020	<u>10,000</u>	<u>-</u>
	<u>\$ 60,000</u>	<u>\$ 802,235</u>

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Notes to the Condensed Interim Financial Statements

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(Stated in Canadian Dollars)

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Note 5 Exploration and Evaluation Assets – (cont'd)

In February 2018, the Company paid the payment balance of \$7,500 and advanced the \$44,735 for Exploration Work.

The term of the option shall be until August 15, 2020. If the option is not exercised or the cash and exploration work has not been paid in full on or before August 15, 2020, the option shall terminate.

The Company may earn an additional 14% interest in the Star Property by completing a preliminary economic assessment and a further 15% interest upon successful completion of a financing sufficient to carry out a feasibility study on the property. When the Company earned 80% ownership, the project will continue as a joint venture with the exploration programs being funded proportionality to ownership. If either party is unable or unwilling to participate they will be diluted at a rate based on twice the amount spent on the property when this clause comes into effect. For every 1% of twice the expenditures spent by one of the parties and not by the other, 1% ownership will be transferred to the party spending the money. If either party is diluted to 10% or less their interest will revert to a 2% Net Smelter Return (“NSR”) with the majority party having the right to buy 1% for \$1,000,000 and first right of refusal on the second 1%.

Note 6 License

By an agreement dated December 12, 2017, as amended January 29, 2018, the Company purchased an 18% interest in an exclusive eight-year license to commercially exploit a patented (“License”) communications technology designed to create autonomous communication networks without the need to connect to the internet, cellular or other communications infrastructure. This license relates solely to commercial applications for the mining resource industry worldwide. In consideration, the Company paid to the licensee \$225,000. This agreement is subject to the underlying owners consent to the assignment of the interest to the Company, a 15% royalty of net revenue received payable to the underlying owner and the licensee incurring a minimum of \$50,000 on or before December 12, 2018 in qualified expenditures to develop mining-related uses for the technology, failing which the Company’s interest in the license will automatically increase to 25%.

The Company has the Right of First Refusal and option to acquire all or any portion of the Licensee’s remaining interest in the License, if the Licensee receives a bona fide offer from a third party.

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Notes to the Condensed Interim Financial Statements

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Note 7 Share Capital

a) Authorized:

Unlimited common shares without par value

b) Issued:

During the six months ended April 30, 2018:

On December 15, 2017 the Company closed a non-brokered private placement of 10,133,333 units at \$0.06 per unit for gross proceeds of \$608,000. Each unit consists of one common share and one transferable share purchase warrant to purchase one additional common share at \$0.08 per share exercisable until December 21, 2019, as to 7,633,333 warrants, and until December 27, 2019, as to 2,500,000 warrants. The Company also paid a finder's fees in connection therewith of 560,000 units with the same terms as the private placement. (exercisable until December 27, 2019). The Company determined the fair value of the shares in the units at \$0.06 per share totalling \$33,600 and recorded an additional fair value of \$35,000 on the warrants attached to the units utilizing the Black-Scholes option pricing model with the following assumptions – risk-free rate of 1.66%; Dividend yield of Nil, Expected volatility of 142.38%; Expected life of 2 years and a forfeiture rate of 0%.

On January 12, 2018 directors of the Company exercised 750,000 share purchase options, as to 500,000 at \$0.12 per share and as to 250,000 at \$0.10 per share.

During the year ended October 31, 2017:

On September 13, 2017, the Company completed a private placement of 6,366,666 units at \$0.06 per unit for gross proceeds of \$382,000. Each unit consists of one common share and one transferable share purchase warrant to purchase an additional common share at \$0.08 per share until September 8, 2019. The Company also paid a finder's fees in connection therewith of 402,500 units with the same terms as the private placement. The Company determined the fair value of the shares in the unit at \$0.06 per share totalling \$24,150 and recorded an additional fair value of \$16,100 on the warrants attached to the units utilizing the Black Scholes option pricing model with the following assumptions – risk-free rate of 1.58%; Dividend yield of Nil; Expected volatility of 135%; Expected life of 2 years and a forfeiture rate of 0%.

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Note 7 Share Capital – (cont'd)

c) Escrow:

Pursuant to an escrow agreement dated March 12, 2015, 16,500,001 common shares were placed into escrow to be released as to 10% on the Listing Date with the remaining 90% to be released in equal tranches at six-month intervals over the 36 months following the Listing Date.

