

CANEX ENERGY CORP.

FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE YEAR ENDED APRIL 30, 2017



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Independent Auditor's Report

To the Shareholders of Canex Energy Corp.

We have audited the accompanying financial statements of Canex Energy Corp., which comprise the statements of financial position as at April 30, 2017 and April 30, 2016, and the statements of operations and comprehensive loss, changes in equity (deficit) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canex Energy Corp. as at April 30, 2017 and April 30, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Canex Energy Corp. to continue as a going concern.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, British Columbia
August 9, 2017**

CANEX ENERGY CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	As at April 30, 2017	As at April 30, 2016
	\$	\$
ASSETS		
Current assets		
Cash	14,245	19
GST receivables	4,049	10,741
Total current assets	18,294	10,760
Total assets	18,294	10,760
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities		
Accounts payable and accrued liabilities (Note 6 & 7)	108,929	160,597
Notes payable (Note 7)	95,000	-
	203,929	160,597
Equity (Deficit)		
Capital stock (Note 5)	4,792,978	4,757,478
Reserves (Note 5)	-	268,837
Deficit	(4,978,613)	(5,176,152)
Total equity (deficit)	(185,635)	(149,837)
Total liabilities and equity (deficit)	18,294	10,760

Nature and continuance of operations (Note 1)

Subsequent events (Note 12)

Approved and authorized on August 9, 2017 on behalf of the Board:

“SHERMAN DAHL”

Director

“ROSS MCELROY”

Director

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

CANEX ENERGY CORP.
STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the Year Ended April 30, 2017	For the Year Ended April 30, 2016
	\$	\$
EXPENSES		
Consulting fees (Note 6)	124,600	245,985
Filing fees	25,754	25,710
Interest expense (Note 7)	3,214	-
Investor relations	-	32,794
Office and administration	596	4,051
Professional fees	9,430	25,876
Rent (Note 6)	4,500	14,556
Share-based payments (Notes 5 & 6)	-	196,275
Travel expenses	-	55,396
	<u> </u>	<u> </u>
Loss before other items	(168,094)	(600,643)
	<u> </u>	<u> </u>
Debt extinguishment (Note 8)	96,796	-
Impairment of exploration and evaluation assets (Note 4)	-	(1,580,891)
	<u> </u>	<u> </u>
Loss and comprehensive loss for the year	(71,298)	(2,181,534)
	<u> </u>	<u> </u>
Basic and diluted loss per common share	\$ (0.03)	\$ (1.18)
	<u> </u>	<u> </u>
Weighted average number of common shares outstanding	2,181,216	1,855,286
	<u> </u>	<u> </u>

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

CANEX ENERGY CORP.
STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(Expressed in Canadian Dollars)

	Capital stock				Total equity (deficit)
	Shares	Amount	Reserves	Deficit	
		\$	\$	\$	\$
Balance, April 30, 2015	1,042,950	4,021,600	266,095	(3,178,573)	1,109,122
Shares issued for acquisition of exploration and evaluation assets (Notes 4 and 5)	66,666	25,000	-	-	25,000
Shares issued for private placement (Note 5)	1,071,600	703,700	-	-	703,700
Share issuance costs - cash (Note 5)	-	(2,400)	-	-	(2,400)
Release of founder shares from escrow	-	9,578	(9,578)	-	-
Stock options cancelled	-	-	(183,955)	183,955	-
Share-based payments	-	-	196,275	-	196,275
Loss and comprehensive loss for the year	-	-	-	(2,181,534)	(2,181,534)
Balance, April 30, 2016	2,181,216	4,757,478	268,837	(5,176,152)	(149,837)
Balance, April 30, 2016	2,181,216	4,757,478	268,837	(5,176,152)	(149,837)
Share issuance repricing (Note 5)	-	35,500	-	-	35,500
Stock options cancelled	-	-	(268,837)	268,837	-
Loss and comprehensive loss for the year	-	-	-	(71,298)	(71,298)
Balance, April 30, 2017	2,181,216	4,792,978	-	(4,978,613)	(185,635)

