



FINANCIAL STATEMENTS

(Stated in Canadian dollars)

April 30, 2018 and 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Gespeg Copper Resources Inc.

We have audited the accompanying financial statements of Gespeg Copper Resources Inc., which comprise the statements of financial position as at April 30, 2018 and 2017 and the statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), 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.

Auditors' 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 audit 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 auditors' 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, these financial statements present fairly, in all material respects, the financial position of Gespeg Copper Resources Inc. as at April 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 financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Gespeg Copper Resources Inc.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

August 28, 2018



Gespeg Copper Resources Inc.
Statements of Financial Position

As at,	April 30, 2018	April 30, 2017
ASSETS		
Current assets		
Cash	\$ 50,378	\$ 43,398
Other receivables and prepaid expenses	7,404	1,404
	57,782	44,802
Non-current assets		
Exploration and evaluation assets (Note 3)	39,713	4
Total assets	\$ 97,495	\$ 44,806
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	\$ 590,279	\$ 470,225
Flow-through premium liability (Note 4)	13,039	-
Total liabilities	603,318	470,225
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (Note 4)	10,869,415	10,780,344
Contributed surplus (Note 4)	1,218,993	1,110,989
Deficit	(12,594,231)	(12,316,752)
	(505,823)	(425,419)
Total liabilities and shareholders' equity (deficiency)	\$ 97,495	\$ 44,806

Description of business and going concern (Note 1)
Commitments (Note 6)

Approved and authorized on behalf of the Board of Directors on August 28, 2018:

"Tim Termuende"

"Sylvain Laberge"

The accompanying notes are an integral part of these financial statements

Gespeg Copper Resources Inc.
Statements of Loss and Comprehensive Loss

For the years ended April 30,	2018	2017
Operating Expenses		
Finance - interest and bank charges	\$ -	\$ 259
General and administration (Note 7)	29,790	81,996
Impairment of exploration and evaluation assets (Note 3)	11,312	2,197,315
Management fees (Note 7)	55,000	30,000
Professional fees	54,307	40,081
Property investigation costs	15,920	-
Share-based compensation (Note 4)	95,000	27,500
Transfer agent and filing fees	18,730	15,219
	280,059	2,392,370
Loss from operations	(280,059)	(2,392,370)
Other income on settlement of flow-through premium liability (Note 4)	2,580	2,800
	\$ (277,479)	\$ (2,389,570)
Net loss and comprehensive loss	\$ (277,479)	\$ (2,389,570)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.03)
Weighted average number of common shares outstanding - basic and diluted	71,689,762	70,255,490

The accompanying notes are an integral part of these financial statements

Gespeg Copper Resources Inc.
Statements of Changes in Shareholders' Equity (Deficiency)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
Balance, May 1, 2016	69,108,512	\$ 10,720,344	\$ 1,083,489	\$ (9,927,182)	\$ 1,876,651
Shares issued for mineral property	1,500,000	60,000	-	-	60,000
Share-based compensation - warrant extension	-	-	27,500	-	27,500
Net loss	-	-	-	(2,389,570)	(2,389,570)
Balance, April 30, 2017	70,608,512	\$ 10,780,344	\$ 1,110,989	\$ (12,316,752)	\$ (425,419)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
Balance, May 1, 2017	70,608,512	\$ 10,780,344	\$ 1,110,989	\$ (12,316,752)	\$ (425,419)
Private placements	1,358,333	82,000	12,000	-	94,000
Flow-through premium liability	-	(15,619)	-	-	(15,619)
Share issue costs	-	(13,306)	-	-	(13,306)
Broker warrants issued	-	(1,004)	1,004	-	-
Shares issued for mineral property	700,000	37,000	-	-	37,000
Share-based compensation - warrant extension	-	-	95,000	-	95,000
Net loss	-	-	-	(277,479)	(277,479)
Balance, April 30, 2018	72,666,845	\$ 10,869,415	\$ 1,218,993	\$ (12,594,231)	\$ (505,823)

