

APOGEE OPPORTUNITIES INC.

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended
June 30, 2018 and 2017
(expressed in Canadian dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Apogee Opportunities Inc.

We have audited the accompanying consolidated financial statements of Apogee Opportunities Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at June 30, 2018 and 2017, and the consolidated statements of operations and comprehensive income/(loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

UHY McGovern Hurley LLP



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
August 8, 2018

Apogee Opportunities Inc.

Consolidated Statements of Financial Position

As at:

Expressed in Canadian Dollars

	Note	June 30, 2018	June 30, 2017
ASSETS			
Current assets:			
Cash		\$ 299,375	\$ 22,685
Restricted cash	7	12,318,874	-
Amounts receivable		170,192	5,017
Prepaid expenses		39,725	4,725
Available for sale investments	8	621,230	1,574,390
Total current assets		13,449,396	1,606,817
TOTAL ASSETS		\$ 13,449,396	\$ 1,606,817
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities	14	\$ 446,447	\$ 202,900
Offered securities liability	7	12,318,874	-
Total liabilities		12,765,321	202,900
Equity:			
Share capital	10	67,062,669	67,062,669
Warrants	11	1,460,000	1,460,000
Contributed surplus	11	-	65,100
Accumulated other comprehensive loss		(1,134,420)	(1,695,110)
Deficit		(66,640,175)	(65,451,902)
Equity attributable to shareholders of Apogee		748,074	1,440,757
Non-controlling interest		(63,999)	(36,840)
Total equity		684,075	1,403,917
TOTAL LIABILITIES AND EQUITY		\$ 13,449,396	\$ 1,606,817
Nature of operations and going concern	1		
Commitments and contingencies	7 and 16		
Subsequent events	17		

Approved on behalf of the Board of Directors on August 8, 2018

Scott Paterson
Director

David Gower
Director

Apogee Opportunities Inc.
Consolidated Statements of Cash Flows
For the years ended June 30,
Expressed in Canadian Dollars

	Note	2018	2017
Expenses			
Consulting and management fees	14	\$ 133,619	\$ 114,977
Professional fees		216,510	37,500
Shareholder communications		1,231	18,812
Office and general expenses		40,477	17,426
Transfer agent and filing fees		37,760	17,841
Exploration and evaluation expenditures	9	133,189	123,877
Loss before the undernoted		(562,786)	(330,433)
Loss from sale of available for sale investments	8	(721,880)	(143,183)
Gain from sale of held for trading investments		-	20,512
Interest income		1,260	-
Foreign exchange gain		2,874	3,728
Net loss for the year		(1,280,532)	(449,376)
Loss for the year attributable to:			
Owners of Apogee Opportunities Inc.		(1,253,373)	(425,104)
Non-controlling interest		(27,159)	(24,272)
		(1,280,532)	(449,376)
Other comprehensive gain		560,690	441,761
Net loss and comprehensive loss for the year		\$ (719,842)	\$ (7,615)
Basic and diluted loss per share		\$ (0.14)	\$ (0.05)
Weighted average number of common shares outstanding - basic and diluted		8,975,607	8,975,607

Apogee Opportunities Inc.
Consolidated Statements of Cash Flows
For the years ended June 30,
Expressed in Canadian Dollars

	Note	2018	2017
Cash provided by/(used in)			
Operating activities:			
Net loss for the year		\$ (1,280,532)	\$ (449,376)
Adjustments for items not affecting cash:			
Loss from sale of available for sale investments	8	721,880	143,183
Gain from sale of held for trading investments		-	(20,512)
Net cash from operating activities before changes in working capital		(558,652)	(326,705)
Working capital adjustments:			
Change in amounts receivable		(165,175)	(48)
Change in prepaid expenses		(35,000)	(202)
Change in accounts payable and accrued liabilities		243,547	36,465
Net cash (used in) operating activities		(515,280)	(290,490)
Investing activities:			
Proceeds on sale of investments	8	791,970	288,861
Net cash provided by investing activities		791,970	288,861
Change in cash		276,690	(1,629)
Cash, beginning of the year		22,685	24,314
Cash, end of the year		\$ 299,375	\$ 22,685
SUPPLEMENTAL INFORMATION			
Restricted cash received for offered securities liability	7	12,318,874	-
Expiry of options	11	65,100	539,401

Apogee Opportunities Inc.
Consolidated Statements of Changes in Equity
Expressed in Canadian Dollars

