MANADO GOLD CORP.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

JUNE 30, 2018 AND 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Manado Gold Corp.

We have audited the accompanying consolidated financial statements of Manado Gold Corp., which comprise the consolidated statements of financial position as at June 30, 2018 and 2017 and the consolidated statements of loss and comprehensive loss, statements of cash flows and changes in shareholders' equity (deficiency) for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Manado Gold Corp. as at June 30, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada Chartered Professional Accountants

October 29, 2018

MANADO GOLD CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT JUNE 30

		2018		2017
ASSETS				
Current assets				
Cash	$	5,172	$	19,219
Receivables		7,147		15,547
Marketable securities (Note 12)		-		12,000
		12,319		46,766
Reclamation bonds (Note 6)		45,271		45,261
Mineral properties (Note 6)		1		1
Total assets	$	57,591	$	92,028
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)				
Current liabilities				
Accounts payable and accrued liabilities (Note 7)	$	279,946	$	135,308
		279,946		135,308
Shareholders' equity (deficiency)				
Share capital (Note 9)		3,061,336		2,911,336
Subscriptions received (Notes 9 and 14)		65,000		45,000
Reserves (Note 9)		484,727		484,727
Deficit		(3,833,418)		(3,484,343)
		(222,355)		(43,280)
Total liabilities and shareholders' equity (deficiency)	$	57,591	$	92,028

Nature of operations and going concern (Note 1)
Events after the reporting period (Note 14)

Approved and authorized on behalf of the Board on October 29, 2018

"Logan Anderson" Director *"Donald Archibald"* Director

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

MANADO GOLD CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED JUNE 30

	2018	2017
OPERATING EXPENSES		
Directors' fees (Note 7)	$ 60,000	$ 60,000
Management fees (Note 7)	72,000	72,000
Office and general	47,533	70,414
Professional fees	121,640	116,246
Project investigation costs	41,995	60,016
Share-based compensation (Note 9)	-	50,835
	343,168	429,511
Interest income	(288)	(285)
Income on settlement of flow-through share premium liability (Note 8)	-	(2,858)
Part XII.6 tax expense (Note 8)	-	1,940
Unrealized loss on marketable securities (Note 12)	-	3,000
Realized loss (gain) on sale of marketable securities (Note 12)	6,195	(17,789)
Write-down of mineral properties (Note 6)	-	20,251
Loss and comprehensive loss for the year	$ 349,075	$ 433,770
Loss per share – basic and diluted	$ (0.03)	$ (0.05)
Basic and diluted weighted average number of common shares outstanding	11,440,301	9,326,465

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

MANADO GOLD CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED JUNE 30

	2018	2017
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Loss for the year	$ (349,075)	$ (433,770)
Items not affecting cash:		
Accrued interest adjustment on reclamation bond	(10)	(8)
Write-down of mineral properties	-	20,251
Income on settlement of flow-through share premium liability	-	(2,858)
Share-based compensation	-	50,835
Realized loss (gain) on sale of marketable securities	6,195	(17,789)
Unrealized loss on marketable securities	-	3,000
Changes in non-cash working capital items:		
Receivables	8,400	(10,726)
Accounts payable and accrued liabilities	146,068	(4,347)
Net cash used in operating activities	(188,422)	(395,412)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Mineral properties	-	(17,250)
Proceeds from sale of marketable securities	5,805	52,789
Net cash provided by investing activities	5,805	35,539
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from issuance of shares	105,000	300,000
Share issue costs	(1,430)	-
Subscriptions received	65,000	45,000
Net cash provided by financing activities	168,570	345,000
Decrease in cash during the year	(14,047)	(14,873)
Cash, beginning of the year	19,219	34,092
Cash, end of the year	$ 5,172	$ 19,219

Supplemental disclosure with respect to cash flows (Note 13)

