

Lions Bay Capital Inc.

Condensed Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

For the quarter ended August 31, 2018

NOTICE TO READER

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

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim consolidated financial statements.

Lions Bay Capital Inc.

Condensed Interim Statements of Financial Position
(Unaudited – Prepared by Management)

Expressed in Canadian Dollars

	As at August 31 2018 \$	As at May 31 2018 \$
Assets		
Current Assets		
Cash	42,881	57,568
Trade receivable	33,528	-
Other receivables (note 5)	554,324	605,871
Investments (note 6)	4,184,252	5,184,979
Total Current Assets	<u>4,814,985</u>	<u>5,848,418</u>
Non-Current Assets		
Investment accounted for using the equity method (note 7)	1,372,930	-
Exploration and Evaluation	1,303,634	1,265,998
Deferred tax assets	60,630	-
	<u>2,737,194</u>	<u>1,265,998</u>
Total Assets	<u>7,552,179</u>	<u>7,114,416</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Trade and other payables	399,382	364,957
Borrowings (note 8)	934,318	1,191,501
Total Current Liabilities	<u>1,333,700</u>	<u>1,556,458</u>
Non-Current Liabilities		
Borrowings related party (note 9)	134,035	139,168
Deferred tax liability	-	463
Total non-Current Liabilities	<u>134,035</u>	<u>139,631</u>
Total Liabilities	<u>1,467,735</u>	<u>1,696,089</u>
Shareholders' Equity		
Share capital (note 10)	5,216,492	4,224,835
Share based payment reserve	246,585	246,585
Foreign currency translation reserve	34,678	(3,538)
Accumulated profit/(deficit)	190,126	530,725
Attributable to owners of parent	5,687,881	4,998,607
Non-controlling interest	396,563	419,720
Total equity	<u>6,084,444</u>	<u>5,418,327</u>
Total Liabilities and Shareholders' Equity	<u>7,552,179</u>	<u>7,114,416</u>

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

On behalf of the Board of Directors

"John Byrne"
Director

"Bahay Ozcakmak"
Director

Lions Bay Capital Inc.

Condensed Interim Consolidated Statements of Profit or Loss and Comprehensive Income
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

For the three months ended 31 August	2018 \$	2017 \$
NET REALISED AND UNREALISED GAIN/(LOSS)		
Net realized gain/(loss) on disposal of marketable securities	(153,745)	-
Net change in unrealized gain/(loss) on marketable securities	89,820	852,017
OTHER INCOME		
Interest and other income	43,250	22,816
Expenses		
Professional fees	122,668	25,288
Directors fees	60,701	-
Travel expenses	19,030	-
Loss from equity accounted investment	12,727	-
Financing costs	27,101	36,387
Forex variance	139,243	-
General and administrative	24,583	6
Total expenses	406,053	61,681
Profit/(loss) before tax	(426,728)	813,152
Income tax (expense)/recovery	62,972	(234,855)
Profit/(loss) after tax	(363,756)	578,297
Share of non-controlling interest loss	23,157	-
	(340,599)	578,297
Other comprehensive income/(loss) net of tax	38,216	984
Net income/(loss) and total comprehensive income	(302,383)	579,281
Profit/(loss) per common share (note 16)		
- Basic	\$0.0040	\$115,859
- Diluted	\$0.0035	\$115,859
Weighted average number (note 16) of common shares		
- Basic	91,240,611	5
- Diluted	105,244,234	5

The accompanying notes are an integral part of these financial statements

Lions Bay Capital Inc.
Condensed Consolidated Interim Statements of Changes in Equity
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

	Number of Shares	Share capital \$	Foreign currency translation reserve \$	Share based payment reserve \$	Accumulated deficit \$	Attributable to owners of the parent \$	Non- controlling interest \$	Total \$
Balance – May 31, 2017	2	2	(2,342)	37,290	(335,187)	(300,237)	-	(300,237)
Movement in foreign currency values	-	-	984	-		984	-	984
Loss for the period	-	-	-	-	578,297	578,297	-	578,297
Balance – August 31, 2017	2	2	(1,358)	37,290	243,110	279,044	-	279,044
Balance – May 31, 2018	88,289,406	4,224,835	(3,538)	246,583	530,725	4,998,607	419,720	5,418,327
Movement in foreign currency values	-	-	38,216	-	-	38,216	-	38,216
Profit/(loss) for the period	-	-	-	-	(340,599)	(340,599)	(23,157)	(363,756)
Issue of ordinary shares net of transaction cost	9,015,067	991,657	-	-	-	991,657	-	991,657
Balance – August 31, 2018	97,307,473	5,216,492	34,678	246,583	190,126	6,687,881	396,563	6,084,444