The accompanying notes are an integral part of these financial statements

Gespeg Copper Resources Inc.
Statements of Cash Flows

For the years ended April 30,	2018	2017
Cash flows used in Operating Activities		
Net loss for the year	\$ (277,479)	\$ (2,389,570)
Items not affecting cash:		
Impairment of exploration and evaluation assets	11,312	2,197,315
Other income on settlement of flow-through premium liability	(2,580)	(2,800)
Share-based compensation	95,000	27,500
Net changes in non-cash working capital items:		
Increase in accounts payable and accrued liabilities	121,565	145,858
(Increase) decrease in other receivables and prepaid expenses	(6,000)	18,488
Cash flows used in Operating Activities	(58,182)	(3,209)
Cash flows used in Investing Activities		
Exploration and evaluation assets	(15,532)	(3,626)
Cash flows used in Investing Activities	(15,532)	(3,626)
Cash flows provided by Financing Activities		
Issuance of common shares and units	94,000	-
Share issue costs, net of tax	(13,306)	-
Cash flows provided by Financing Activities	80,694	-
Net change in cash during the year	6,980	(6,835)
Cash, beginning of year	43,398	50,233
Cash, end of year	\$ 50,378	\$ 43,398
Non-cash transactions		
Shares issued for exploration and evaluation assets	\$ 37,000	\$ 60,000
Issuance of warrants and broker warrants	\$ 13,004	\$ -
Accounts payable related to exploration and evaluation assets	\$ 150,950	\$ 152,461
Fair value of flow-through premium liability	\$ 15,619	\$ -

The accompanying notes are an integral part of these financial statements

Gespeg Copper Resources Inc.
Notes to the Financial Statements
April 30, 2018

1. Description of business and going concern

Gespeg Copper Resources Inc. (the “Corporation”) was incorporated under the laws of British Columbia, Canada on May 31, 2006 and is listed on the TSX Venture Exchange (“TSX-V”). The principal business of the Corporation is the identification, exploration and development of mineral properties.

The address of the Corporation’s corporate office and principal place of business is Suite 602 – 224 4th Avenue South, Saskatoon, Saskatchewan S7K 5M5. These financial statements were approved by the Corporation’s board of directors on August 28, 2018.

Going concern

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Corporation will continue in operation for the foreseeable future and will be able to realize its assets and discharge its obligations in the normal course of operation. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. The use of these principles may not be appropriate.

To date, the Corporation has not earned significant revenue and is considered to be in the exploration and evaluation stage.

The investment in, and expenditures on, exploration and evaluation assets comprise a significant portion of the Corporation’s assets. Mineral exploration and development is highly speculative and involves inherent risks. Realization of the Corporation’s investment in these assets is dependent upon the renewed legal ownership of the claims and whether an economically viable operation can be established.

In addition, it has not yet been determined whether the Corporation’s properties contain ore reserves that are economically recoverable. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines.

As at April 30, 2018, the Corporation’s current cash resources are insufficient to cover the expected expenditures in fiscal 2019. The Corporation’s ability to continue as a going concern is dependent on being able to obtain the necessary financing to satisfy its liabilities as they become due. There can be no assurances that management will be successful in securing adequate financing.

The Corporation reported net losses in fiscal 2018 and 2017 of \$277,479 and \$2,389,570 respectively. These recurring losses and the need for continued financing to further successful exploration may cast significant doubt as to the Corporation’s ability to continue as a going concern.

These financial statements do not include any adjustments to the carrying values of assets and liabilities that might be necessary, if the Corporation is unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

The significant accounting policies used in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the periods presented.

2. Significant accounting policies (continued)

Statement of compliance

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 of the International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

These financial statements have been prepared on a historical cost basis and are prepared and presented in Canadian dollars, which is the Corporation's functional currency. In addition, these financial statements are based on the accrual method of accounting, with the exception of cash flow information.

