

**DUNNEDIN VENTURES INC.**

**Condensed Interim Consolidated Financial Statements**

For the Nine Months ended June 30, 2018  
(Unaudited - Expressed in Canadian Dollars)

## **NOTICE OF NON-REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of these condensed interim financial statements, they must be accompanied by a notice indicating that these condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of Dunnedin Ventures Inc. (the "Company" or "Dunnedin") have been prepared by and are the responsibility of the Company's management.

The attached condensed interim financial statements for the nine months ended June 30, 2018 have not been reviewed by the Company's auditors.

**DUNNEDIN VENTURES INC.**

Condensed Interim Consolidated Statements of Financial Position  
(Unaudited - Expressed in Canadian Dollars)

	June 30, 2018	September 30, 2017
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents (note 9)	\$ 563,584	\$ 4,046,976
Amounts receivable (note 9)	94,063	72,811
Advances and deposits	158,385	127,287
Due from Solstice Gold Corp.	968,520	-
	<b>1,784,552</b>	<b>4,247,074</b>
Non-current assets:		
Equipment	4,045	426
Reclamation bonds (note 4)	30,284	30,284
Exploration and evaluation assets (note 5 and 6)	7,889,956	6,802,144
<b>Total Assets</b>	<b>\$ 9,708,837</b>	<b>\$ 11,079,928</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities:		
Accounts payable and accrued liabilities (note 11)	\$ 850,491	\$ 1,781,710
Total current liabilities	<b>850,491</b>	<b>1,781,710</b>
Deferred tax liability	<b>187,006</b>	160,006
Total liabilities	<b>1,037,497</b>	<b>1,941,716</b>
Shareholders' Equity:		
Share capital (note 8)	<b>44,385,043</b>	44,001,940
Reserves (note 8)	<b>5,846,352</b>	5,416,209
Accumulated other comprehensive loss	<b>(59,579)</b>	(64,298)
Deficit	<b>(41,500,476)</b>	(40,215,639)
	<b>8,671,340</b>	<b>9,138,212</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 9,708,837</b>	<b>\$ 11,079,928</b>

Subsequent events (note 13)

Approved on Behalf of the Board:

"Claudia Tornquist"  
Claudia Tornquist

"Gary Schellenberg"  
Gary Schellenberg

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

**DUNNEDIN VENTURES INC.**Condensed Interim Consolidated Statements of Operations and Comprehensive Loss  
(Unaudited - Expressed in Canadian Dollars)

	Notes	Three months ended June 30, 2018	Three months ended June 30, 2017	Nine months ended June 30, 2018	Nine months ended June 30, 2017
<b>Expenses</b>					
Amortization		\$ 112	\$ 27	\$ 336	\$ 81
Consulting fees	7	35,431	30,457	106,351	94,728
Insurance		3,820	3,375	11,765	10,125
Management compensation and benefits	7	146,650	26,250	297,900	101,250
Office and administration		17,383	1,107	30,693	2,649
Professional fees		67,129	18,884	179,197	52,329
Property Investigation		-	5,788	3,263	7,015
Rent		6,599	4,991	16,583	14,975
Stock-based compensation	8d	6,660	-	460,408	300,421
Transfer agent and filing		9,054	4,119	29,501	18,220
Travel, promotion and shareholder information		107,218	47,739	245,111	131,641
Impairment of exploration and evaluation assets	5	5,000	-	12,790	3,578
		(405,056)	(142,737)	(1,393,898)	(737,012)
<b>Other income (expenses)</b>					
Amortization of flow-through premium liability		25,000	-	25,000	-
Expense recovery		-	-	96,703	-
Foreign currency gain (loss)		134	6,812	(12,957)	11,641
Gain from plan of arrangement	6	-	-	6,891,909	-
Interest		6,487	557	27,315	856
		31,621	7,369	7,027,970	12,497
Deferred income tax expense		(27,000)	(60,515)	(27,000)	(73,952)
<b>Net income (loss) for the period</b>		(400,435)	(195,883)	5,607,072	(798,467)
<b>Other comprehensive loss</b>					
Foreign currency translation adjustment		11,132	(2,399)	4,719	(9,880)
<b>Comprehensive income (loss) for the year</b>		\$ (389,303)	\$ (198,282)	\$ 5,611,791	\$ (808,347)
<b>Basic and diluted loss per share</b>		\$ (0.004)	\$ (0.002)	\$ 0.054	\$ (0.011)
<b>Weighted average number of shares outstanding</b>		106,781,397	80,163,810	104,509,052	74,818,643