	Attributable to shareholders of Apogee							Non- controlling interest	Total equity
	Share Capital		Warrants	Contributed surplus	Accumulated other comprehensive income/(loss)	Deficit			
	No.	\$	\$	\$	\$	\$	\$		
Balance, June 30, 2016	8,975,607	67,062,669	1,460,000	604,501	(2,136,871)	(65,566,199)	(12,568)	1,411,532	
Options expired (Note 11)	-	-	-	(539,401)	-	539,401	-	-	
Other comprehensive income	-	-	-	-	441,761	-	-	441,761	
Net loss for the year	-	-	-	-	-	(425,104)	(24,272)	(449,376)	
Balance, June 30, 2017	8,975,607	67,062,669	1,460,000	65,100	(1,695,110)	(65,451,902)	(36,840)	1,403,917	
Options expired (Note 11)	-	-	-	(65,100)	-	65,100	-	-	
Other comprehensive income	-	-	-	-	560,690	-	-	560,690	
Net loss for the year	-	-	-	-	-	(1,253,373)	(27,159)	(1,280,532)	
Balance, June 30, 2018	8,975,607	67,062,669	1,460,000	-	(1,134,420)	(66,640,175)	(63,999)	684,075	

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

Apogee Opportunities Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

1. Nature of operations and going concern

Apogee Opportunities Inc. ("Apogee" or the "Company") was incorporated in British Columbia, Canada on May 25, 1987 to engage in mineral exploration and evaluation activities. The Company was continued under the laws of the Province of Ontario on January 21, 2005. The registered head office of the Company is located at 65 Queen Street West, Suite 815, Toronto, Ontario, Canada. The Company's shares are listed on the Aequitas NEO Exchange ("NEO").

The annual consolidated financial statements of the Company for the year ended June 30, 2018 were reviewed, approved and authorized for issue by the Board of Directors on August 8, 2018.

The Company has entered into a binding letter of intent to complete a business combination transaction, upon completion of which it will carry on the business of ANM, Inc. (dba Halo Labs), a manufacturer of cannabis oil and concentrates incorporated in the State of Oregon, USA. Although Apogee has announced entering into a definitive agreement with Aftermath Silver Ltd. ("Aftermath"), whereby Aftermath has agreed to acquire Apogee's interest in Minera Cachinal, S.A., the Company currently has interests in exploration and evaluation properties in Chile. There has been no determination whether the Company's interests in exploration and evaluation properties contain mineral reserves which are economically recoverable as of June 30, 2018. Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. A different basis of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company has a need for capital in order to fund the projects and corporate expenditures. The Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. These conditions indicate the existence of uncertainty that may cast doubt about the Company's ability to continue as a going concern. Management intends to finance operating costs over the next twelve months with current cash on hand, available-for-sale investments and future private placements, if available.

These consolidated financial statements do not reflect adjustments to the carrying value of assets and liabilities that would be necessary should the Company be unable to continue operations. Such adjustments could be material.

2. Statement of compliance and basis of preparation

These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with accounting policies based on IFRS standards and International Financial Reporting Interpretation Committee ("IFRIC") interpretations. The policies set out in the Company's annual consolidated financial statements for the year ended June 30, 2018 were consistently applied to all the periods presented unless otherwise noted below.

These consolidated financial statements have been prepared on a historical basis except for the investments which are reflected at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company, its 80% owned subsidiary Minera Cachinal S.A., and its 100% owned subsidiary Apogee Opportunities USA Inc. All intercompany transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries

Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

Apogee Opportunities Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

4. Critical management judgements and accounting estimation uncertainties

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions about future events that affect the amounts reported and disclosure in the consolidated financial statements and related notes. Although these estimates are based on management's information regarding the amount, event or actions, actual results may differ from those estimates and these differences could be material. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The areas which require management to make significant judgments, estimates and assumptions in preparing the consolidated financial statements include, but are not limited to:

Critical judgement in applying accounting policies:

- *Control of subsidiaries*

The Company consolidates subsidiaries over which it has control. Management assesses control in accordance with IFRS 10- Consolidated Financial Statements and has determined it controls each of its subsidiaries.

- *Determination of functional currency*

Based on the primary indicators in IAS 21- The Effects of Change in Foreign Exchange Rates- the Canadian dollar has been determined as the functional currency of the Company and its subsidiaries, as the Canadian dollar is the currency in which funds from financing activities (i.e. issuing debt and equity instruments) are generated and because the activities of the foreign operations are carried out as extensions of the reporting entity rather than being carried out with a significant degree of autonomy. Effects of changes in foreign exchange rates are recorded as foreign exchange gains/(losses) on the consolidated statement of operations. If the functional currency of the Chilean entity had been the Chilean peso, the effect of changes in foreign exchange rates would have been reflected as other comprehensive income and carried as a cumulative translation adjustment within accumulated other comprehensive income in the equity section of the consolidated statement of financial position.

- *Assets' carrying values and impairment charges*

Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year. Management exercises its judgment in determining when such events or changes in circumstances have arisen and where such circumstances evidence a significant or prolonged decline of fair value on assets indicating impairment.

Key sources of estimation uncertainty:

- *Impairment of available-for-sale investments*

Financial assets such as amounts receivable and investments classified as available-for-sale are tested for impairment at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence, that can be estimated reliably, indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Fair values, impairment and sensitivity analyses related to marketable securities are disclosed in Note 12.