As at January 31, 2018, there were 2,475,001 (October 31, 2017: 4,950,001) common shares held in escrow. On December 12, 2017, 2,475,000 common shares were released from escrow and the remaining escrow shares will be released on June 12, 2018.

d) Commitments:

Share-based Compensation:

The Company has a share-based compensation plan whereby share purchase options are granted in accordance with the policies of regulatory authorities at an exercise price equal to the market price of the Company's shares on the date of the grant and, unless otherwise stated, vest on the grant date and with a term not to exceed five years. Under the plan, the board of directors may grant up to 10% of the issued number of shares outstanding as at the date of the share purchase option grant.

On November 2, 2017, the Company granted a director of the Company share purchase options to acquire 500,000 common shares at \$0.10 per share. These options expire on November 2, 2022. The Company recorded a fair value of \$35,000 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 1.62%; Dividend yield of Nil; Expected volatility of 127%; Expected life of 5 years and a forfeiture rate of 0%. These share purchase options vest at the date of grant.

On January 12, 2018, the Company granted share purchase options to consultants to acquire 3,233,334 common shares at \$0.15 per share. These options expire on January 12, 2020. The Company recorded a fair value of \$323,333 utilizing the Black-Scholes option pricing model with the following assumptions – Risk-free interest rate of 1.84%; Dividend yield of Nil; Expected volatility of 142%; Expected life of 2 years and a forfeiture rate of 0%. These share purchase options vest at the date of grant.

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Note 7 Share Capital – (cont'd)d) Commitments: - (cont'd)Share-based Compensation: - (cont'd)

A summary of the Company's share purchase options outstanding at April 30, 2018 and October 31, 2017 and changes during the periods then ended are presented below:

	<u>Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding and exercisable at October 31, 2016	1,125,000	\$0.12
Forfeited	(250,000)	\$0.12
Granted	<u>100,000</u>	<u>\$0.12</u>
Outstanding and exercisable at October 31, 2017	975,000	\$0.12
Granted	4,183,334	\$0.16
Exercised	<u>(1,316,600)</u>	<u>\$0.13</u>
Outstanding and exercisable at April 30, 2018	<u><u>3,841,734</u></u>	<u>\$0.16</u>

As at April 30, 2018, share purchase options outstanding have a weighted average remaining contractual life of 2.21 (October 31, 2017: 2.6) years.

<u>Outstanding</u>	<u>Exercisable</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
375,000	375,000	\$0.12	March 31, 2020
100,000	100,000	\$0.12	October 5, 2022
250,000	250,000	\$0.10	November 2, 2022
2,666,734	2,666,734	\$0.15	January 2, 2020
<u>450,000</u>	<u>450,000</u>	\$0.30	March 26, 2020
<u><u>3,841,734</u></u>	<u><u>3,841,734</u></u>		

Subsequent to April 30, 2018, 2,600,000 options were granted to directors with at \$0.31, with an expiry date of May 16, 2020.

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(Unaudited – Prepared by Management) – Page 11Note 7 Share Capital – (cont'd)d) Commitments: - (cont'd)Agent's Warrants:

A summary of agent's warrants outstanding at as at April 30, 2018 and October 31, 2017 and changes during the periods then ended are presented below:

	<u>Agent's Warrants</u>	<u>Weighted Average Exercise Price</u>
Outstanding, at October 31, 2016	300,000	\$0.10
Issued	402,500	\$0.08
Expired	<u>(300,000)</u>	<u>\$0.10</u>
Outstanding, at October 31, 2017	402,500	\$0.08
Issued	560,000	\$0.08
Exercised	<u>(30,000)</u>	<u>\$0.08</u>
Outstanding, at April 30, 2018	<u>932,500</u>	<u>\$0.08</u>

As at April 30, 2018, agent's warrants outstanding have a weighted average remaining contractual life of 1.78 (October 31, 2017: 1.87) years

<u>Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
372,500	\$0.08	September 13, 2019
<u>560,000</u>	\$0.08	December 27, 2019
<u>932,500</u>		

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Note 7 Share Capital – (cont'd)d) Commitments: - (cont'd)Share Purchase Warrants:

A summary of the status of share purchase warrants as of April 30, 2018 and October 31, 2017 and changes during the periods then ended are presented below:

	<u>Share Purchase Warrants</u>	<u>Weighted Average Exercise Price</u>
Balance, at October 31, 2016	-	
Issued	<u>6,366,666</u>	<u>\$0.08</u>
Balance, at October 31, 2017	6,366,666	\$0.08
Issued	<u>10,133,333</u>	<u>\$0.08</u>
Balance, at April 30, 2018	<u>16,499,999</u>	<u>\$0.08</u>

As at April 30, 2018, share purchase warrants outstanding have a weighted average remaining contractual life of 1.79 (October 31, 2017: 1.85) years.