The accompanying notes are an integral part of these financial statements

Lions Bay Capital Inc.
Condensed Consolidated Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

For the three months ended 31 August	2018 \$	2017 \$
Operating Activities		
Net Profit/(loss) after tax	(363,757)	578,297
Deduct/add Non-Cash & Other Items:		
Net realized (gain) on disposal of investments	153,745	-
Change in unrealized (gain) on investments	(89,820)	(852,017)
Equity accounted loss	12,727	-
Exchange variation	136,489	5,936
Interest received and receivable	(35,410)	(22,816)
Movement in tax balances	(62,972)	234,855
Changes in Non-Cash Working Capital:		
(Increase)/decrease in receivable	(7,946)	-
(Increase)/decrease in trade and other payable	42,264	54,853
Payment for exploration and evaluation	(38,804)	-
Proceeds from disposal of marketable securities	702,826	-
Loan to others	(151,181)	-
Purchase of investments	(11,705)	-
	650,213	(579,189)
Cash Flows From (Used In) Operating Activities	286,456	(892)
Financing Activities		
Repayment of loan	(301,143)	(88,877)
	(301,143)	(88,877)
Net increase/(decrease) in cash	(14,687)	(89,769)
Cash - Beginning of period	57,568	138,436
Cash - End of period	42,881	48,667

The accompanying notes are an integral part of these financial statements

Lions Bay Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

1. Nature of Operations and Going Concern

Nature of Operations

Lions Bay Capital Inc. (the Company) was formed as a Capital Pool Company in 2010 and completed its Qualifying Transaction on November 14, 2017 with Pan Andean Capital Pty Limited (“Pan Andean”). Pan Andean was established as an investment holding company and commenced its current business operations in October 2014.

The Company’s primary objective is to increase shareholder value through the identification of, and investment in, securities of primarily publicly listed and/or private corporations offering capital appreciation potential. Investments will be acquired and held for short-term gains or long-term capital appreciation, dependent upon the specific investment.

The principal place of business is Ground Floor, 585 Burwood Road, Hawthorn, Victoria, 3122, Australia.

2. Basis of presentation

Reporting and Basis of Measurement

These audited financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements were authorized for issuance by the Board of Directors of Lions Bay Capital Inc. on October 30 2018. The following are the significant accounting policies used in the preparation of these financial statements.

Acquisition of Pan Andean Capital Pty Ltd

On 14 November 2017 the group completed a legal acquisition of Pan Andean Capital Pty Ltd (“Pan Andean”). This acquisition has been accounted for as a share based payment by which Pan Andean acquired the net assets and listing status of Lions Bay Capital Inc (“Lions Bay”).

Accordingly, the consolidated financial statements of Lions Bay have been prepared as a continuation of the business and operations of Pan Andean. Pan Andean has accounted for the acquisition of Lions Bay from 14 November 2017.

The implications of the acquisition by Lions Bay on the financial statements are as follows:

Consolidated Statements of Profit or Loss and Comprehensive Income

The 2017 Statement of Profit or Loss and Other Comprehensive Income comprises the 3 months comparative of Pan Andean only.

Consolidated Statement of Changes in Equity

The August 2018 Statement of Changes in Equity comprises:

- The equity balance of the consolidated group comprising Pan Andean and Lions Bay at the end of 31 August 2018.

Lions Bay Capital Inc.
Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

2. Basis of presentation (cont'd)

Consolidated Statement of Changes in Equity (Cont'd)

- The 2017 Statement of Changes in Equity comprises the period for Pan Andean for the 3 months to 31 August 2017.

Statement of Cash Flows

The 2018 Statement of Cash Flows comparatives comprises 3 months of Pan Andean to 31 August 2017.

Foreign currency translation

(i) Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements of Lions Bay Capital Inc (the parent entity of the Group) are measured in Canadian Dollars (CAD) which is that entity's functional currency.