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

**DUNNEDIN VENTURES INC.**

Condensed Interim Consolidated Statements of Changes in Equity  
(Unaudited - Expressed in Canadian Dollars)

	Notes	Share Capital		Shares to be issued	Reserves	AOCI	Deficit	Total
		Number of Shares	Amount					
<b>Balance at September 30, 2016</b>		<b>66,371,460</b>	<b>\$ 36,721,750</b>	<b>\$ -</b>	<b>\$ 4,942,824</b>	<b>\$ (62,105)</b>	<b>\$ (39,240,221)</b>	<b>\$ 2,362,248</b>
Net loss for the period		-	-	-	-	-	(798,467)	(798,467)
Shares for resource properties	8	6,600,000	1,661,000	-	-	-	-	1,661,000
Flow-through shares issued in private placement	8	1,750,000	367,500	-	-	-	-	367,500
Share issue costs		-	(65,318)	-	23,443	-	-	(41,875)
Warrants exercised	8	7,076,307	758,449	300,000	(14,068)	-	-	1,044,381
Options exercised		100,000	21,780	-	(10,780)	-	-	11,000
Share-based compensation	8	-	-	-	300,421	-	-	300,421
Foreign currency translation adjustment		-	-	-	-	(9,880)	-	(9,880)
<b>Balance at June 30, 2017</b>		<b>81,897,767</b>	<b>\$ 39,465,161</b>	<b>\$ 300,000</b>	<b>\$ 5,241,840</b>	<b>\$ (71,985)</b>	<b>\$ (40,038,688)</b>	<b>\$ 4,896,328</b>

	Notes	Share Capital		Shares to be issued	Reserves	AOCI	Deficit	Total
		Number of Shares	Amount					
<b>Balance at September 30, 2017</b>		<b>103,256,767</b>	<b>\$ 44,001,940</b>	<b>\$ -</b>	<b>\$ 5,416,209</b>	<b>\$ (64,298)</b>	<b>\$ (40,215,639)</b>	<b>\$ 9,138,212</b>
Net income for the period		-	-	-	-	-	5,607,072	5,607,072
Distribution as per plan of arrangement	5	-	(1,712,804)	-	-	-	(6,891,909)	(8,604,713)
Shares issued in private placement	8	5,341,667	1,602,500	-	-	-	-	1,602,500
Flow-through shares issued in private placement	8	250,000	100,000	-	-	-	-	100,000
Flow-through shares premium	8	-	(25,000)	-	-	-	-	(25,000)
Share issue costs		-	(104,101)	-	23,718	-	-	(80,383)
Share-based compensation	8	-	-	-	460,408	-	-	460,408
Warrant exercise		4,325,000	432,500	-	-	-	-	432,500
Broker warrants exercised		360,246	90,008	-	(53,983)	-	-	36,025
Foreign currency translation adjustment		-	-	-	-	4,719	-	4,719
<b>Balance at June 30, 2018</b>		<b>113,533,680</b>	<b>\$ 44,385,043</b>	<b>\$ -</b>	<b>\$ 5,846,352</b>	<b>\$ (59,579)</b>	<b>\$ (41,500,476)</b>	<b>\$ 8,671,340</b>

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

**DUNNEDIN VENTURES INC.**Condensed Interim Consolidated Statements of Cash Flows  
(Unaudited - Expressed in Canadian Dollars)

	<i>Notes</i>	<b>Nine Months Ended June 30, 2018</b>	Nine Months Ended June 30, 2017
<b>Operating Activities:</b>			
Net income / (loss) for the period		\$ 5,607,072	\$ (798,467)
Items not affecting cash:			
Amortization		336	81
Amortization of flow-through premium liability		(25,000)	-
Deferred income tax expense		27,000	73,952
Gain from plan of arrangement	5	(6,891,909)	-
Stock based compensation		460,408	300,421
Impairment of exploration and evaluation assets		12,790	3,578
Net changes in non-cash working capital items:			
Amounts receivable		(12,957)	14,573
Due from Solstice		(968,520)	
Advances and deposits		(31,098)	27,283
Accounts payable and accrued liabilities		(931,219)	(40,408)
		<b>(2,753,097)</b>	<b>(418,987)</b>
<b>Investing Activity:</b>			
Acquisition of fixed assets		(3,955)	-
Exploration and evaluation assets	6	(1,521,701)	(1,347,237)
		<b>(1,525,656)</b>	<b>(1,347,237)</b>
<b>Financing Activity:</b>			
Shares issued for cash		1,702,500	1,441,445
Share issuance costs		(80,383)	(44,004)
Plan of arrangement	5	(1,300,000)	-
Cash proceeds from warrants exercised		468,525	-
		<b>790,642</b>	<b>1,397,441</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>		<b>4,719</b>	<b>(9,880)</b>
<b>Change in cash and cash equivalents for the period</b>		<b>(3,483,392)</b>	<b>(378,663)</b>
<b>Cash and cash equivalents, beginning of the period</b>		<b>4,046,976</b>	<b>874,743</b>
<b>Cash and cash equivalents, end of the period</b>		<b>563,584</b>	<b>496,080</b>
<b>Supplemental Information:</b>			
<b>Non-cash investing and financing activities:</b>			
Common shares issued for interest in resource properties valued at quoted market prices on the dates issued		\$ -	\$ 1,661,000
Share issuance costs		\$ 104,101	\$ 23,443
Reallocation of reserves		\$ 53,983	\$ 24,848
Change in mineral property costs included in accounts payable		\$ -	\$ 19,565