- *Estimation of decommissioning and restoration costs and the timing of expenditures*

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, based on constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of a mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

- *Taxes, income taxes and deferred taxes*

The Company is subject to income and other taxes in various jurisdictions. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax filings are subject to audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made. Any estimates for value added and withholding taxes have been included in accounts payable and accrued liabilities.

Apogee Opportunities Inc.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

4. Critical management judgements and accounting estimation uncertainties (continued)

Key sources of estimation uncertainty (continued):

- *Share-based payments and equity reserves*

Management records share-based payments at fair value over the vesting period. The fair value of the market-based and/or performance-based share awards are determined at the date of grant using the Black-Scholes options pricing model. Assumptions are made and judgment used in applying the valuation techniques. These assumptions and judgments include estimating the future volatility of the stock price, expected dividend yield, future employee turnover rates and future employee stock option exercise behaviors, corporate performance and the risk-free rate. Such judgments and assumptions are inherently uncertain. Changes in these assumptions affect the fair value estimates. Similar calculations are made in order to value warrants.

- *Contingencies*

Refer to Note 16.

5. Significant accounting policies

Foreign currency translation

The Company's functional currency is the Canadian dollar, being the currency of the primary economic environment in which the Company operates. The Canadian dollar has been determined as the functional currency of the Company and all subsidiaries. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Foreign exchange gains and losses are presented in the consolidated statements of operations.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in the share-based payment note (Note 11).

The fair value is measured at grant date and each tranche is recognized on a graded-vesting basis over the period in which options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share-based payment reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. For those options that expire after vesting, the recorded value is transferred to deficit.

Taxation

Current tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Apogee Opportunities Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

5. Significant accounting policies (continued)

Taxation (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Interest in mineral exploration and development properties

Exploration and evaluation properties

Acquisition costs, field exploration, supervisory costs and costs associated with maintaining a mineral property are expensed until the Company has a reasonable expectation that the property is capable of commercial production, supported by a positive economic analysis showing a NI 43-101 compliant mineral reserve and approved by the Board of Directors.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories and financial assets, which continue to be measured in accordance with the Company's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

Financial instruments

Financial assets:

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or derivatives. The Company determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, (i.e., the date that the Company commits to purchase or sell the asset).

The Company's financial assets include cash, restricted cash, amounts receivable, and available-for-sale investments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with changes in fair value recognised in the consolidated statements of operations.

Apogee Opportunities Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

5. Significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement (continued)

The Company evaluates its financial assets at fair value through profit and loss (held for trading) to determine whether the intent to sell them in the near term is still appropriate. When the Company is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Company may elect, in rare circumstances, to reclassify these financial assets. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income (loss) until the asset is removed from the consolidated statement of financial position. Losses due to impairment are included in earnings (loss).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method ("EIR"), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the consolidated statements of operations. The losses arising from impairment are recognized in the consolidated statements of operations.

Derecognition

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - (a) the Company has transferred substantially all the risks and rewards of the asset; or
 - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortized cost, the Company first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Apogee Opportunities Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

5. Significant accounting policies (continued)

Financial instruments (continued)

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of operations. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the consolidated statement of operations. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the consolidated statement of operations. The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

Financial liabilities:

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, other financial liabilities, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value, plus in the case of other financial liabilities, directly attributable transaction costs.

The Company's financial liabilities are accounts payable and accrued liabilities and an offered securities liability.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the consolidated statement of operations. The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Other Financial Liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in the consolidated statement of operations when the liabilities are derecognized, as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance cost in the consolidated statement of operations.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of operations.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Apogee Opportunities Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

5. Significant accounting policies (continued)

Financial instruments (continued)

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Cash

Cash in the consolidated statements of financial position comprises cash at banks and on hand.

Provisions

General

Provisions are recognized when (a), the Company has a present obligation (legal or constructive) as a result of a past event, and (b), it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the consolidated statement of operations, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Rehabilitation provision

The Company records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related assets to the extent that it was incurred prior to the production of related ore. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of operations as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of operations.

Earnings/ Loss per share

Earnings/loss per share is based on the weighted average number of common shares of the Company outstanding during the period. The diluted earnings/loss per share reflects the potential dilution of common share equivalents, such as outstanding share options and warrants, in the weighted average number of common shares outstanding during the period, if dilutive. During the years ended June 30, 2018 and 2017, all outstanding options and warrants were anti-dilutive and were therefore excluded from the diluted earnings/loss per share calculation.

Contingencies

In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company and its legal counsel evaluate the perceived merits of any legal proceedings or unasserted claims and the amount of relief sought or expected to be sought.

If the assessment of a contingency suggests that a loss is probable, the amount can be reliably estimated, and there is a present obligation as a result of a past event, then a loss is recorded. The details of a contingent loss are disclosed unless management determines that the possibility of any outflow in settlement is remote. Legal fees incurred with pending legal proceedings are expensed as incurred.