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

MANADO GOLD CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Subscriptions Received	Reserves	Deficit	Total
Balance at June 30, 2016	**7,238,520**	**$ 2,609,766**	**$ -**	**$ 433,892**	**$ (3,050,573)**	**$ (6,915)**
Shares issued in private placement	3,000,000	300,000	-	-	-	300,000
Share issue costs	-	(1,430)	-	-	-	(1,430)
Shares issued for mineral properties	10,000	3,000	-	-	-	3,000
Subscriptions received	-	-	45,000	-		45,000
Share-based compensation	-	-	-	50,835	-	50,835
Loss for the year	-	-	-	-	(433,770)	(433,770)
Balance at June 30, 2017	**10,248,520**	**$ 2,911,336**	**$ 45,000**	**$ 484,727**	**$ (3,484,343)**	**$ (43,280)**
Shares issued in private placement	1,500,000	150,000	(45,000)	-	-	105,000
Subscriptions received	-	-	65,000	-	-	65,000
Loss for the year	-	-	-	-	(349,075)	(349,075)
Balance at June 30, 2018	**11,748,520**	**$ 3,061,336**	**$ 65,000**	**$ 484,727**	**$ 3,833,418**	**$ (222,355)**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Manado Gold Corp. (the "Company") was incorporated on August 13, 2010 in British Columbia, and its business is the acquisition, exploration and development of mineral properties located in Canada.

The Company's head office and registered office is located at Suite 1085, Bentall Two, P.O. Box 201, 555 Burrard Street, Vancouver, BC, V7X 1M8.

The consolidated financial statements of the Company are presented in Canadian dollars which is the functional currency of the Company and its subsidiary.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These consolidated financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

At a shareholder meeting held on June 20, 2016, the shareholders of the Company approved a consolidation of the Company's shares at a ratio of ten (10) pre-consolidation shares to one (1) post-consolidation shares, subject to the acceptance of the TSX Venture Exchange ("TSX-V"). The Company's share capital was consolidated on August 26, 2016 and pursuant to International Accounting Standard 33, all of the share and per shares amounts have been adjusted retrospectively within these consolidated financial statements.

At the date of the consolidated financial statements, the Company has not identified a known body of commercial grade mineral on any of its properties. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition of, a participation in or an interest in properties, assets or businesses. Such an acquisition will be subject to regulatory approval and may be subject to shareholder approval. In order to continue as a going concern and meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, and other business and financial transactions which would assure continuation of the Company's operation and exploration programs. In addition, management closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company if favorable or adverse market conditions occur.

The Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

a) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments which are classified as at fair value through profit or loss which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for the cash flow information.

2. BASIS OF PREPARATION (cont'd…)

b) Principles of consolidation

The Company's wholly-owned subsidiary, MDO Mining Corp. ("MDO"), was incorporated on July 20, 2015 in British Columbia to accommodate a proposed spin-off (Note 12). As at June 30, 2018, MDO holds title to the Company's mineral properties, but is otherwise inactive. All significant intercompany balances and transactions were eliminated on consolidation.

c) Significant accounting estimates and judgments

The preparation of the consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statement and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates:

- The carrying value and the recoverability of mineral properties;
- Share-based payments; and
- Deferred income taxes.

Critical accounting judgments:

Examples of significant judgments, apart from those involving estimation, include:

- The accounting policies for mineral properties; and
- Classification of financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

a) Mineral properties

Mineral properties are carried at cost. The Company is an early stage exploration company with no known mineral reserves or production.

Pre-exploration costs are expensed in the period in which they are incurred.

Once the legal right to explore has been acquired, costs directly related to mineral properties, are capitalized, in addition to acquisition costs. These direct expenditures include such costs as materials used, staking costs, drilling costs, and payments made to contractors. Costs not directly attributable to mineral properties, including general administration and overhead costs are expensed in the period in which they occur.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

a) Mineral properties (cont'd…)

The Company may enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration for an agreement by the transferee to meet certain mineral properties expenditures which would have otherwise been undertaken by the Company. The Company will not record any expenditure made by the farmee on its behalf. Any cash consideration received from the agreement will be credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess or shortfall of cash accounted for as a gain or loss.

Expenditures for each mineral property are carried forward as an asset provided that one of the following conditions is met:

i) Such costs are expected to be recouped in full through successful development and exploration of the mineral property or alternatively, by sale; or

ii) Activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, however active and significant operations in relation to the mineral property are continuing, or planned for the future.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged to profit or loss at the time the determination is made.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mining assets". Mineral property expenditures accumulated are also tested for impairment before the costs are transferred to development properties.

b) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

b) Impairment of tangible and intangible assets (cont'd…)

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.

c) Loss per share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Since the Company has losses, the exercise of outstanding stock options and warrants has not been included in this calculation as it would be anti-dilutive.

d) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the date of the statement of financial position.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

e) Provisions

Provisions are liabilities that are uncertain in timing or amount. The Company records a provision when and only when:

i) The Company has a present obligation (legal or constructive) as a result of a past event;

ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

iii) A reliable estimate can be made of the amount of the obligation.