## **DUNNEDIN VENTURES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited – Expressed in Canadian Dollars)

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### **1. NATURE OF OPERATIONS AND ABILITY TO CONTINUE AS A GOING CONCERN**

The Company was incorporated under the laws of the Province of British Columbia on January 12, 1987. The Company's common shares are trading as a mining issuer on Tier 2 of the TSX Venture Exchange under the trading symbol DVI.

The Company's activities consist of the exploration and development of base, precious metals and diamonds throughout the Americas. The head office and principal address of the Company are located at 1020 – 800 West Pender Street, Vancouver, BC, V6C 2V6.

As the Company is in the exploration stage, the recoverability of amounts shown for exploration and evaluation assets and the Company's ability to continue as a going concern is dependent upon the discovery of economically recoverable reserves, continuation of the Company's interest in the underlying resource claims, the ability of the Company to obtain necessary financing to complete their development and upon future profitable production or proceeds from the disposition thereof. The amounts shown as exploration and evaluation assets represent net costs to date, less amounts amortized and/or written-off, and do not necessarily represent present or future values.

The Company had a net income of \$5,607,072 during the nine months ended June 30, 2018 and, as of that date, the accumulated deficit was \$41,500,476. The Company expects to incur further losses in the development of its business. While these consolidated financial statements have been prepared with the assumption that the Company will be able to meet its obligations and continue its operations for its next fiscal year, the aforementioned conditions indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Realization values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary if the Company were not to continue as a going concern.

### **2. BASIS OF PREPARATION**

#### *Statement of Compliance*

These consolidated financial statements for the nine months ended June 30, 2018 were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations ("IFRIC") in effect at June 30, 2018. The Company has elected to present the statements of operations and comprehensive loss in a single statement. The accounting policies followed in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent annual financial statements for the year ended September 30, 2017.

The nine months period ended June 30, 2018 excludes results of Solstice Gold Corp. that was spun-off as per the plan of arrangement that completed on January 31, 2018.

The condensed interim consolidated financial statements of the Company for the nine months ended June 30, 2018 (including comparatives) have been prepared by management, reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on August 29, 2018.

## **DUNNEDIN VENTURES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited – Expressed in Canadian Dollars)

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### **2. BASIS OF PREPARATION** *(continued)*

#### *Critical judgments in applying accounting policies*

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the period. Actual results could differ from these estimates.

These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **New standards, interpretations and amendments not yet adopted**

The accounting policies applied in the preparation of these condensed interim financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended September 30, 2017.

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

#### **IFRS 9, Financial Instruments** (new; to replace IAS 39)

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

#### **IFRS 16**

IFRS 16 – Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

## **DUNNEDIN VENTURES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited – Expressed in Canadian Dollars)

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### **4. RECLAMATION BONDS**

The reclamation bond is a guaranteed investment certificate held in a financial institution as security for reclamation obligations pursuant to the Mines Act of the Province of British Columbia and Health, Safety and Reclamation Code for Mines in British Columbia. The investment bears the variable interest rate of prime less 2.60% per annum and matures on April 24, 2019. The reclamation bonds relate to the Trapper resource property.

A CAD \$40,000 “Letter of Credit” was arranged with BMO on August 29, 2017, and amended October 4, 2017. This letter is held by the financial institution as security for reclamation obligations pursuant to Land Use License KVL315B01, issued by the Kivalliq Inuit Association and authorizing surface exploration activities on Inuit Owned Land parcel CI-15. The Letter of Credit is a certificate which is extended automatically from year to year, and available to the beneficiary upon written demand. The reclamation Letter of Credit relates to the Kahuna property, in the territory of Nunavut.