Apogee Opportunities Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

6. New accounting policies and pronouncements

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

IFRS 2- Share-based Payments (“IFRS 2”) was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018. The Company does not expect the adoption of IFRS 2 to have a significant impact on its consolidated financial statements.

IFRS 9- Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company does not expect the adoption of IFRS 9 to have a significant impact on its consolidated financial statements.

IFRS 16- Leases (“IFRS 16”) was issued by the IASB on January 13, 2016 and will replace existing lease guidance in IFRS and related interpretations. IFRS 16 requires companies to bring most leases on-balance sheet. The new standard is effective for annual periods beginning on or after January 1, 2019. The Company has not yet considered the potential impact of the adoption of IFRS 16.

IFRIC 22- Foreign Currency Transactions and Advance Consideration (“IFRIC 22”) was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognized in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018. The Company does not expect the adoption of IFRIC 22 to have a significant impact on its consolidated financial statements.

IFRIC 23- Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted.

During fiscal 2018, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IAS 7 and IAS 12. These new standards and changes did not have any material impact on the Company’s consolidated financial statements.

7. Offering of securities

The Company entered into a letter of intent dated May 9, 2018 with ANM, Inc. (“Halo”), a corporation existing under the laws of the State of Oregon, with respect to the basic terms and conditions of a proposed business combination of the Company, Halo and a newly incorporated subsidiary of the Company, Apogee Opportunities (USA) Inc. (“Apogee Subsidiary”) (the “Transaction”). It is anticipated that the Transaction will be completed by way of a merger between Halo and Apogee Subsidiary pursuant to which security holders of Halo and Apogee Subsidiary (other than the Company) will receive common shares of the Company and the merged entity will become a wholly-owned subsidiary of the Company, which shall be renamed “Halo Labs Inc.” (the “Resulting Issuer”).

Apogee Opportunities Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

7. Offering of securities (continued)

On June 29, 2018, Apogee closed an offering (the "Offering") of subscription receipts of Apogee Subsidiary (each, a "Subscription Receipt") and special units of the Company (each, a "Special Unit" and together with the Subscription Receipts, the "Offered Securities"). In aggregate, 32,212,735 Offered Securities were sold under the Offering at a subscription price of \$0.40 per Offered Security for gross proceeds of \$12,885,094, as follows:

- i. Apogee Subsidiary issued 18,164,000 Subscription Receipts (the "Brokered Subscription Receipts"), pursuant to a subscription receipt agreement among the Company, Apogee Subsidiary, Halo, and Cannacord Genuity Corp., Gravitass Securities Inc. and Clarus Securities Inc. (collectively, the "Agents"), and Odyssey Trust Corporation ("Odyssey");
- ii. Apogee issued 9,848,250 Special Units (the "Brokered Special Units" and, together with the Brokered Subscription Receipts, the "Brokered Offered Securities") pursuant to a special unit agreement among the Company, Halo, the Agents and Odyssey;
- iii. Apogee Subsidiary issued 4,140,485 non-brokered Subscription Receipts (the "Non-Brokered Subscription Receipts"), pursuant to a subscription receipt agreement among the Company, Apogee Subsidiary, Halo and Odyssey; and
- iv. Apogee issued 60,000 non-brokered Special Units (the "Non-Brokered Special Units" and, together with the Non-Brokered Subscription Receipts, the "Non-Brokered Offered Securities" and, together with the Brokered Offered Securities, the "Offered Securities"), pursuant to special unit agreement among the Company, Halo and Odyssey.

Upon satisfaction of the Escrow Release Conditions and immediately prior to closing of the Transaction, each Offered Security issued will be automatically exchanged for a unit (an "Apogee Unit") comprised of one common share of Apogee (or Apogee Subsidiary, as applicable) ("Apogee Underlying Share") and one common share purchase warrant of Apogee (or Apogee Subsidiary, as applicable) ("Apogee Underlying Warrant") for no additional consideration. Each Apogee Underlying Warrant will be exercisable into one Apogee Underlying Share until December 31, 2020 and will have an exercise price of \$0.80, subject to adjustment as provided in the warrant indenture (the "Warrant Indenture") dated June 29, 2018 entered into among the Company, Apogee Subsidiary, Halo and Odyssey Trust Company, as warrant agent. In connection with the Transaction, the Apogee Units will be exchanged for units of the Resulting Issuer, having the same terms as the Apogee Units.

In consideration of the services provided by the Agents in connection with the Offering, the Company agreed to pay the Agents a cash commission equal to 7.5% of the aggregate gross proceeds of the Offering (excluding the Non-Brokered Offering) and issue the Agents compensation options (the "Agents' Options") equal to 7.5% of the Offered Securities sold under the Offering (excluding the non-brokered offerings). The Agents were also paid a corporate finance fee of \$50,000 as well as 1.5% in cash and 1.5% in Agent's Options for Offered Securities sold in the non-brokered offerings. In addition, under the non-brokered offerings, certain finders (the "Finders") were paid 6% in cash and 6% in finder options (the "Finders' Options"), having the same terms as the Agents' Options.