Exploration and evaluation assets

Pre-license costs

Pre-license costs are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as an exploration expense.

Exploration and evaluation ("E&E") costs

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. Such E&E costs include land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, completing prefeasibility and feasibility studies and directly attributable internal costs. E&E costs are not depleted or amortized and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and/or probable reserves are determined to exist. Upon determination of proved and/or probable reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment and subsequently amortized.

Impairment of non-current assets

The carrying amounts of the Corporation's non-current assets are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the existence of specific rights to explore in a specific area, actual and planned expenditures, results of exploration, and whether an economically-viable operation can be established. An impairment loss is recognized for the amount by which any exploration and evaluation asset exceeds its recoverable amount. The recoverable amount is the higher of the exploration and evaluation asset's fair value less costs to sell and value in use. Management judgment is applied in determining the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows (cash generating units), generally on the basis of areas of geological interest. Estimates and assumptions made may change if new information becomes available. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, generally on the basis of geological interest. The Corporation has determined that geological areas within each claim group of a property are the CGUs.

2. Significant accounting policies (continued)

Impairment of non-current assets (continued)

The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. An impairment loss is recognized in the statement of loss and comprehensive loss for the period to the extent that the carrying amount of the asset (or CGU) exceeds the recoverable amount.

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset (or CGU) does not exceed the carrying amount that would have been determined, net of depletion and depreciation, had no impairment loss been recognized for the asset (or CGU). A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

Taxes

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

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

Deferred income 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. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority for the same taxable entity. A deferred income tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Commodity taxes

Expenses and exploration and evaluation assets are recognized net of the amount of commodity taxes except where the commodity taxes incurred are not recoverable from the taxation authority, in which case, the commodity taxes are recognized as part of the cost of exploration and evaluation assets or as part of the expense item as applicable.

2. Significant accounting policies (continued)

Share capital and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issue of common shares, including warrants, are recognized as a reduction of equity, net of tax. For compound financial instruments, the relative fair value method is used to separate the components where the Corporation issues common shares and warrants as part of its equity financing activities.

The Corporation has adopted a relative fair value method with respect to the measurement of shares and warrants issued as private placements units. The relative fair value method allocates value to each component on a pro-rata basis, based on the fair value of the components calculated independently of one another. The Corporation considers the market value of the common shares issued as fair value, and measures the fair value of the warrant component of the unit using the Black-Scholes option pricing model. The unit value is then allocated, pro-rata, between the two components, with the fair value attributed to the warrants being recorded as contributed surplus.

Flow-through shares

Where a portion of the Corporation's exploration activities is financed by flow-through share arrangements, under the terms of flow-through share agreements, the tax deductions of the related Canadian exploration expenditures ("CEE") are renounced in favour of the investors. Accordingly, flow-through proceeds are allocated between the offering of the common shares and the premium associated with the sale of tax benefits of the common shares at the date of issuance. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A liability is recognized for the premium paid by the investors and reversed in the statements of loss and comprehensive loss as a deferred income tax recovery ("other income") as the Corporation spends the flow-through proceeds.

Share-based payments

Options and warrants granted are accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period on a graded basis. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

Options and warrants granted to employees and others providing similar services are measured at grant date at the fair value of the instruments issued. The Corporation uses the Black-Scholes option pricing model to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest, if applicable.

Options and warrants granted to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

2. Significant accounting policies (continued)

Loss per share

The Corporation presents basic and diluted loss per share data for its common shares. Basic loss per share is calculated by dividing the loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the period, adjusted for own shares held. Diluted loss per share is determined by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding, adjusted for own shares held and for the effects of all potential dilutive common shares related to outstanding stock options and warrants issued by the Corporation. In years where a loss is reported, diluted loss per share is the same as basic loss per share because the effects of potentially dilutive common shares would be anti-dilutive.