### **5. PLAN OF ARRANGEMENT**

On January 31, 2018, Dunnedin completed its previously announced plan of arrangement (the “Arrangement”), involving the spin-out of Solstice Gold Corp. (“Solstice”). Dunnedin transferred certain mineral claims and rights to all minerals, including metalloids, but excluding diamonds, gemstones and all minerals found within kimberlitic rocks on the Kahuna property and \$1,000,000 in cash to Solstice, in return for shares, which were then distributed to Dunnedin shareholders by way of the Arrangement.

Under the Arrangement, each Dunnedin shareholder received one common share in Solstice for every three Dunnedin shares held.

Holders of outstanding Dunnedin options received one fully vested option of Solstice for every three options held in Dunnedin with the same exercise price as the Dunnedin options. Holders of outstanding Dunnedin warrants also received one fully vested warrant of Solstice for every three warrants held in Dunnedin with the same exercise price of the Dunnedin warrants.

For the full description of the Arrangement, reference should be made to the Dunnedin Information Circular dated November 24, 2017 available on [www.SEDAR.com](http://www.SEDAR.com).

On April 13, 2018 an amendment was made to the Arrangement which increases the cash contribution from Dunnedin to Solstice by \$300,000, for a total contribution of \$1,300,000.

On January 31, 2018, the Company completed the Arrangement and including the amendment of April 13, 2018. The Arrangement is recorded as follows:

**DUNNEDIN VENTURES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited – Expressed in Canadian Dollars)

**5. PLAN OF ARRANGEMENT - continued**

Fair value of Solstice common shares received	\$	8,604,713
Less: Net assets transferred		
Exploration and evaluation assets	\$	965,879
Cash		1,300,000
Due from Solstice for expenses paid by the Company		(544,780)
Accounts payable and accrued liabilities		(8,295)
	\$	1,712,804
Net gain on distribution	\$	6,891,909

**6. EXPLORATION AND EVALUATION ASSETS**

Summary of the mineral projects' costs by project for the nine months ended June 30, 2018:

<i>Notes</i>	<b>Trapper (BC, Canada)</b>	<b>Kahuna (NU, Canada)</b>	<b>Total</b>
<b><u>Acquisition costs:</u></b>			
<b>Beg balance, September 30, 2017</b>	\$ -	\$ 2,908,791	\$ 2,908,791
Additions / (deductions) during the year:			
Royalty Payment	5,000	-	5,000
Claim fees	-	15,271	15,271
Plan of arrangement	5	(83,678)	(83,678)
<b>Total acquisition costs</b>	<b>\$ 5,000</b>	<b>\$ 2,840,384</b>	<b>\$ 2,845,384</b>
Impairment of acquisition costs	(5,000)	-	(5,000)
<b>Total acquisition costs</b>	<b>-</b>	<b>-</b>	<b>2,840,384</b>
<b><u>Exploration costs:</u></b>			
<b>Beg balance, September 30, 2017</b>	\$ -	\$ 3,893,353	\$ 3,893,353
Additions / (deductions) during the year:			
Geological consulting & drilling	1,575	743,405	744,980
Aircraft charter	-	223,170	223,170
Assays	6,215	841,645	847,860
Exploration support	-	60,993	60,993
Fuel	-	(21,120)	(21,120)
Travel	-	190,327	190,327
Impairment of exploration costs	(7,790)	-	(7,790)
Plan of arrangement	5	(882,201)	(882,201)
<b>Total exploration costs</b>	<b>\$ -</b>	<b>\$ 5,049,572</b>	<b>\$ 5,049,572</b>
<b>Balance, June 30, 2018</b>	<b>\$ -</b>	<b>\$ 7,889,956</b>	<b>\$ 7,889,956</b>

## **DUNNEDIN VENTURES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited – Expressed in Canadian Dollars)

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### **6. EXPLORATION AND EVALUATION ASSETS** *(continued)*

#### **a. Kahuna Property**

On November 4, 2014, the Company signed an option agreement to acquire a 100% interest in the Kahuna Diamond project located in Nunavut, Canada. Under the terms of the agreement, the Company had to make cumulative exploration expenditures on the project totaling \$5,000,000, issue 11,000,000 common shares, and pay \$700,000 over four years. On April 30, 2017, the Company entered into a Letter Agreement where it accelerated its option agreement to acquire a 100% undivided interest in the Kahuna project by paying the remaining cash (\$100,000 upon signing – paid, and \$250,000 upon completion of its financing – paid, and issuing the remaining 4,400,000 common shares – issued). The Company is no longer required to meet the remainder of its previously disclosed \$5 million cumulative exploration expenditures commitment. The project is subject to a four percent gross overriding royalty on diamond production. The Company has the option to purchase half of the royalty for \$2 million per one percent. The payments and royalties are to the benefit of the property vendors which are split fifty percent each.