<u>Outstanding</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
6,366,666	\$0.08	September 13, 2019
7,633,333	\$0.08	December 21, 2019
<u>2,500,000</u>	\$0.08	December 27, 2019
<u>16,499,999</u>		

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Note 8 Financial Instruments and Risk Management

The Company is exposed through its operations to the following financial risks:

Market Risk

Credit Risk

Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and process for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

a) Market Risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices and are comprised of foreign currency risk and interest rate risk.

b) Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign exchange rate fluctuation.

c) Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest rate risk is limited to potential decreases on the interest rate offered on cash held with chartered Canadian financial institutions. The risk that the Company will realize a loss as a result of a decline in the fair value of the cash is limited because of the short-term nature of the investments.

d) Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consists primarily of cash. Cash are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company considers this risk to be minimal.

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Note 8 Financial Instruments and Risk Management – (cont'd)

e) Liquidity Risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases. The Company manages liquidity risk through the management of its capital structure.

Accounts payable and accrued liabilities are due within the current operating year.

As at April 30, 2018, the Company had working capital of \$307,168. The Company does not currently operate any producing properties and as such, may be dependent upon issuance of new equity to advance its exploration properties. If equity financing is required, failure to obtain financing on a timely basis may cause the Company to postpone exploration plans, reduce or terminate its operations.

Determination of Fair Value:

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The financial position carrying amounts for cash and cash equivalents, amounts receivable, accounts payable and accrued liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.
- Level 3 – Applies to assets or liabilities for which there are unobservable market data.

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Note 9 Related Party Transactions

The Company incurred the following expenditures charged by a director, two companies each controlled by a director of the Company and one company controlled by an officer of the Company:

	April 30, <u>2018</u>	April 30, <u>2017</u>
Administrative expenses		
Administration services	\$ <u>19,823</u>	\$ <u>-</u>
Key management compensation		
Consulting fees	\$ 32,500	-
Management fees	87,500	-
Share-based payments	<u>125,000</u>	<u>-</u>
	<u>245,000</u>	<u>-</u>
	<u>\$ 264,823</u>	<u>\$ -</u>

These transactions are in the normal course of operations and were measured by amounts agreed upon by the transacting parties.

Prepaid expenses at April 30, 2018, includes \$15,750 (October 31, 2017: \$Nil) in management fees due to a company controlled by a director of the Company.

Accounts payable at April 30, 2018, includes \$15,010 (October 31, 2017: \$47,250) owed to the related parties in connection with the management fee.

The Company considers its Chief Executive Officer, Chief Financial Officer and directors of the Company to be key management.

Note 10 Segment Information

As at April 30, 2018, the Company has only one operating segment, the acquisition, exploration and development of gold properties in Canada.

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Notes to the Condensed Interim Financial Statements

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Note 11 Terminated Acquisition

On October 14, 2016, the Company entered into a binding letter of intent (“LOI”) with Strategic Aviation Holdings Ltd. (“SAH”), a privately owned company incorporated under the laws of Ontario, and each of the shareholders of SAH, which set out the terms and conditions pursuant to which the Company, SAH and the SAH shareholders agreed to complete a transaction that would result in the acquisition by the Company of all of the issued and outstanding common shares of SAH.

SAH is a national multi-functional aviation services provider, focusing on airline ground handling and catering logistics services in Canada.

The completion of the proposed transaction was subject to a number of terms and conditions, including entering into a definitive agreement, the completion of the financing, the approval of the shareholders of the Company, the approval of the exchange and other relevant regulatory authorities. On January 6, 2017 the LOI was terminated after the parties were unable to meet certain conditions required to complete the transaction on mutually acceptable terms. Included in the Statements of Loss and Comprehensive Loss under project investigation cost, are cost incurred with respect to this terminated acquisition which mainly consisted of legal fees totaling \$49,208.

Note 12 Subsequent Events

On May 29, 2018, the Company announced that it completed its financing. A grand total of 13,174,500 units (the “Units”) were issued at a price of \$0.25 per unit for gross proceeds of \$3,293,625. Finder’s fees totalling \$180,600 cash, 115,815 units and 838,215 finder’s warrants were paid to certain arm’s length finders in connection with the offering. Each finder’s warrant entitles the holder to purchase one common share of the Company at \$0.50 for a period of two years.