Financial instruments

Financial assets

The Corporation classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss ("FVTPL") - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried 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 amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Corporation's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

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 in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured 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 objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

2. Significant accounting policies (continued)

Financial liabilities

The Corporation classifies its financial liabilities into one of two categories as follows:

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

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method.

The Corporation has classified its cash as FVTPL, its other receivables as loans and receivables and its accounts payable and accrued liabilities as other financial liabilities.

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:

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

For certain categories of financial assets, such as other 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.

2. Significant accounting policies (continued)

Provision for environmental rehabilitation

The Corporation recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Corporation's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

As at April 30, 2018 and 2017, the Corporation does not have any known rehabilitation obligations.

New and amended IFRS pronouncements

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

New standards not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or the IFRIC that are mandatory for accounting periods beginning on or after January 1, 2018. The following standards have not yet been adopted by the Company and are being evaluated to determine their impact:

- (a) IFRS 9: New standard that replaced IAS 39 for classification and measurement of financial instruments, effective for annual periods beginning on or after January 1, 2018.

Significant accounting judgments, estimates and assumptions

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

Gespeg Copper Resources Inc.
Notes to the Financial Statements
April 30, 2018

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The information about significant areas of estimation uncertainty considered by management in preparing the financial statements includes:

- determination of the CGU and the recoverable amounts of the CGU used in impairment testing of long-lived assets including estimates of reserves and resources, future commodity prices, production costs, foreign exchange rates, discount rates, inflation and income tax rates;
- the fair value of share-based compensation determined using the Black-Scholes option pricing model using estimates for expected forfeitures, useful life and stock volatility;
- a portion of the provision for deferred income taxes based on estimated tax bases using enacted or substantively enacted tax rates expected to apply to taxable income during the years in which the differences are expected to be recovered or settled; and
- the determination that CGUs are at the claims group level or areas within each claims group.

3. Exploration and evaluation assets

Exploration and evaluation asset expenditures by nature are detailed as follows:

Year ended April 30,	2018		2017	
Geology, technical reports, data compilation and maps	\$	7,475	\$	31,377
Property acquisition and rent		40,272		69,477
Resource tax credit refund		3,274		(12,893)
	\$	51,021	\$	87,961

The Corporation considers property acquisition costs as tangible costs and all other exploration and evaluation expenditures are intangible.

Gespeg Copper Resources Inc.
Notes to the Financial Statements
April 30, 2018

3. Exploration and evaluation assets (continued)

Exploration and evaluation assets by properties are detailed as follows:

	Balance as at May 1, 2016	Additions	Impairment/ Disposals	Balance as at April 30, 2017
Vortex	\$ 1,745,069	\$ 36,466	\$ (1,781,534)	\$ 1
Port Daniel	313,008	51,495	(364,502)	1
Cap-Chat	50,741	-	(50,740)	1
Cascapedia extension	540	-	(539)	1
	\$ 2,109,358	\$ 87,961	\$ (2,197,315)	\$ 4

	Balance as at May 1, 2017	Additions	Impairment/ Disposals	Balance as at April 30, 2018
Vortex	\$ 1	\$ 11,310	\$ (11,310)	\$ 1
Port Daniel	1	39,711	-	39,712
Cap-Chat	1	-	(1)	-
Cascapedia extension	1	-	(1)	-
	\$ 4	\$ 51,021	\$ (11,312)	\$ 39,713

Vortex

The Vortex project is a copper molybdenum exploration opportunity in the Gaspé region of Quebec and is the site of the former Gaspé Copper mine and smelter. The project encompasses 80 sq. km of land and is comprised of three main claim groups:

- a) The Sullipek deposit, situated on the western edge of the project area;
- b) The Sullipek East property, a skarn/porphyry copper opportunity; and
- c) The Madeleine des Vercheres claim group.

On July 23, 2013, the Corporation and ASPM Inc. (the "Vendor") executed a term extension on the Madelaine des Vercheres claim group. Under the terms of the extension, the minimum exploration requirements of the Corporation have been adjusted as detailed in Note 6. Further, the Corporation was required to make a one-time payment of \$30,000 to the Vendor (paid).