Provided the Escrow Release Conditions are satisfied, each Agents' and Finders' Option will be exercisable to purchase one Apogee Unit at the price of \$0.40 per Apogee Unit and, following completion of the Transaction, assuming such Agents' or Finders' Option was not previously exercised, each one Agents' or Finders' Option will automatically be exchanged for one agents' or finders' option of the Resulting Issuer which shall be exercisable to purchase one unit of the Resulting Issuer on the same terms as the Apogee Units at a price of \$0.40 per unit until December 31, 2020.

The gross proceeds of the Offering, less 50% of the cash commissions and corporate finance fees of the Agents and certain expenses of the Agents that were paid to the Agents on closing of the Offering (the "Escrowed Proceeds"), were deposited in escrow with Odyssey in an interest-bearing account. The Escrowed Proceeds and any interest or other income earned thereon (the "Escrowed Funds") will be released from escrow upon the satisfaction of the "Escrow Release Conditions", which are:

- i. completion of the transaction;
- ii. the Resulting Issuer shares and the common shares underlying the Resulting Issuer warrants being approved for listing on a "designated stock exchange" within the meaning of the *Income Tax Act* (Canada);
- iii. the receipt of all regulatory, shareholder and third-party approvals, if any, required in connection with the Transaction;
- iv. the Company, Apogee Subsidiary, Halo and the Resulting Issuer shall not be in breach or default of any of their respective covenants or obligations under the security agreements or the agency agreement, as applicable, except (in the case of the Agency Agreement only) for those breaches or defaults that have been waived by the Agents, and all conditions set out in the agency agreement shall have been fulfilled; and
- v. the Company, Apogee Subsidiary and the Agents having delivered a joint notice to Odyssey confirming that all Escrow Release Conditions have been met or waived.

In the event that the Escrow Release Conditions are not satisfied by September 30, 2018, each Offered Security will be exchangeable, upon satisfaction of the Escrow Release Conditions, for 1.1 Apogee units (equal to an additional 10% of the Offering); and in the event that the Escrow Release Conditions are not satisfied by October 31, 2018, each Offered Security will be exchangeable, upon satisfaction of the Escrow Release Conditions, for 1.2 Apogee units (cumulatively equal to an additional 20% of the Offering).

Apogee Opportunities Inc.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

7. Offering of securities (continued)

In the event that the Escrow Release Conditions are not satisfied at or before the 5:00 p.m. (Toronto time) on December 20, 2018 (the "Escrow Release Deadline") or, if prior to the Escrow Release Deadline one of the following occurs: (A) the termination of the definitive agreements in respect of the Transaction, (B) the Company advising Odyssey and the Agents that the Transaction will not be completed, or (C) the Company making an announcement to the public that the Transaction will not be completed (any such event being a "Termination Event"), then Odyssey will return to each holder of Offered Securities an amount equal to the aggregate offering price of the Offered Securities held by such holder plus an amount equal to the holder's *pro rata* portion of any interest or other income earned on the Escrowed Proceeds (less applicable withholding tax, if any).

In the event that a Termination Event occurs, (i) the 50% of the Agents' commissions and corporate finance fees and the Finders' Fees that have been included in the Escrowed Funds shall not become payable; (ii) Apogee will be required to refund \$566,220, plus interest, to Odyssey; and (iii) the 2,163,925 Agents' Options and 252,029 Finders' Options shall automatically terminate.

Upon completion of the Transaction, the net proceeds from the Offering will be used: (a) to fund expansion of the resulting issuer's business operations in California and Nevada; (b) to purchase capital equipment; (c) for leasehold improvements; (d) for the payment of certain liabilities; and (e) for general working capital.

All securities of the Company issued pursuant to the Offering are subject to a hold period ending on October 30, 2018. All securities of Apogee Subsidiary issued pursuant to the Offering are subject to a hold period ending on the later of: (a) October 30, 2018; or (b) the date that Apogee Subsidiary becomes a reporting issuer pursuant to applicable securities laws.

The Company is currently working on the documentation to implement the Transaction, which is expected to close prior to September 30, 2018. There can be no assurance that the Transaction will be completed as proposed or at all.

8. Investments

The Company's investments include shares in the following securities:

	June 30, 2018		June 30, 2017	
	No. held	Value	No. held	Value
Prophecy Development Corp. available-for-sale	270,100	\$ 621,230	503,000	\$ 1,574,390

During the year ended June 30, 2018, the Company sold 232,900 of its Prophecy Development Corp. ("Prophecy") shares at prices ranging from \$3.01 to \$3.76 per share for net proceeds of \$791,970. Consequently, a realized loss of \$721,880 was recorded. During the year ended June 30, 2017, the Company sold 47,740 shares at prices ranging from \$3.00 to \$5.10 per share for proceeds of \$167,128. Consequently, a loss of \$143,183 was recorded for the year ended June 30, 2017.