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

CANEX ENERGY CORP.
STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the Year Ended April 30, 2017	For the Year Ended April 30, 2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(71,298)	(2,181,534)
Non-cash items:		
Debt extinguishment	(96,796)	-
Share-based payments	-	196,275
Impairment of exploration and evaluation assets	-	1,580,891
Changes in non-cash working capital items:		
Decrease in receivables	6,692	1,106
Decrease in prepaid	-	5,000
Increase in accounts payable and accrued liabilities	80,628	42,919
Net cash flows used in operating activities	<u>(80,774)</u>	<u>(355,343)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation expenditures	-	(380,396)
CASH FLOWS FROM FINANCING ACTIVITIES		
Gross proceeds from private placement	-	703,700
Share issuance costs	-	(2,400)
Proceeds from notes payable	95,000	-
Net cash flows provided by financing activities	<u>95,000</u>	<u>701,300</u>
Change in cash for the year	14,226	(34,439)
Cash, beginning of year	19	34,458
Cash, end of year	14,245	19

The significant non-cash investing and financing transactions for the year ended April 30, 2017 included:

- a) Fair value of \$268,837 reclassified from reserves to deficit due to cancellation of 138,889 options (Note 5).
- b) \$35,500 of share issuance repricing (Note 5)

The significant non-cash investing and financing transactions for the year ended April 30, 2016 included:

- a) \$25,000 fair value of 666,666 common shares issued for acquisition of Clearwater West property (Note 4).
- b) Fair value of \$9,578 reclassified from reserves to capital stock as 6,111 founder shares were released from escrow (Note 5).
- c) Fair value of \$183,955 reclassified from reserves to deficit due to cancellation of 43,511 options (Note 5).

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Canex Energy Corp. (the “Company” or “Canex”) was incorporated under the *Business Corporations Act* (British Columbia) on September 20, 2006. The registered address, head office, principal address and records office of the Company are located at 1305 – 1090 West Georgia Street, Vancouver, British Columbia, V6E 3V7.

On June 20, 2017, the Company announced that it has entered into a non-binding letter of intent (the “LOI”) with Quintet Ventures Inc. (“Quintet”) in respect of a proposed transaction pursuant to which a wholly-owned subsidiary of Quintet is expected to acquire Canex by way of reverse takeover for a combination of cash and share consideration. The final structure of the transaction has not yet been finalized and will be determined following receipt of tax, corporate and securities law advice for both Canex and Quintet. The proposed transaction contemplates a delisting from the TSX Venture Exchange, an initial listing on the Canadian Securities Exchange together with a change of business, plus a financing. Upon completion of the acquisition, the combined entity will continue to carry on business under Quintet. The Company was previously engaged in the exploration and development of mineral properties.

The Company trades on the TSX Venture Exchange (“TSX-V”) under the stock symbol CSC.

On March 31, 2017, the Company’s common shares were consolidated on a basis of one post-consolidated common share for every five pre-consolidated common shares. Prior to this, on September 13, 2016, the Company common shares were consolidated on a basis of one post-consolidated common share for every three pre-consolidated common shares. The numbers of the shares presented in these financial statements have all been adjusted to reflect the impact of these share consolidations.

Going concern of operations

These financial statements are 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. As at April 30, 2017 the Company has had significant losses and has a working capital deficiency of \$185,635 (April 30, 2016 - \$149,837 deficiency). In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares. The Company continues to seek capital through various means including the issuance of equity and/or debt. These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. As such, there is a material uncertainty that raises significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Standards Interpretations Committee (“IFRIC”). These financial statements have been prepared on the basis of IFRS that are effective for the Company’s reporting year ended April 30, 2017.