Also, considered a part of the Vortex is the In-between project, a copper molybdenum exploration opportunity in the Gaspé region of Quebec. It covers lands between Vortex to the west and Murdochville to the east.

During the year ended April 30, 2018, the Corporation reviewed its exploration and evaluation assets and determined economic conditions, commodity prices and the Corporation's future expenditure plans supported the need to impair the properties accordingly the Corporation recorded a write down in the amount of \$11,310 (2017 - \$1,781,534).

Gespeg Copper Resources Inc.
Notes to the Financial Statements
April 30, 2018

3. Exploration and evaluation assets (continued)

Port Daniel

Port Daniel is a copper mineral opportunity located in the south region of the Gaspé Peninsula of Quebec.

On August 27, 2013 (the “Effective Date”), the Corporation entered into an option agreement with Dan Lepage and Pierre Ross (the “Optionors”) whereby the Corporation can acquire a 100% interest in the Port Daniel claims for consideration as follows:

- a. Making a cash payment of \$3,000 to the Optionor on the Effective Date (paid);
- b. Incurring minimum aggregate exploration expenditures on the claims as follows:
 - i. \$25,000 prior to January 1, 2014 (incurred);
 - ii. \$250,000 on or before January 1, 2015;
 - iii. \$350,000 on or before January 1, 2016;
 - iv. \$450,000 on or before January 1, 2017; and
 - v. \$750,000 on or before January 1, 2018.
- c. Issuing common shares to the Optionor as follows:
 - i. 500,000 common shares on or before the 12 month anniversary of the Effective Date (issued at a fair value of \$30,000);
 - ii. 500,000 common shares on or before the 24 month anniversary of the Effective Date (issued at a fair value of \$22,500);
 - iii. 500,000 common shares on or before the 36 month anniversary of the Effective Date (issued at a fair value of \$22,500); and
 - iv. 500,000 common shares on or before the 48 month anniversary of the Effective Date. (issued at a fair value of \$30,000).

During the year ended April 30, 2016 and 2015 the Corporation did not make the required property expenditures in accordance with the option agreement.

On July 21, 2015, the Corporation amended the option agreement with the Optionor whereby the exploration expenditure requirements would be negated for a cash payment of \$10,000 (not paid as at April 30, 2018) and issuance of 1,000,000 common shares (issued at a fair value of \$45,000).

During the year ended April 30, 2017, the Corporation reviewed its exploration and evaluation assets and determined economic conditions, commodity prices and the Corporation's future expenditure plans supported the need to impair the properties accordingly the Corporation recorded a write down in the amount of \$364,502.

3. Exploration and evaluation assets (continued)

Montauban

Montauban is a gold mineral opportunity located in the regions of Chavigny and Portneuf townships of Quebec.

On June 9, 2017 and September 26, 2017, the Corporation signed a binding letter agreement with DNA Canada Inc, whereby the Corporation will acquire up to a 50% undivided interest in 65 mining claims for consideration as follows:

- a. Earn a 10% interest; by delivering a compliant 43-101 report on all existing tailings and issuing 3,000,000 common shares;
- b. Earn an additional 15% interest; obtaining all required permits and issuing 5,000,000 common shares
- c. Earn an additional 25% interest; by starting production of the tailings and issuing 10,000,000 common shares

The Corporation is working towards finalizing the final option agreement and seeking exchange approval.

Cap-Chat

The Cap-Chat property is a copper, gold and zinc exploration opportunity in the north-central region of the Gaspé Peninsula of Quebec.

On July 21, 2015, the Corporation entered into an option agreement with Dan Lepage and Pierre Ross (the "Optionors") whereby the Corporation can acquire a 100% interest in the Cap-Chat property by making a cash payment of \$10,000 on signing of the agreement (paid) and issuing a total of 1,000,000 common shares to the Optionors on approval from the TSX-V (issued at a fair value of \$37,500).