On December 11, 2015, the Company entered into an agreement with Kel-ex Development (“Kel-ex”), a private company controlled by an advisor to the Company, whereby Kel-ex will provide equity financing equal to one-third of the Company’s diamond processing and other laboratory costs incurred through a laboratory controlled by the advisor. The advisor has also agreed to provide certain professional and technical advisory services to the Company, in exchange the Company has granted a right-of-first-refusal to Kel-ex on the sale of its interests in the Kahuna diamond project.

On May 11, 2017, the Company announced it will proceed with its intention to spin out its rights to gold mineralization at the Kahuna Property. On July 20, 2017, Dunnedin released details of a proposed transaction to spin out a company, Solstice, that would independently explore the Kahuna Property for gold.

During the period ended December 31, 2017, Dunnedin and Solstice entered into the Kahuna Property Land Transfer and Rights Agreement, which set out the terms to which the Company will transfer mineral claims located in Nunavut to Solstice. The transferred claims are free and clear of any and all mortgages, charges, pledges, liens, licences, privileges, security interests, royalties, encumbrances, claims or rights or interest attaching to or affecting property, whether recorded or unrecorded, and whether arising by agreement, statute or otherwise under applicable laws, apart from the gross overriding royalties and the net smelter return royalties. See Note 5.

## **DUNNEDIN VENTURES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited – Expressed in Canadian Dollars)

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### **6. EXPLORATION AND EVALUATION ASSETS** *(continued)*

#### **b. Trapper Property**

By agreement dated November 29, 2010 the Company entered into an option agreement (the "Option"), with Constantine Metal Resources Ltd. ("CMR") to acquire a 70% interest in CMR's Trapper Gold Project. On June 28, 2013, the Option was terminated and, upon termination, CMR assigned its underlying agreement with the property owner to acquire 100% of the Trapper property to the Company for assignment consideration consisting of:

- (i) Upon completion of the consolidation of the Company's shares, such number of shares as is equivalent to fifteen percent (15%) of the issued and outstanding common shares of the Company (issued 1,250,844 common shares valued at \$125,084);
- (ii) 250,000 shares upon the Company entering into a joint venture in respect of exploration of the property;
- (iii) 250,000 shares on or before August 2, 2014 (issued);
- (iv) 1,000,000 shares upon completion of a National Instrument 43-101 compliant resource estimate on the property, indicating not less than 1,000,000 ounces of gold equivalent; and
- (v) 2,000,000 shares upon completion of a positive feasibility study on the property.

In addition to the consideration above payable to CMR, the Company paid \$50,000 which was the remaining CMR obligations to the property owner and paid CMR the value of 75,000 CMR common shares it owed to the property owner.

CMR has the right to participate in any future financing of the Company of up to 5% of the proposed issuance of shares, provided CMR has ownership of at least 5% of the outstanding issued shares of Dunnedin at the time of financing.

The project is subject to a 2.5% net smelter return royalty ("NSR") to the property vendor and a 0.5% NSR to CMR. The Company has the option to purchase 1% of the NSR from the property vendor for \$500,000 and, if it exercises this option, CMR has a right to acquire an additional 0.5% NSR against payment of \$250,000

## DUNNEDIN VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited – Expressed in Canadian Dollars)

### 6. EXPLORATION AND EVALUATION ASSETS *(continued)*

#### b. Trapper Property *(continued)*

During the period ended December 31, 2017, the Company conducted an impairment assessment of the carrying value of the Trapper Property. Management determined that there is significant uncertainty as to the recoverable amount of the Trapper Property. Given this and the Company's current focus on the exploration and development of its Kahuna property, the Company recorded an impairment charge of \$7,790 (2016 - \$48,229) in its Statement of Operations and Comprehensive Loss for the period ended December 31, 2017.

### 7. RELATED PARTY TRANSACTIONS

The Company's transactions with related parties during the nine months ended June 30, 2018 consist of transactions with directors, officers of the Company.

Amounts paid and accrued to key management personnel, officers and companies controlled by directors and officers:

	Nine Months ended June 30, 2018	Nine Months ended June 30, 2017
Geological fees capitalized to exploration & evaluation <sup>(1)</sup>	\$ 29,250	\$ 110,900
Management and directors' compensation <sup>(2)</sup>	\$ 293,750	\$ 101,250
Marketing and shareholder information	\$ -	\$ 10,875
Consulting fees	\$ 1,170	\$ -
Property investigation	\$ -	\$ 5,500
Share-based compensation	\$ 175,818	\$ 124,355

<sup>(1)</sup> Geological fees were primarily paid to companies controlled by two directors as well as a company controlled by the Chief Executive Officer.