The financial statements are presented in Canadian dollars, which is the functional currency of the Company.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss or available for sale, if applicable, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

Use of significant accounting judgments and critical accounting estimates

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements include, but are not limited to, the ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

- a) *Deferred income taxes* - The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the financial statements. Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax liabilities, and tax planning initiatives.

Exploration and evaluation assets

Pre-exploration costs

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

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of mineral properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractor and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

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 “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Mineral exploration and evaluation expenditures are classified as intangible assets.

Deferred financing costs

Costs directly identifiable with the raising of capital will be charged against the related capital stock. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related capital stock and operations pro-rata. If the shares are not issued, the costs will be charged to operations.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on 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 recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or 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 reporting date.

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.

Flow-through shares

The Company finances a portion of its exploration activities through financings in which flow-through common shares are issued. These shares transfer the tax deductibility of qualifying resource expenditures to investors. At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received (i.e. the "flow-through commitment") as follows:

- Capital stock;
- Warrant reserve; and
- Flow-through share premium – recorded as a liability and equal to the estimated premium, if any, investors pay for the flow-through feature.

As qualifying resource expenditures are incurred, these costs are capitalized to exploration and evaluation assets.

At the end of each reporting period, the Company reviews its tax position and records an adjustment to its deferred tax expense/liability accounts for taxable temporary differences, including those arising from the transfer of tax benefits to investors through flow-through shares. For this adjustment, the Company considers the tax benefits (of qualifying resource expenditures already incurred) to have been effectively transferred, if it has formally renounced those expenditures at any time (before or after the end of the reporting period). Additionally, the Company reverses the liability for the flow-through share premium to other income as the expenses are incurred.

Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable 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 the private placements 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 reserves.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the current and prior fiscal year this calculation proved to be anti-dilutive. Basic loss per share is calculated using the weighted-average number of shares outstanding during the period.

Provision for environmental rehabilitation

The Company recognizes the fair value of a liability for the provision for environmental rehabilitation in the year in which it is incurred when a reliable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense through profit or loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability and the related long-lived asset. As at April 30, 2017, there was no material provision for environmental rehabilitation.

Share-based payments

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

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is expensed over the vesting terms. Consideration paid for the shares on the exercise of stock options is credited to capital stock. When vested options are forfeited or are not exercised at the expiry date the amount previously recognized in reserves is transferred to deficit. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

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 based on the fair market value of when the shares are issued. Otherwise, share-based payments are measured at the fair value of goods or services received.

Financial instruments

Financial assets

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

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

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

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

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

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

Financial liabilities

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

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

Other financial liabilities - This category includes accounts payable and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as loans and receivables. The Company's accounts payable and accrued liabilities and notes payable are classified as other financial liabilities.

Disclosures are also required on the inputs used in making fair value measurements, including their classification within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

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

The Company does not have any financial instruments carried at fair value.

New accounting standards and amendments to existing standards

New and amended standards adopted by the Company

The following new and amended standards have become effective for the Company's April 30, 2017 reporting period. Adoption of these standards on May 1, 2016 did not result in a significant impact on the Company's financial statements.

- Amendment to IFRS 7, *Financial Instruments*, clarifies the applicability of the amendments to IFRS 7 Disclosure–Offsetting Financial Assets and Financial Liabilities to condensed interim financial statements. This amendment is effective for reporting periods beginning on or after January 1, 2016.
- Amendment to IAS 34, *Interim Financial Reporting*, clarifies the meaning of disclosure of information 'elsewhere in the interim financial report' and requires a cross reference. This amendment is effective for reporting periods beginning on or after January 1, 2016.

New accounting standards and recent pronouncements

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's April 30, 2017 reporting period:

- Disclosure Initiative (Amendments to IAS 7, *Statement of Cash Flows*) require that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. One way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. These amendments are effective for reporting periods beginning on or after January 1, 2017.
- New standard IFRS 9, *Financial Instruments*, Classification and Measurement is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, "*Financial Instruments: Recognition and Measurement*." IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. The standard is effective for annual periods beginning on or after January 1, 2018.
- IFRS 16 *Leases* specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact the new accounting standard is expected to have on its financial statements.