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities include restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

The Company does not have any rehabilitation obligations.

f) Financial instruments

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category is as follows:

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

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as at FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-maturity ("HTM")

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the 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 asset 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.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

f) Financial instruments (cont'd...)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Such assets are initially recognized at fair value plus any direct attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale ("AFS")

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 equity. 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 equity and recognized in profit or loss.

The Company classified its financial assets as follows:

- Cash and marketable securities are classified as FVTPL.
- Reclamation bonds are classified as HTM.

Financial liabilities

Financial liabilities are classified into one of two categories:

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 on the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities

This category includes certain liabilities recognized at amortized cost.

The Company classified its financial liabilities as follows:

- Accounts payable and accrued liabilities are classified as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

f) Financial instruments (cont'd...)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted.

For all financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the 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 through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

g) Share-based payments

The Company grants stock options to buy 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 is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited 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. Otherwise, share-based payments are measured at the fair value of the goods or services received.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

h) Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants ("Warrants"). Depending on the terms and conditions of each equity financing agreement ("Agreement"), the warrants are exercisable into additional common shares prior to expiry at a price stipulated by the Agreement.

Warrants that are part of units are assigned value using the residual value method and included in share capital with the common shares that were concurrently issued.

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 the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as a warrant reserve.

Warrants that are issued as payment for agency fees or other transactions costs are accounted for as share-based payments.

i) Flow-through common shares

The Company will, from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon expenses being expended, the Company derecognizes the liability and the premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. Where applicable, this tax is accrued as a financial expense until paid.

j) Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in the making of financial and operating decisions.

Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

k) Change in accounting policies

During the year ended June 30, 2018, the Company adopted certain new accounting standards and pronouncements, none of which had a material impact on the Company's consolidated financial statements.

The following standards have been issued but are not yet effective:

IFRS 9, Financial Instruments, is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. This standard is effective for annual periods beginning on or after January 1, 2018 and management is currently assessing the impact the adoption will have on the consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers, contains new standards on revenue recognition that will supersede IAS 18, Revenue, IAS 11, Construction Contracts and related interpretations. These standards are effective for the fiscal period beginning on or after January 1, 2018.

IFRS 16, Leases, the new standard on leases, supersedes IAS 17, Leases, and related interpretations. The standard is effective for years beginning on or after January 1, 2019.

There are no other standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

4. CAPITAL DISCLOSURES

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity (deficiency) totaling ($222,355) as capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year ended June 30, 2018.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company thoroughly examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include interest rate risk, credit risk, liquidity risk, and currency risk and price risk. The carrying value of the Company's financial instruments approximates their fair value due to their short-term nature.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Current financial assets and financial liabilities are generally not exposed to interest rate risk because of their short-term maturity.

5. FINANCIAL INSTRUMENTS (cont'd…)

b) 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 liquid financial assets including cash. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash with high-credit quality financial institutions.

The Company's cash is held with a major Canadian based financial institution. Receivables consist of goods and services tax due from the government of Canada.

c) Liquidity risk

Liquidity risk arises from the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available reserves in order to meet its liquidity requirements. The Company addresses its liquidity through equity financing obtained through the sale of common shares and the exercise of warrants and options. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to do so in the future. As at June 30, 2018, the Company held cash of $5,172 to settle current liabilities of $279,946.

d) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates in Canada and is not exposed to currency risk.

e) Price risk

The Company is exposed to price risk with respect to commodity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of commodities. The Company monitors commodity prices to determine appropriate actions to be undertaken.

f) Fair value

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

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 inputs of the fair value hierarchy. The fair value of the Company's marketable securities was based on level 2 inputs.