At June 30, 2018, the quoted market value of the Prophecy shares was \$2.30 per share. Consequently, a net gain of \$560,690 was recorded for the year ended June 30, 2018 in other comprehensive loss (June 30, 2017: gain of \$441,761).

9. Exploration and evaluation expenditures

	For the years ended	
	June 30, 2018	June 30, 2017
Claims maintenance	\$ 48,926	\$ 49,135
Legal and professional fees	17,679	31,880
Administration	66,584	42,862
Total exploration and evaluation costs for the year	\$ 133,189	\$ 123,877

The Company currently holds an 80% participation interest in the Cachinal Property located in northern Chile.

On June 25, 2018, the Company announced entering into a definitive agreement with Aftermath Silver Ltd., whereby Aftermath agreed to acquire Apogee's holdings in the Cachinal De La Sierra Silver-Gold Project through the purchase of all of Apogee's shares in the Chilean holding company Minera Cachinal S.A. Aftermath has agreed to pay Apogee \$1,500,000 cash and assume certain of Apogee's liabilities with respect to the project. The transaction remains subject to the receipt of all necessary regulatory approvals and is expected to close following the Company's Transaction with Halo.

There are no material assets or liabilities with carrying values as at June 30, 2018 and 2017 included in the sale. Exploration and evaluation expenditures have been included in the loss and cash used in operations, including the non-controlling interest.

Apogee Opportunities Inc.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

10. Share capital

As at June 30, 2018, the Company's authorized number of common shares was unlimited without par value.

	Number of shares	Amount
Balance, June 30, 2016, 2017 and 2018	8,975,607	\$ 67,062,669

11. Equity reserves

Options

Under the Company's stock option plan (the "Plan"), the Company may grant to directors, officers, employees and consultants, options to purchase shares of the Company. The Plan provides for the issuance of stock options to acquire up to 10% of the Company's issued and outstanding capital. The Plan is a rolling plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. Options granted under the Plan will be for a term not exceeding 5 years.

The Plan provides that it is solely within the discretion of the Board to determine who should receive stock options and in what amounts. In no case (calculated at the time of grant) shall the Plan result in:

- The number of options granted in a 12-month period to any one consultant exceeding 2% of the issued shares of the Company;
- The aggregate number of options granted in a 12-month period to any one individual exceeding 5% of the outstanding shares of the Company;
- The number of options granted in a 12-month period to employees or consultants undertaking investor relations activities exceeding in aggregate 2% of the issued shares of the Company;
- The aggregate number of common shares reserved for issuance to any one individual upon the exercise of options granted under the Plan or any previously established and outstanding stock option plans or grants exceeding 5% of the issued shares of the Company in any 12-month period.

During the year ended June 30, 2018, 33,385 stock options expired unexercised (June 30, 2017: 105,537).

The following share-based payment arrangements were in existence during the current and prior reporting periods:

	No. of options	Weighted Average Exercise Price	Grant Date Value of options
June 30, 2016	138,922	\$ 8.31	\$ 604,501
Expired	(105,537)	8.94	(539,401)
June 30, 2017	33,385	\$ 6.50	\$ 65,100
Expired	(33,385)	6.50	(65,100)
June 30, 2018	-	\$ -	\$ -

Warrants

Share purchase warrant transactions for the years ended June 30, 2018 and 2017 are summarized as follows:

	No. of warrants	Weighted Average Exercise Price	Grant Date Value of warrants
June 30, 2016, 2017 and 2018	1,123,077	\$ 3.25	\$ 1,460,000

Apogee Opportunities Inc.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

11. Equity reserves (continued)

As at June 30, 2018, the Company had share purchase warrants outstanding as follows:

No. outstanding	No. exercisable	Grant date	Expiry date	Exercise price	Fair value at grant date	Expected volatility	Expected life (yrs)	Expected dividend yield	Risk-free interest rate
1,123,077	1,123,077	10-Feb-14	10-Feb-19	3.25	1,460,000	96%	5.00	0%	1.59%
1,123,077	1,123,077			\$ 3.25	\$ 1,460,000				

The weighted average remaining contractual life of outstanding warrants as of June 30, 2018 is 0.62 years (June 30, 2017 – 1.62 years).