The property is subject to a 3% net smelter return royalty, of which 1.5% can be purchased by the Corporation for \$1,500,000.

During the year ended April 30, 2017, the Corporation reviewed its exploration and evaluation assets and determined economic conditions, commodity prices and the Corporation's future expenditure plans supported the need to impair the properties accordingly the Corporation recorded a write down in the amount of \$50,740.

During the year ended April 30, 2018, the Corporation allowed the mineral claims to lapse and wrote the property to \$nil.

3. Exploration and evaluation assets (continued)

Cascapedia extension

During the year ended April 30, 2016, the Corporation staked 10 claims in the south-central region of the Gaspé Peninsula of Quebec.

During the year ended April 30, 2017, the Corporation reviewed its exploration and evaluation assets and determined economic conditions, commodity prices and the Corporation's future expenditure plans supported the need to impair the properties accordingly the Corporation recorded a write down in the amount of \$539.

During the year ended April 30, 2018, the Corporation allowed the mineral claims to lapse and wrote the property to \$nil.

Net smelter royalty

As part of the acquisition of the Vortex claims, the Corporation entered into an agreement with 49 North Resources Inc. to grant a 2% net smelter return "NSR" royalty from the sale of all copper-molybdenum lands portion of the property, excluding the Port Daniel property. The Corporation may, at any time reduce the NSR from 2% to 0.5%, by making a cash payment of \$1,000,000 to 49 North Resources Inc.

4. Common shares and contributed surplus

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

Common shares issued

On October 17, 2017, the Corporation completed a financing of 733,333 units at an issue price of \$0.06 per unit and 625,000 flow-through common shares at an issue price of \$0.08 per flow-through common share for gross proceeds of \$94,000. Each unit subscription entitles the holder to one non-flow-through common share of the Corporation and one-half common share purchase warrant with an exercise price of \$0.10 and a term of 36 months. In connection with the financing, the Corporation issued 37,187 broker warrants and paid cash share issue costs totaling \$13,306.

Stock option plan

The directors of the Corporation have adopted, and the shareholders have approved a stock option plan (the "2013 Option Plan"), pursuant to which the directors may from time to time grant options for up to 10% of its issued and outstanding shares. The purpose of the Option Plan is to attract, retain and motivate directors, employees and consultants of the Corporation and to advance the interests of the Corporation by providing such persons with the opportunity, through stock options, to acquire an equity interest in the Corporation. All stock options granted to officers and directors vest immediately upon issuance; whereas stock options granted to consultants have vesting terms defined at the discretion of the Corporation's board of directors.

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4. Common shares (continued)

Stock option plan (continued)

A summary of the outstanding and exercisable stock options is as follows:

	April 30, 2018		April 30, 2017	
	Options	Price	Options	Price
Outstanding and exercisable, beginning of year	2,450,000	\$ 0.15	2,450,000	\$ 0.15
Options expired - unexercised	(2,450,000)	0.15	-	-
Outstanding and exercisable, end of year	-	\$ -	2,450,000	\$ 0.15

The weighted average remaining life of the Corporation's outstanding stock options is nil years as at April 30, 2018 (April 30, 2017 - 0.93 years).

Warrants

A summary of the outstanding warrants is as follows:

	April 30, 2018		April 30, 2017	
	Warrants	Exercise Price	Warrants	Exercise Price
Outstanding, beginning of year	10,085,000	\$ 0.15	12,160,000	\$ 0.15
Warrants granted	366,666	0.10	-	-
Warrants expired	(6,485,000)	0.15	(2,075,000)	0.15
Outstanding, end of year	3,966,666	\$ 0.15	10,085,000	\$ 0.15

On August 11, 2015, the Corporation issued 3,600,000 common share purchase warrants as part of a financing completed. Each warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.15 for a period of 24 months and vest immediately. In accordance with the Corporation's accounting policy in regards to unit bifurcation, the Corporation calculated the relative fair value of these warrants at \$40,300. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 171.32%, and a risk free interest rate of 0.36%.