4. EXPLORATION AND EVALUATION ASSETS

	Clearwater West
	\$
Acquisition costs	
Balance – beginning of year	261,207
Acquisition payment	25,000
Impairment of deferred costs	(286,207)
Balance – April 30, 2016 and 2017	-
Exploration costs	
Balance – beginning of year	914,288
Geological and consulting	380,396
Impairment of deferred costs	(1,294,684)
Balance – April 30, 2016 and 2017	-

Clearwater West

On January 28, 2014, the Company entered into a property option agreement with Fission 3.0 Corp. (“Fission”) to earn up to a 50% interest in the Clearwater West project in the southwestern Athabasca Basin region, Saskatchewan. In consideration, the Company originally agreed to:

- a) issue 38,697 common shares of the Company to Fission on closing of the agreement at a fair value of \$6.75 per share (issued); and
- b) incur a total of \$5,000,000 in exploration expenditures on or before October 10, 2016 according to the following schedule:

Term	Interest Earned	Work Obligation
By October 10, 2014	-	\$ 700,000 (met)
By October 10, 2015	20%	2,000,000
By October 10, 2016	30%	2,300,000
Total	50%	\$ 5,000,000

The Company also agreed to grant a 2% net smelter royalty (“NSR”) to Fission on the property.

On November 5, 2015, the Company issued 66,666 common shares of the Company to extend the exploration expenditure requirements of October 10, 2015 and October 10, 2016 to April 30, 2016 and April 30, 2017 respectively. The common shares were valued at \$25,000.

The Company did not fulfil its revised April 30, 2016 expenditure requirement and the Company received notice from Fission that it has terminated its property option agreement for the Clearwater West property. Accordingly, the property’s costs totalling \$1,580,891 were written off during the year ended April 30, 2016.

5. CAPITAL STOCK AND RESERVES

a) Authorized

Unlimited number of common shares, without par value.

b) Share issuances

During the year ended April 30, 2017:

- i) There was no share issuance activity during this period.
- ii) An agreement was reached with the Company's former CEO ("Subscriber") in regards to the pricing of a previously completed private placement financing approved by the TSX Venture Exchange (the "Exchange") pursuant to a bulletin issued on March 16, 2016.

The Subscriber initially purchased 284,000 pre-consolidation shares at \$0.125 per share (94,667 shares at \$0.375 per share post 1 for 3 rollback). As a result of a review completed by the Exchange, an agreement has been reached such that the price of the shares purchased by the Subscriber has been adjusted from at \$0.125 per share to \$0.25 per share (\$0.375 to \$0.75 per share post 1 for 3 rollback), resulting in the issuance of 47,333 shares to the Subscriber under the private placement. The balance of the 47,333 post rollback shares received by the Subscriber under the private placement are deemed to have been received by the Subscriber at a price of \$0.25 per share (\$0.75 per share post rollback) in settlement of debts owing by the Company to the Subscriber. The net effect of this agreement was to increase the price of the 284,000 pre-consolidation shares (94,667 post rollback) acquired by the Subscriber, from \$0.125 per share (\$0.375 post rollback), to \$0.25 per share (\$0.75 post rollback), and to eliminate any amounts owing by the Company to the Subscriber. \$35,500 was added to share capital as a result of this repricing.

During the year ended April 30, 2016:

- iii) The Company completed a Private Placement of 804,933 units raising gross proceeds of \$603,700. Each unit was priced at \$0.75 per unit and was comprised of one common share and one share purchase warrant entitling the holder to acquire an additional common share at a price of \$1.50 per share for a period of 12 months. Total share issuance costs of \$2,400 were paid in conjunction with the Private Placement.
- iv) The Company completed a Private Placement of 266,667 common shares at \$0.375 per share, raising gross proceeds of \$100,000.
- v) On November 5, 2015 the Company issued 66,666 common shares at a fair value of \$0.375 per share for acquisition of the Clearwater West property (Note 4).

c) Stock options

The Company follows the policies of the TSX-V under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the then issued and outstanding common stock of the Company. Under the policies, the exercise price of each shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant such options, less any discount permitted by the TSX-V to a minimum of \$0.10 per share. The options can be granted for a maximum term of ten years.