<sup>(2)</sup> Management and directors' compensation includes salaries and compensation to the Company's CEO, President and CFO.

As at June 30, 2018, \$22,808 (September 30, 2017 – \$446,077) was payable to management (Chief Executive Officer and Chief Financial Officer) and a company controlled by a director without terms of interest or repayment.

As at June 30, 2018, \$18,879 (September 30, 2017 - \$18,879) had been advanced to a company with common directors as a security deposit.

## **DUNNEDIN VENTURES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited – Expressed in Canadian Dollars)

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### **8. SHARE CAPITAL**

#### **a. Authorized**

Share capital consists of an unlimited number of common shares and preferred shares without par value. The Company has not issued any preferred shares.

#### **b. Share Issuances**

##### Issued during the nine months ended June 30, 2018

During the three months period ended December 31, 2017, Dunnedin received share subscriptions on behalf of Solstice in the amount of \$3,209,015, which were later transferred to Solstice upon the completion of the Arrangement.

On April 18, 2018 the Company completed a non-brokered private placement of flow-through and non-flow through units for total gross proceeds of \$1,702,500. The Company issued 250,000 flow-through units ("FT Unit") at a price of \$0.40 and 5,341,667 non-flow through units ("NFT Unit") at a price of \$0.30 per share. Each FT Unit consists of one common share and one-half-of-one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.47 for a period of twenty-four months. Each NFT Unit consists of one common share and one-half-of-one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.35 for a period of twenty-four months.

The share purchase warrants issued as part of the FT Units and the NFT Units are subject to accelerated expiry in the event the closing price of the common shares of the Company on the TSX Venture Exchange is \$0.65 or greater for twenty consecutive trading days.

In connection with the private placements, the Company paid finders' fees of \$45,642, issued 136,140 broker warrants exercisable to acquire a common share of the Company at a price of \$0.35 for a period of twenty-four months and issued 12,000 broker warrants exercisable to acquire a common share of the Company at a price of \$0.47 for a period of twenty-four months. These finders' warrants are subject to accelerated expiry on the same terms as the warrants comprising in the FT Units and the NFT Units.

During the period ended June 30, 2018, the Company issued 4,685,246 common shares in exchange for \$468,525 in cash proceeds from warrants exercised.

##### Issued during the year ended September 30, 2017

On December 21, 2016, the Company issued 2,200,000 common shares to the vendors of the Kahuna property pursuant to the option agreement at a fair value of \$429,000 based on the common share quoted market price, which was capitalized to mineral property acquisition.

On December 30, 2016, the Company issued 1,750,000 flow-through common shares at a price of \$0.22 per share for gross proceeds of \$385,000. As part of the financing, 140,000 finders' warrants with a fair value of \$23,443 were issued. The finders' warrants are exercisable at \$0.22 per share for a period of 36 months.

## **DUNNEDIN VENTURES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

June 30, 2018

(Unaudited – Expressed in Canadian Dollars)

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### **8. SHARE CAPITAL** *(continued)*

#### **b. Share Issuances** *(continued)*

On March 20, 2017, the Company issued 100,000 common shares on the exercise of options for proceeds of \$11,000 and allocated \$10,780 from reserves to share capital.

On May 1, 2017, the Company issued 4,400,000 common shares to the vendors of the Kahuna property at a fair value of \$1,232,000 based on the common share quoted market price. This amount was capitalized to mineral property acquisition costs.

On July 17, 2017, the Company completed a non-brokered private placement of flow-through and non-flow through units for gross proceeds of \$4,571,250. In connection with closing of the private placement, the Company issued 1,325,000 flow-through units at a price of \$0.32 and 16,589,000 non-flow-through units at a price of \$0.25. Each flow-through unit consists of one common share and one-half-of-one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.40 for a period of twenty-four months. Each non-flow-through unit consists of one common share and one-half-of-one share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.35 for a period of twenty-four months. The share purchase warrants issued as part of the flow-through units and the non-flow-through units are subject to accelerated expiry in the event the closing price of the common shares of the Company on the TSX Venture Exchange is \$0.55 or greater for twenty consecutive trading days.