12. Financial instruments

Financial assets and financial liabilities during the current and prior reporting periods were as follows:

	Available-for-sale investments	Cash, loans and receivables, other financial liabilities	Total
June 30, 2018			
<u>Financial assets:</u>			
Cash	\$ -	\$ 299,375	\$ 299,375
Investments	621,230	-	621,230
Restricted cash	-	12,318,874	12,318,874
<u>Financial liabilities:</u>			
Accounts payable and accrued liabilities	-	(446,447)	(446,447)
Offered securities liability	-	(12,318,874)	(12,318,874)
June 30, 2017			
<u>Financial assets:</u>			
Cash	\$ -	\$ 22,685	\$ 22,685
Investments	1,574,390	-	1,574,390
<u>Financial liabilities:</u>			
Accounts payable and accrued liabilities	-	(202,900)	(202,900)

A fair value hierarchy prioritizes the methods and assumptions used to develop fair value measurements for those financial assets where fair value is recognized on the statement of financial position. These have been prioritized into three levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data.

Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment.

At June 30, 2018, the Company's financial instruments that are carried at fair value, consisting of investments of \$621,230 have been classified as Level 1 within the fair value hierarchy (June 30, 2017 - \$1,574,390).

The carrying value of cash, restricted cash, amounts receivable, accounts payable, accrued liabilities, and offered securities liability reflected in the consolidated statements of financial position approximate fair value because of the limited term of these instruments.

Apogee Opportunities Inc.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

12. Financial instruments (continued)

The Company's risk exposures and the impact on the Company's financial instruments are summarized below. There have been no significant changes in the risks, objectives, policies and procedures for managing risk during the years ended June 30, 2018 and 2017.

Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets. With respect to credit risk arising from financial assets of the Company, which comprise cash, minimal receivables and investments, the Company's exposure to credit risk arises from default of counterparties, with a maximum exposure equal to the carrying amount of these instruments. Cash balances are held with high credit quality financial institutions. The credit risk of the Company is not considered material.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through sales of investments and future equity or debt issuances.

The Company manages its liquidity risk by forecasting the cash flows required for operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2018, the Company had a cash balance of \$299,375 (June 30, 2017: \$22,685) to settle current liabilities excluding the offered securities liability of \$446,447 (June 30, 2017: \$202,900).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate and equity prices will affect the Company's income or the value of its holdings of financial instruments.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has cash and restricted cash at June 30, 2018. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. The Company considers interest rate risk to be minimal as investments are short term, the Company does not carry interest-bearing debt, and expects future financings will be primarily secured from private placements.

(b) Foreign currency risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operating, exploration and administrative expenses in Chile on a cash call basis in United States dollars, which is then converted to Chilean pesos. Currently, the Company does not hedge its foreign exchange risk.

(c) Commodity price risk

The Company is exposed to price risk with respect to commodity prices, specifically lead, zinc and silver. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. Commodity prices fluctuate on a daily basis and are affected by numerous factors beyond the Company's control. The supply and demand for these commodities, the level of interest rates, the rate of inflation, investment decisions by large holders of commodities including governmental reserves and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. As the Company does not have producing assets, management believes this risk is minimal.

Apogee Opportunities Inc.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

12. Financial instruments (continued)

(d) Equity price risk

The Company is exposed to price risk with respect to the quoted price of its investment in Prophecy shares, which is considered significant. At June 30, 2018, the quoted market price was \$2.30 per share (June 30, 2017: \$3.13 per share).

Sensitivity analysis

The carrying amount of accounts receivable equals fair market value. The effect of changes in foreign exchange rates on net loss is deemed insignificant as the number and amount of foreign currency transactions are relatively small. The Company is exposed to market risk from changes in the fair value of its investments. As at June 30, 2018, a 10% change in the market value of the Company's marketable securities would result in a gain/loss of approximately \$62,000 based on the fair value of the available for sale investments at June 30, 2018.

13. Capital management

The Company manages and adjusts its capital structure based on available funds in order to support its investment decisions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company considers its capital to consist of share capital and warrants.

The properties in which the Company currently has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and evaluation and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future, or that the terms of such financing will be favourable. Refer to Note 7.

There were no significant changes in the Company's approach to capital management during the years ended June 30, 2018 and 2017. The Company and its subsidiaries are not subject to any capital requirements imposed by a lending institution or regulatory body.

14. Related party disclosures

Compensation of key management personnel of the Company

The remuneration of directors and other members of key management personnel during the years presented were as follows:

	Years ended June 30,	
	2018	2017
Consulting fees	\$ 91,500	\$ 54,000

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

Apogee Opportunities Inc.
Notes to the Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

15. Income Taxes

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the combined Canadian federal and provincial statutory rate of 26.5% (2017 – 26.5%) were as follows:

	2018	2017
	\$	\$
(Loss) from continuing operations before income taxes	(1,256,661)	(449,376)
Expected income tax recovery based on statutory rate	(333,000)	(119,000)
Adjustment to expected income tax benefit:		
Tax losses expired	349,000	143,000
Other	(143,000)	(47,000)
Change in Benefit of tax assets not recognized	127,000	23,000
Deferred income tax provision (recovery)	-	-

b) Deferred Income Tax

Deferred income tax assets have not been recognized in respect of the following deductible temporary differences:

Canada	\$	\$
Non-capital loss carry-forwards	19,815,000	19,545,000
Mineral property costs	406,000	406,000
Investments	1,195,000	2,002,000
Other temporary differences	108,000	108,000
Total	21,524,000	22,061,000

The Company has approximately \$19,815,000 (2017 - \$19,545,000) of non-capital losses in Canada, which under certain circumstances can be used to reduce the taxable income of future years.