CANEX ENERGY CORP.
NOTES TO THE FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
APRIL 30, 2017

During the year ended April 30, 2017, 138,889 options were cancelled (April 30, 2016 – 43,511). During the year ended April 30, 2017 the Company granted NIL options (April 30, 2016 – 141,667) to directors, officers and consultants. The stock options granted during the year ended April 30, 2016 have an exercise price of \$1.43 per share and expire five years from the date of grant. The stock options had an estimated fair value of \$196,275.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	Year Ended April 30, 2016
Share price	1.43
Risk-free interest rate	0.83%
Expected life of options	5.0
Annualized volatility	190%
Dividend rate	-
Forfeiture rate	-

Annualized volatility is estimated using the historical stock price of the Company.

Stock option transactions and the number of share options outstanding are summarized as follows:

	Number of Options	Weighted Average Exercise Price
		\$
Balance, April 30, 2015	40,733	7.43
Granted	141,667	1.43
Cancelled	(43,511)	(4.90)
Balance, April 30, 2016	138,889	2.10
Cancelled	(138,889)	(2.10)
Balance, April 30, 2017	-	-

As at April 30, 2017, there were no options outstanding.

d) Warrants

Warrant transactions and the number of warrants outstanding are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
		\$
Balance, April 30, 2015	376,171	3.15
Granted	804,933	1.50
Expired	(332,535)	(3.15)
Balance, April 30, 2016	848,570	1.58
Expired	(848,570)	(1.58)
Balance, April 30, 2017	-	-

As at April 30, 2017 there were no warrants outstanding.

6. RELATED PARTY TRANSACTIONS

The value of transactions and outstanding balances relating to key officers and directors and entities over which they have control or significant influence were as follows:

Amounts and balances incurred from current directors and officers:

The Company incurred \$30,000 (April 30, 2016 - \$NIL) of fees from the Chief Executive Officer of the Company for consulting services performed. As at April 30, 2017, the Company owed \$30,000 (April 30, 2016 - \$NIL) for unpaid fees.

The Company incurred \$20,000 (April 30, 2016 - \$30,000) of fees from a private company controlled by the Chief Financial Officer of the Company for consulting services performed. As at April 30, 2017, the Company owed \$5,000 (April 30, 2016 - \$5,250) for unpaid fees.

The Company incurred \$10,000 (April 30, 2016 - \$NIL) of fees from a Director of the Company for consulting services performed. As at April 30, 2017, the Company owed \$10,000 (April 30, 2016 - \$NIL) for unpaid fees.

All amounts payable to related parties are unsecured, non-interest bearing and due on demand.

See Note 7 for additional related party disclosure.

Amounts and balances incurred from former directors and officers:

The Company incurred \$24,300 (April 30, 2016 - \$Nil) of fees from a private company controlled by the former Chief Financial Officer of the Company for consulting services performed. As at April 30, 2017, the Company owed \$19,198 (April 30, 2016 - \$NIL) for unpaid fees.

The Company incurred \$12,500 (April 30, 2016 - \$NIL) of fees from a private company controlled by a former Director of the Company for consulting services performed. As at April 30, 2017, the Company owed \$12,500 (April 30, 2016 - \$NIL) for unpaid fees.

The Company incurred \$24,931 (April 30, 2016 - \$64,172) of management and consulting services fees and \$4,500 (April 30, 2016 - \$NIL) of rent from a company controlled by the former Chief Executive Officer of the Company. As at April 30, 2017, the Company owed \$838 to the former Chief Executive Officer (2016 - \$5,933).