During the year ended April 30, 2018, the Company received TSX-V approval to extend the expiry date of these warrants to August 11, 2018. The Corporation used the Black-Scholes option pricing model to fair value the warrant extension (recorded as share-based compensation expense), which was estimated to be \$95,000. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 158.94%, and a risk free rate of 1.27%. Subsequent to the year ended April 30, 2018, these warrants expired unexercised.

On October 17, 2017, the Corporation issued 366,666 common share purchase warrants as part of a financing completed. Each warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.10 for a period of 36 months and vest immediately. In accordance with the Corporation's accounting policy in regards to unit bifurcation, the Corporation calculated the relative fair value of these warrants at \$12,000. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 162.48%, and a risk free interest rate of 1.48%. These warrants expire on October 17, 2020.

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4. Common shares (continued)

Broker warrants

A summary of the outstanding broker warrants and units is as follows:

	April 30, 2018		April 30, 2017	
	Warrants	Price	Warrants	Price
Outstanding, beginning of year	272,000	\$ 0.15	272,000	\$ 0.15
Broker warrants granted	37,187	0.10	-	-
Broker warrants expired	(272,000)	0.15	-	-
Outstanding, end of year	37,187	\$ 0.10	272,000	\$ 0.15

On October 17, 2017, the Corporation issued 37,187 broker warrants as part of a financing completed. Each broker warrant entitles the holder to purchase one common share of the Corporation at a price of \$0.10 for a period of 18 months and vest immediately. The fair value of these warrants was estimated at \$1,004 using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, expected volatility of 157.06%, and a risk free interest rate of 1.48%. These broker warrants expire on April 17, 2019.

Contributed surplus

The fair values of certain stock options and broker warrants have been valued using the Black-Scholes option pricing model. The fair value on the grant of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital.

A summary of the contributed surplus activity is as follows:

	April 30, 2018	April 30, 2017
Balance, beginning of year	\$ 1,110,989	\$ 1,083,489
Private placements - warrants	12,000	-
Private placements - broker warrants	1,004	-
Share-based compensation - warrant extension	95,000	27,500
Balance, end of year	\$ 1,218,993	\$ 1,110,989

Other income on settlement of flow-through premium liability

During the year ended April 30, 2018, the Corporation closed a flow-through financing and recorded a premium received on flow-through shares in the amount of \$15,619, which was recorded as a liability to be reversed to profit and loss as the eligible expenditures were incurred. As at April 30, 2018, the Corporation reduced the liability to \$13,039 and recognized other income in the amount of \$2,580 during the year ended April 30, 2018 (2017 - \$2,800).

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5. Deferred income taxes

The provision for income tax, both current and deferred, differs from the amount calculated by applying the combined expected federal and provincial rate to profit before taxes. The reasons for these differences are as follows:

	2018	2017
Loss for the year before taxes	\$ (277,479)	\$ (2,389,570)
Expected income tax recovery	(74,272)	(642,794)
Change in statutory, foreign exchange rates and other	31,096	7,894
Permanent difference	24,738	6,900
Share issue cost	(3,562)	-
Change in unrecognized deductible temporary differences	22,000	628,000
Total income tax expense (recovery)	\$ -	\$ -
Current income tax expense	\$ -	\$ -
Deferred tax expense	\$ -	\$ -

The significant components of the Corporation's deferred tax assets (liabilities) are as follows:

	2018	2017
Exploration and evaluation assets	\$ 1,013,000	\$ 1,028,000
Share issue costs	7,000	8,000
Non-capital losses available for future period	900,000	862,000
	1,920,000	1,898,000
Unrecognized deferred tax assets	(1,920,000)	(1,898,000)
Net deferred tax asset	\$ -	\$ -