Relating to closing of the placement, the Company paid finders' fees of \$285,891 and issued 1,118,180 broker warrants valued at \$174,369, where each broker warrant is exercisable to acquire a common share of the Company at a price of \$0.25 for a period of twenty-four months, subject to accelerated expiry on the same terms as the warrants comprising the flow-through units and the non-flow-through units.

During the fiscal year ended September 30, 2017, the Company issued 10,521,307 common shares on the exercise of warrants for total proceeds of \$1,275,199 and allocated \$14,068 from reserves to share capital.

During the year ended September 30, 2017, share issuance costs totaled \$523,788, which consisted of finders' warrants valued at \$197,812 and cash issuance costs of \$325,976. \$38,144 were allocated to flow-through share issuance costs.

**DUNNEDIN VENTURES INC.**

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**8. SHARE CAPITAL** *(continued)***c. Warrants**

The number and weighted average exercise prices of warrants are listed below. Warrants that were outstanding as of July 17, 2017, the record date of the plan of arrangement, were repriced as a result of the plan of arrangement.

	Number of Warrants	Weighted Average Exercise Price (Post-Arrangement)
Balance as at September 30, 2016	19,918,307	\$0.13
Exercised	(10,521,307)	\$0.10
Expired	(3,000)	\$0.10
Issued with units in private placement	8,294,500	\$0.35
Issued with units in private placement	662,500	\$0.40
Issued to finders	1,258,180	\$0.25
Balance as at September 30, 2017	19,609,180	\$0.25
Exercised	(4,685,246)	\$0.10
Issued with units in private placement	2,670,833	\$0.35
Issued with units in private placement	125,000	\$0.47
Issued to finders	136,140	\$0.35
Issued to finders	12,000	\$0.47
<b>Balance as at June 30, 2018</b>	<b>17,867,907</b>	<b>\$0.21</b>

As at June 30, 2018, the outstanding warrants are summarized as follows:

Expiry date (mm/dd/yyyy)	Number of Warrants	Weighted Average Remaining Life In Years	Weighted Average Exercise Price (Pre-Arrangement)	Weighted Average Exercise Price (Post-Arrangement)
09/02/2018	4,708,754	0.18	\$0.15	\$0.10
12/30/2019	140,000	1.50	\$0.22	\$0.15
07/17/2019	8,294,500	1.05	\$0.35	\$0.23
07/17/2019	662,500	1.05	\$0.40	\$0.27
07/17/2019	1,118,180	1.05	\$0.25	\$0.17
4/18/2020	2,806,973	1.80	n/a	\$0.35
4/18/2020	137,000	1.80	n/a	\$0.47
	<b>17,867,907</b>	<b>0.95</b>	<b>\$0.23</b>	<b>\$0.21</b>

## DUNNEDIN VENTURES INC.

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(Unaudited – Expressed in Canadian Dollars)

### 8. SHARE CAPITAL (continued)

#### d. Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated February 27, 2009 which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the then issued and outstanding common shares of the Company. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 10 years from the date of grant. Vesting terms are determined at the time of grant by the Board of Directors and unless otherwise stated fully vest when granted.

The Company granted 2,240,000 stock options during the three months period ended March 31, 2018 resulting in share-based compensation of \$460,408 for the nine months period ended June 30, 2018. There were no stock options exercised during the period and none expired.

The fair value of the options was estimated at the grant date based on the Black-Scholes option pricing model, using the following assumptions:

	January 31, 2018
Expected dividend yield	0%
Weighted average risk-free interest rate	2.08%
Weighted average expected life	5 years
Weighted average expected volatility	132%
Weighted average fair value of options granted	\$0.2081

The following is a summary of the Company's stock option activity:

	Number of Options	Weighted Average Exercise Price (Post-Arrangement)
Balance as at September 30, 2016	5,625,000	\$ 0.11
Forfeited	(100,000)	\$ 0.11
Granted	1,560,000	\$ 0.19
Balance as at September 30, 2017	7,085,000	\$ 0.16
Granted	2,240,000	\$0.24
Exercised	-	-
<b>Balance as at June 30, 2018</b>	<b>9,325,000</b>	<b>\$ 0.14</b>

## DUNNEDIN VENTURES INC.

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited – Expressed in Canadian Dollars)

### 8. SHARE CAPITAL (continued)

#### d. Stock Options (continued)

As at June 30, 2018, the Company has outstanding stock options as follows:

Expiry date (mm/dd/yyyy)	Number of Options	Weighted Average Remaining life in years	Weighted Average Exercise Price (Pre-Arrangement)	Weighted Average Exercise Price (Post-Arrangement)
12/07/2018	150,000	0.72	\$0.195	\$0.13
11/12/2019	1,300,000	1.65	\$0.110	\$0.07
05/07/2020	525,000	2.14	\$0.110	\$0.07
08/04/2021	200,000	3.38	\$0.150	\$0.10
09/06/2021	3,500,000	3.47	\$0.190	\$0.13
10/04/2021	150,000	3.55	\$0.190	\$0.13
01/18/2022	1,260,000	3.84	\$0.210	\$0.14
01/31/2023	2,240,000	4.88	\$0.240	\$0.24
	<b>9,325,000</b>	<b>3.49</b>	<b>\$0.190</b>	<b>\$0.14</b>

### 9. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, reclamation bonds, and accounts payable and accrued liabilities. Cash and cash equivalents, amounts receivable, and reclamation bonds are designated as "loans and receivables". Accounts payable and accrued liabilities are designated as "other financial liabilities".

The carrying value of the Company's amounts receivable, reclamation bonds, accounts payable and accrued liabilities approximate their fair values due to the short terms to maturity.

The Company examines the various financial instrument risks to which it is exposed and assesses any impact and likelihood of those risks. The Company's risk exposures and their corresponding impact on the Company's consolidated financial instruments are summarized below.

**Liquidity risk** is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. As at June 30, 2018, the Company had cash and cash equivalents balance of \$563,584 (September 30, 2017 - \$4,046,976) to settle current liabilities of \$850,491 (September 30, 2017 - \$1,781,710).

In addition, the Company is disputing \$288,000 of accounts payable and believes these amounts will be settled without payment.

The Company intends to finance future requirements from its existing cash reserves together with share issuances, the exercise of options and/or warrants, debt or other sources. There can be no certainty of the Company's ability to raise additional financing through these means.

## **DUNNEDIN VENTURES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

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(Unaudited – Expressed in Canadian Dollars)

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### **9. FINANCIAL INSTRUMENTS** *(continued)*

**Credit risk** is the risk that the counterparty to a financial instrument will fail to meet their payment obligations, thus this risk is primarily attributable to cash and cash equivalents. As at June 30, 2018, the Company had a receivable balance of \$1,062,583 (September 30, 2017 - \$72,811), which relates to GST receivable (\$94,063) from the Federal Government of Canada and amounts receivable from Solstice (\$968,520). Subsequent to the period ending June 30, 2018, the majority of the amounts owed by Solstice was settled and as such the Company believes that its current risk of default of receiving the payment is minimal.

**Interest rate risk** is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at June 30, 2018, the Company does not have any interest-bearing loans or liabilities outstanding. All receivable and payable balances are current and as such, are not subject to interest.

**Currency risk** relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign currency. As at June 30, 2018, the Company has in US dollars US\$10,928 or C\$14,390 in equivalent (September 30, 2017 – US\$8,512 or C\$10,623 in equivalent).

### **10. CAPITAL DISCLOSURES**

The Company's objective, when managing capital, is to ensure sufficient resources are available to meet day to day operating and exploration requirements and to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company has no debt and is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period. In the management of capital, the Company includes the components of shareholders' equity, as well as cash and cash equivalents.

### **11. Accounts Payable and Accrued Liabilities**

Accounts payable include primarily amounts owing for Company's exploration programs, and general corporate expenditures. In addition to this there is \$169,000 payable to CF Mineral Labs, a company controlled by an advisor of the Company, (see note 6 (a)).

The Company is disputing \$288,000 of accounts payable and believes these amounts will be settled without payment.

### **12. SEGMENTED INFORMATION**

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. All of the Company's operations are within the mineral exploration sector in Canada.

### **13. SUBSEQUENT EVENTS**

On August 14, 2018 the Company announced that it has closed a non-brokered private placement of non-flow-through units and flow-through shares for gross proceeds of \$1,802,500. The Company has issued 5,080,000 NFT

**DUNNEDIN VENTURES INC.**

Notes to the Condensed Interim Consolidated Financial Statements

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**13. SUBSEQUENT EVENTS** - continued

Units at a price of \$0.20 per unit and 3,419,565 FT Shares at a price of \$0.23 per share through the Offering. Each NFT Unit consists of one common share and one-half-of-one common share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.28 for a period of twenty-four months. The common share purchase warrants issued as part of the NFT Units are subject to accelerated expiry in the event the common shares of the Company trade on the TSX Venture Exchange at a volume weighted average price (VWAP) of \$0.45 or more for twenty consecutive trading days.

In connection with the closing of the placement the Company paid finders' fees of \$80,490 and issued 367,761 common share purchase warrants exercisable to acquire common shares of the Company.