(Expressed in Canadian dollars)

6. MINERAL PROPERTIES

	Takla Property	Clisbako Property	Total
Balance June 30, 2016	$ 1	$ 1	$ 2
Option payment - shares	$ 3,000	$ -	$ 3,000
Option payment - cash	15,000	-	15,000
Geological reports	2,250	-	2,250
Write-down of mineral properties	(20,251)	-	(20,251)
Balance, June 30, 2017	$ -	$ 1	$ 1
Balance, June 30, 2018	$ -	$ 1	$ 1

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee its title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

a) Clisbako Property

On September 15, 2010, the Company entered into an option agreement with the subsidiary of Pengram Corporation ("Pengram"), whereby the Company was granted an option to acquire a 75% interest in the Clisbako Property located in the Cariboo mining division of British Columbia. Under the terms of the Option Agreement, the Company agreed to the following:

1. Paying an aggregate of US$150,000 as follows:

   a) US$50,000 on execution of the agreement (paid);
   b) A further US$50,000 on or before February 28, 2011 (paid); and
   c) A further US$50,000 on or before April 30, 2011. (This payment was waived on April 30, 2011, in exchange for terminating the option agreement with respect to the Manado Gold property, Sulawesi Indonesia).

2. Issuing an aggregate of 60,000 common shares as follows:

   a) 10,000 shares on or before September 15, 2011 (issued);
   b) A further 20,000 shares on or before September 15, 2012 (issued); and
   c) A further 30,000 shares on or before September 15, 2013 (issued).

6. MINERAL PROPERTIES (cont'd…)

a) Clisbako Property (cont'd…)

3. Incurring exploration expenditures of $650,000 on the Clisbako Property as follows:

    a) $100,000 on or before September 15, 2011 (incurred);
    b) A further $300,000 on or before September 15, 2012 (incurred); and
    c) A further $250,000 on or before September 15, 2013 (see below).

The Company will also be responsible to make all government payments required to keep the claims in good standing.

On September 13, 2013, Pengram accepted the total exploration expenditures incurred to date as full and final satisfaction of the Company's remaining requirement and confirmed that the option had been exercised and the Company holds an undivided 75% interest in the Clisbako Property.

During the year ended June 30, 2016, the Company wrote down the carrying value of its mineral properties based on the presence of impairment indicators in respect of a difficult economic environment for raising and spending money in Canada. The Company retains title to the properties for future exploration potential.

As at June 30, 2018, the Company held a $5,091 (June 30, 2017 - $5,081) reclamation deposit, in an interest-bearing account, with respect to the Clisbako Property.

b) Takla Property

On September 23, 2013 (and revised August 27, 2015), the Company entered into an option agreement with CJL Enterprises Ltd. ("CJL") to acquire a 100% undivided interest in the Takla Property located in the Omineca Mining Division of British Columbia. Under the terms of the option agreement, the Company agreed to the following:

1. Paying an aggregate of $110,000 as follows:

    a) $10,000 on approval by the TSX-V of the agreement (paid);
    b) A further $20,000 on September 30, 2014 (paid);
    c) A further $15,000 on September 30, 2015 (paid);
    d) A further $15,000 on September 30, 2016 (paid); and
    e) A further $50,000 on September 30, 2017.

2. Issuing an aggregate of 50,000 common shares as follows:

    a) 10,000 shares on approval by the TSX-V (issued);
    b) A further 10,000 shares on September 30, 2014 (issued);
    c) A further 10,000 shares on September 30, 2016 (issued at a value of $3,000); and
    d) A further 20,000 shares on September 30, 2017.

3. Incurring exploration expenditures of $250,000 on the property before September 30, 2015 (incurred).

6. MINERAL PROPERTIES (cont'd…)

b) Takla Property (cont'd…)

In addition, CJL will retain a 2% net smelter return royalty (the "Royalty") on the Property. The Company may repurchase each 1% of the Royalty by making separate cash payments of $1,000,000 to CJL. Commencing on the fifth anniversary of the agreement, the Company will be required to pay to CJL an annual advanced royalty payment of $10,000 (which CJL may elect to receive common shares of the Company). All advance royalty payments will be credited to and recoverable from any future Royalty payable to CJL. The advance royalty payment will cease upon commencement of commercial production.

On commencement of commercial production, the Company will be required to issue 200,000 common shares.

During the year ended June 30, 2016, the Company wrote down the carrying value of its mineral properties based on the presence of impairment indicators in respect of a difficult economic environment for raising and spending money in Canada.

In fiscal 2017, management decided to cease further exploration on the property and, accordingly, wrote off the carrying value to $nil.

As at June 30, 2018 the Company held a $40,180 reclamation deposit (June 30, 2017 - $40,180), in an interest-bearing account, with respect to the Takla Property.

7. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company and includes both executive and non-executive directors, and entities controlled by such persons. The Company considers all Directors and Officers of the Company to be key management personnel.

Related party transactions during the year ended June 30, 2018 that were not disclosed elsewhere in these consolidated financial statements are as follows:

a) Paid or accrued $60,000 (2017 - $60,000) for management fees and $3,000 (2017 - $12,000) for rent to a company with a common officer.

b) Paid or accrued $12,000 (2017 - $7,000) for management fees to a director.

c) Paid or accrued $Nil (2017 - $5,000) for management fees to a former officer and a current director.

d) Paid or accrued $60,000 (2017 - $60,000) for directors' fees to five directors.

e) Paid or accrued $12,000 (2017 - $12,000) for investor relation fees to a director.

f) Included in accounts payable and accrued liabilities is $115,000 (June 30, 2017 - $36,000) owed to directors and a company with a common officer as at June 30, 2018.

(Expressed in Canadian dollars)

8. LIABILITY ON FLOW-THROUGH SHARE PREMIUM

	2018	2017
Beginning balance	$ -	$ 2,858
Income on settlement of flow-through share premium liability	-	(2,858)
Ending balance	$ -	$ -

On September 3, 2014, the Company closed a private placement by issuing 186,670 flow-through units ("FT Units") at a price of $0.60 per FT Unit for gross proceeds of $112,002. Each FT Unit consisted of one flow-through share of the Company, and one non-transferable share purchase warrant, with each whole warrant entitling the holder to purchase one non flow-through share at a price of $1.00 per share for a period of one year following closing. The premium received on the shares issued was determined to be $18,667 and was recorded as a share capital reduction. An equivalent premium liability was recorded and was being reduced as the required exploration expenditures were spent.

As the Company failed to incur the required qualifying exploration expenditures within the allotted period, a provision for Part XII.6 tax in the amount of $1,940 has been recorded in the statement of loss and comprehensive loss, and is included in accounts payable and accrued liabilities as at June 30, 2018.

9. SHARE CAPITAL

Authorized share capital

Unlimited common shares without par value
Unlimited preferred shares without par value

Issued during the year ended June 30, 2018:

a) Issued 1,500,000 units for gross proceeds of $150,000. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of $0.175 per share if exercised within the first six months and at a price of $0.25 per share if exercised within months seven through eighteen from the issue date.

b) The Company received cash of $65,000 for share subscriptions received in connection with a non-brokered private placement announced subsequent to year-end (Note 14).

Issued during the year ended June 30, 2017:

a) The Company issued 10,000 shares for the Takla Property at a value of $3,000 (Note 6).

b) On October 25, 2016, the Company closed a non-brokered private placement for a total of 3,000,000 units at a price of $0.10 per unit for gross proceeds of $300,000. Each unit consists of one common share and one share purchase warrant, with each warrant entitling the holder to acquire one additional common share at a price of $0.15 per share for a period of two years. No value was attributed to the warrant component of the units sold. Share issue costs of $1,430 (Note 13) were incurred in connection with the financing.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (cont'd…)

a) The Company received cash of $45,000 for share subscriptions received in connection with a non-brokered private placement completed subsequent to the year ended June 30, 2017.

Warrants

Warrant activity for the years ended June 30, 2018 and 2017 was as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, June 30, 2016	4,697,050	$ 0.58
Expired	(310,000)	0.56
Issued	3,000,000	0.15
Balance, June 30, 2017	7,387,050	$ 0.40
Expired	(4,387,050)	$ 0.58
Issued	1,500,000	0.25
Balance, June 30, 2018	4,500,000	$ 0.18

As of June 30, 2018, the following warrants are outstanding:

Expiry Date	Number of warrants	Exercise price	Remaining life in years
October 25, 2018	3,000,000	$0.15	0.32
September 13, 2019	1,500,000	$0.25	1.21
Total	4,500,000		

(Expressed in Canadian dollars)

9. SHARE CAPITAL (cont'd…)

Stock options

The Company adopted a stock option plan (the "Stock Option Plan") under which the Company can grant options to directors, officers, employees and consultants for up to 10% of the issued and outstanding common shares. Under the Stock Option Plan, the exercise price of an option may not be less than the closing market price during the trading day immediately preceding the date of the grant of the option, less any applicable discount allowed by the TSX-V. The options can be granted for a maximum term of ten years and vest at the discretion of the Board of Directors.