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

	2018	Expiry Date Range	2017	Expiry Date Range
Share issue costs	\$ 26,000	2039 to 2042	\$ 30,000	2038 to 2040
Exploration and evaluation assets	\$ 3,825,000	No expiry date	\$ 3,823,000	No expiry date
Non-capital losses available for future period	\$ 3,395,000	2027 to 2038	\$ 3,204,000	2027 to 2037

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

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6. Commitments

Mining claims obligations

In order to maintain the Corporation's mining claims, the Corporation must pay the following annual statutory obligations and perform the listed minimum annual work on the properties. These obligations are prescribed by the Ministère des Ressources Naturelles du Québec and may change in the future.

Minimum annual statutory obligations and exploration expenditures are as follows:

	Annual statutory obligations
Vortex	\$ 64,870
Port Daniel	3,900
Murdoch	3,900
	\$ 72,670

The Corporation has met the minimum annual statutory obligations for the current year.

Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to Government licensing requirements or regulations, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements.

7. Related party transactions

Compensation of key executive personnel

	April 30, 2018	April 30, 2017
Consulting fees to officers	\$ 55,000	\$ 65,000
	\$ 55,000	\$ 65,000

Consulting fees paid or accrued to directors and officers or companies controlled by directors and officers are recorded in management fees, general and administrative or as applicable capitalized to the exploration and evaluation assets.

During the year ended April 30, 2018, \$55,000 (2017 - \$65,000) was recorded for consulting services provided by a companies controlled by directors and officers of the Corporation. As at April 30, 2018 the Corporation owed \$260,819 (April 30, 2017 - \$295,087) related to such services, which is included in accounts payable and accrued liabilities.

8. Capital management

The Corporation's objectives when managing capital are:

- (a) to allow the Corporation to respond to changes in economic and/or marketplace conditions by maintaining the Corporation's ability to continue its exploration programs;
- (b) to provide sustained growth and value by increasing equity; and
- (c) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Corporation manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Corporation maintains or adjusts its capital level to enable it to meet its objectives by:

- (a) raising capital through equity financings; and
- (b) borrowing funds in the form of advances from related parties.

The Corporation is not subject to any capital requirements imposed by a regulator. There were no changes in the Corporation's approach to capital management during the current year. The Corporation's management is responsible for the management of capital and monitors the Corporation's use of various forms of leverage on a daily basis.

9. Financial instruments

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 the Corporation's other receivables and accounts payable and accrued liabilities approximate their carrying values. The Corporation's other financial instrument, being cash, is measured at fair value using Level 1 inputs.

The Corporation's risk exposures and the impact on the Corporation's financial instruments are summarized below:

Credit Risk

The Corporation's credit risk is primarily attributable to cash. The Corporation has no significant concentration of credit risk arising from operations. Cash is held with reputable financial institutions, from which management believes the risk of loss to be remote.

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9. Financial instruments (continued)

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at April 30, 2018, the Corporation had a cash balance of \$50,378 to settle accounts payable and accrued liabilities of \$590,279.

The Corporation has historically relied on equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital and debt to finance its activities. There can be no assurance the Corporation will be able to obtain the required financing in the future on acceptable terms.

Interest rate risk

The Corporation is not exposed to risk in the event of interest rate fluctuations. The Corporation has not entered into any interest rate swaps or other financial arrangements that mitigate the exposure to interest rate fluctuations.

10. Subsequent events

On May 31, 2018 the Corporation closed a private placement tranche raising \$204,750 by issuing 6,825,000 units at a price of \$0.03 per unit. Each unit consisted of one common share and one warrant. Each warrant is exercisable for one common share at a price of \$0.06, expiring on May 31, 2020.

On June 14, 2018 the Corporation closed a second and final private placement tranche raising \$86,000 by issuing 2,866,667 units. The warrants issued in this closing expire on June 14, 2020.

On August 13, 2018, the Corporation issued 100,000 shares to acquire additional mineral claims in the south region of the Gaspé Peninsula of Quebec.