The Company incurred \$Nil of fees from a former director (April 30, 2016 - \$61,670 from former directors) of the Company for management and consulting services performed.

The Company incurred \$Nil (April 30, 2016 - \$14,000) of fees from a former director of the Company for consulting services performed. As at year end, the Company owed \$10,500 (2016 - \$10,500) to the former director.

7. NOTES PAYABLE

On July 21, 2016, the Company entered into a \$10,000 promissory note with a private company controlled by the former Chief Financial Officer of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand. \$388 in interest payable has been included in accounts payable and accrued liabilities.

On July 26, 2016, the Company entered into a \$25,000 promissory note with significant shareholder of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand. \$952 in interest payable has been included in accounts payable and accrued liabilities.

On July 26, 2016, the Company entered into a \$10,000 promissory note with a Chief Executive Officer of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand. \$381 in interest payable has been included in accounts payable and accrued liabilities.

On July 27, 2016, the Company entered into a \$25,000 promissory note with significant shareholder of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand. \$949 in interest payable has been included in accounts payable and accrued liabilities.

On November 22, 2016, the Company entered into a \$25,000 promissory note with private company controlled by a former director of the Company. The promissory note bears an interest rate of 5% per annum calculated monthly, is unsecured, and is due on demand. \$544 in interest payable has been included in accounts payable and accrued liabilities.

8. DEBT EXTINGUISHMENT

As at April 30, 2017, the Company deemed that specific third party payables met all the criteria to be deemed statute barred. As a result of this, \$96,796 of debt was extinguished and recognized as a recovery to the Company.

9. FINANCIAL INSTRUMENTS AND RISKS

Fair value

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying values of cash and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with major financial institutions.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2017, the Company had a cash balance of \$14,245 (April 30, 2016 - \$19) to settle current liabilities of \$203,929 (April 30, 2016 - \$160,597). All of the Company's financial liabilities have contractual maturities of 30 days or due on demand and are subject to normal trade terms. The Company will need to raise money through debt or equity issuances.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. Such fluctuations may be significant. The Company's notes payable have fixed interest rate.

a) *Interest rate risk*

The Company is exposed to interest rate risk to the extent that the cash maintained at financial institutions is subject to a floating rate of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

b) *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities that are denominated in a foreign currency. As at April 30, 2017, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) *Price risk*

The Company has limited exposure to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities.

10. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from prior year.

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NOTES TO THE FINANCIAL STATEMENTS
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11. DEFERRED INCOME TAXES

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	April 30, 2017	April 30, 2016
	\$	\$
Loss before income taxes	71,298	2,181,534
Corporate tax rate	26.00%	26.00%
Income tax recovery at statutory rates	18,537	567,199
Permanent differences	21	(61,318)
Change in tax benefits not recognized	(18,516)	(505,881)
	-	-

The significant components of the Company's deferred income tax assets and liabilities are as follows:

	April 30, 2017	April 30, 2016
	\$	\$
Non-capital loss carry forwards	526,000	490,000
Cumulative exploration and development expenses	792,000	792,000
Share issuance costs	11,000	29,000
	1,329,000	1,311,000
Unrecognized deferred tax assets	(1,329,000)	(1,311,000)
Net deferred tax assets	-	-

At April 30, 2017, the Company has non-capital losses of approximately \$2,024,000 (2016 - \$1,885,000) which may be available to offset future income for income tax purposes. These losses expire on various years from 2029 to 2037. In addition, there are resource-related expenditures of approximately \$3,046,000 (2016 - \$3,046,000) which may be used to offset future taxable resource income indefinitely, subject to annual rates prescribed by the Canadian Income Tax Act.

Deferred tax benefits which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements.

12. SUBSEQUENT EVENTS

On June 2, 2017, the Company granted 200,000 stock options to various officers, directors and consultants. The options are exercisable at \$0.40 per share and expire three years from date of grant.

Refer to Note 1 for LOI with Quintet.