Stock option activity for the years ended June 30, 2018 and 2017 was as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, June 30, 2016	120,000	$ 1.50
Expired	(120,000)	1.50
Granted	600,000	0.105
Outstanding, June 30, 2017 and 2018	**600,000**	**$ 0.105**

As of June 30, 2018, the following stock options are outstanding and exercisable:

Expiry Dates	Number of options outstanding	Number of options exercisable	Exercise price	Remaining life in years
November 7, 2019	600,000	600,000	$ 0.105	1.36

On November 7, 2016, the Company granted 600,000 stock options to directors and officers. The fair value of the options granted was calculated using the Black-Scholes option pricing model for a total of $50,835 based on the following assumptions: an expected life of 3 years, expected stock volatility of 166.08%, a risk-free interest rate of 0.57% and no dividend yield.

(Expressed in Canadian dollars)

10. INCOME TAXES

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

	2018	2017
Loss for the year	$ (349,075)	$ (433,770)
Expected income tax expense (recovery)	(93,000)	(113,000)
Permanent differences	1,000	11,000
Share issue costs	-	-
Change in unrecognized deductible temporary differences	92,000	102,000
Total income tax expense (recovery)	**$ -**	**$ -**

The significant components of the Company's unrecognized deferred tax assets are as follows:

	2018	2017
Deferred tax assets:		
Mineral properties	$ 118,000	$ 103,000
Intangible assets	-	13,000
Share issue costs	5,000	8,000
Allowable capital losses	39,000	37,000
Non-capital losses available for future periods	652,000	547,000
	814,000	708,000
Net unrecognized deferred tax assets	(814,000)	(708,000)
Net deferred tax assets	**$ -**	**$ -**

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2018 $	Expiry Date Range	2017 $	Expiry Date Range
Temporary differences				
Mineral properties	418,000	No expiry date	376,000	No expiry date
Investment tax credits	8,000	2031	8,000	2031
Intangible assets	-	No expiry date	49,000	No expiry date
Share issue costs	20,000	2038 to 2041	29,000	2038 to 2041
Allowable capital losses	144,000	No expiry date	141,000	No expiry date
Non-capital losses available for future periods	2,416,000	2031 to 2038	2,108,000	2031 to 2037

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian dollars)

11. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in one business segment being the acquisition and exploration of resource properties which are located in Canada.

12. PROPOSED AMALGAMATION AND TERMINATION

During the year ended June 30, 2017, the Company entered into a proposed amalgamation agreement with RewardStream Inc. ("RewardStream") that was subsequently terminated (the "Termination") due to the Company failing to complete certain conditions on closing.

After its termination, Rewardstream completed the amalgamation with Musgrove Minerals Corp. (the "Musgrove Amalgamation") and the Company received 400,000 shares of the resulting issuer in accordance with the Termination. The shares were valued consistently with a financing completed concurrently with the Musgrove Amalgamation ($0.125) for a total fair value of $50,000 on receipt.

During fiscal 2017, the Company sold 280,000 of the shares received for net proceeds of $52,789 and recorded a realized gain on sale of marketable securities of $17,789. An unrealized loss on marketable securities in the amount of $3,000 was also recognized during the year, with the remaining shares being carried at a fair value of $12,000 as at June 30, 2017.

During the year ended June 30, 2018, the Company sold the remaining 120,000 shares for proceeds of $5,805 which resulted in a realized loss on sale of marketable securities of $6,195.

13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Non-Cash Financing and Investing Activities		2018		2017
Share issue costs included in accounts payable and accrued liabilities	$	-	$	1,430
Shares issued for mineral properties	$	-	$	3,000

14. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the year ended June 30, 2018, the Company announced a non-brokered private placement offering for up to 8,000,000 units at a price of $0.05 per unit for total proceeds of $400,000 (the "Proposed Offering"). Each unit under the Offering will consist of one common share of the Company and one share purchase warrant, with each full warrant entitling the holder to purchase an additional common share at $0.10 per share for a two-year period from the date of issuance.

To date, the Company has received total cash subscriptions of $147,500 in connection with the Proposed Offering. Of the $147,500, $65,000 was received during the year ended June 30, 2018 (Note 9), with the remaining $82,500 received subsequently. The offering remains in progress and the shares will be issued upon closing.