The non-capital losses will expire as follows:

Canada	\$
2028	1,244,000
2029	1,118,000
2030	2,645,000
2031	5,360,000
2032	3,409,000
2033	1,832,000
2034	1,971,000
2035	109,000
2037	295,000
2038	1,832,000
	<u>19,815,000</u>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

Apogee Opportunities Inc.

Notes to the Consolidated Financial Statements

For the years ended June 30, 2018 and 2017

(Expressed in Canadian dollars unless otherwise noted)

16. Commitments and contingencies

Environment

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

Minority shareholder claim

In November 2016, the Company's 20% minority shareholder in its Minera Cachinal S.A. subsidiary formally requested reimbursement of US\$429,788 (approximately \$566,000) for property-related costs it asserts were made on behalf of the Company. Assuming the transaction for the sale of Minera Cachinal S.A. to Aftermath closes, Aftermath has agreed to assume any such liability finally determined and no provision related to this claim has been recorded in these consolidated financial statements.

17. Subsequent events

Offering of Securities

In connection with the proposed Transaction, the Company previously completed a brokered private placement of subscription receipts and special units, a non-brokered private placement of special units and a first tranche of a non-brokered private placement of subscription receipts (the "Non-Brokered Subscription Receipts") of Apogee Subsidiary (the "First Tranche").

On August 2, 2018, Apogee Subsidiary closed a second tranche (the "Second Tranche") of 4,201,885 Non-Brokered Subscription Receipts pursuant to a subscription receipt agreement dated as of August 1, 2018 among the Company, Apogee Subsidiary and Odyssey, at a price of \$0.40 per Non-Brokered Subscription Receipt, for aggregate gross proceeds of approximately \$1,261,400.00 and USD\$324,999.95.

Agents were paid fees of 1.5% in cash and 1.5% in Agent's Options. In addition, Finders were paid 6% in cash and 6% in Finders' Options.

Halo Pre-RTO Oregon Regulated Offering

Halo is undertaking an offering of convertible promissory notes and warrants for up to approximately US\$10,000,000 (the "Halo Oregon Offering"), which will close in multiple tranches upon approval of the subscribers by the Oregon Liquor Control Commission, with the final closing to occur prior to the consummation of the Transaction. The funds raised from the Halo Oregon Offering are being directly funded to Halo.

The Halo Oregon Offering consists of convertible promissory notes ("Halo Pre-RTO Notes") bearing 10% simple interest that, upon satisfaction of the Escrow Release Conditions, will automatically convert into units (the "Halo Pre-RTO Units") consisting of 0.7407 Halo common shares and 0.7407 Halo warrants at a conversion price per of \$0.40 per Halo Pre-RTO Unit. Upon completion of the Transaction, each whole Halo common share and whole Halo warrant will be exchanged into 1.35 Resulting Issuer common shares and 1.35 Resulting Issuer warrants, with each whole Resulting Issuer warrant exercisable into one Resulting Issuer common share at a price of \$0.80. The Halo warrants will have substantially the same terms as the Apogee warrants issuable on the conversion of the Special Units, including the acceleration right.

If the Halo Pre-RTO Notes have not yet converted as described above, the principal and accrued interest on the notes will be due and payable on the earlier of (a) December 28, 2018, or (b) a change of control of Halo.

In addition, the Halo Oregon Offering includes a warrant (each, an "Additional Warrant") entitling the holder to acquire an additional 0.7407 Halo common shares for each \$0.40 of principal under the Halo Pre-RTO Notes purchased by holders in the Halo Oregon Offering. Upon the closing of the Transaction, each Additional Warrant will be exchanged into one warrant of the Resulting Issuer entitling the holder thereof to purchase one Resulting Issuer common share at a price of \$0.50 with each such warrant exercisable until May 30, 2020. The Additional Warrants will otherwise have substantially the same terms as the Apogee warrants issuable on the conversion of the Special Units, including the acceleration right.

Pursuant to the terms of the Halo Oregon Offering, Halo has agreed to pay to eligible finders a cash commission of up to 9% of the gross proceeds raised in the Halo Oregon Offering or a combination of up to 6.0% cash compensation and agent compensation units equal to up to 6.0% of the Halo Units and Additional Warrants issued through the Halo Oregon Offering (with such compensation units to be issued upon conversion of the Halo Pre-RTO Notes).