(ii) Presentation currency

The consolidated financial statements are presented in Canadian Dollars, which is the Group's presentation currency.

(iii) Translation and balances

Transactions in foreign currencies are converted to the functional currency at the exchange rate at the date of the transaction. Amounts payable to and by the Group outstanding at reporting date and denominated in foreign currencies have been converted to local currency using rates prevailing at the end of the financial year. All exchange differences are taken to profit or loss.

(iv) Group companies

The results of foreign subsidiaries and the parent entity are translated to CAD at the exchange rate at the date of the transaction. Assets and liabilities of foreign subsidiaries are translated to CAD at exchange rates prevailing at balance date. All resulting exchange differences are recognised in other comprehensive income and in the foreign currency translation reserve in equity.

(v) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. Amounts are reclassified to profit or loss when the investment is disposed of.

3. Summary of Significant Accounting Policies (Cont'd)

Critical Accounting Estimates and Judgements

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates and exercise judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Key areas of estimation where management has made complex or subjective judgments include:

(i) Fair value of financial liability

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(ii) Share-based payment transactions

Under IFRS 2 Share Based Payments, the consolidated entity must recognise the fair value of shares granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in profit or loss with a corresponding adjustment to equity.

The consolidated entity provides benefits to employees (including directors) of the consolidated entity in the form of share based payment transactions, whereby employees render services in exchange for shares of rights over shares ("equity-settled transactions").

Estimating fair value of share-based payment transactions requires determination of the most appropriate valuations model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses a binomial model for the options.

Principals of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent company, Lions Bay Capital Inc and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 14.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group. Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests".

The Group initially recognise non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss each component of other comprehensive income.

Non-controlling interests are shown separately within the equity section of the Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive income.

Lions Bay Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited – Prepared by Management) Expressed in Canadian Dollars

3. Summary of Significant Accounting Policies (cont'd)

Financial instruments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been recognised had the impairment not been made and is reversed to profit or loss.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Fair value measurement

The fair value measurements underlying the carrying value of the investments and marketable securities are classified within a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The level in the hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy has the following levels:

- | | | |
|-------|---------|---|
| (i) | Level 1 | Quoted prices (unadjusted) in active markets for identical assets or liabilities. The type of investment and marketable securities include in this category are publicly traded equities, debts and securities sold short; |
| (ii) | Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the assets, either directly or indirectly. The type of investments included in this category include less liquid and restricted equity securities and certain over-the-counter derivatives; and |
| (iii) | Level 3 | Inputs for the assets or liability that are not based on observable market data. Investments classified within this category consist of private equity and debts securities. |

Lions Bay Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

3. Summary of significant accounting policies (cont'd)

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

The carrying value relating to an area of interest is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Lions Bay Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

4. Impairment

As at August 31, 2018, there were no interest or other receivables identified as impaired (2017 – nil).

5. Other Receivables

The table below provides a summary of the Company's other receivables:

	August 31 2018	May 31 2018
	\$	\$
Loan receivable from Montan Mining Corp-unsecured (i)	347,814	575,950
Withholding tax	283	293
Prepayment	202,404	-
GST Receivable	2,823	3,628
Security deposit	1,000	26,000
	554,324	605,871

(i) interest payable at 6%

6. Schedule of investments

The table below provides a summary of the Company's public listed investments:

	Cost	Fair Value August 31 2018	Cost	Fair Value May 31 2018
	\$	\$	\$	\$
Kalina Power Ltd	1,142,227	536,126	1,142,227	327,446
Jervois Mining Ltd	371,493	2,234,126	465,714	3,058,645
Golden Reign Resources Ltd	266,061	202,760	622,062	623,040
Verdant Mining Ltd	127,044	68,497	209,414	175,848
Eurotin Inc	700,000	1,133,333	700,000	1,000,000
Elementos Ltd	11,705	9,410	-	-
Total	2,618,530	4,184,252	3,139,417	5,184,979

Lions Bay Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

7. Investments accounted for using the equity method

	August 31 2018	May 31 2018
	\$	\$
Investment in associate	1,385,657	-
Share of losses	(12,727)	-
Balance	1,372,930	-

Name of entity	Country of incorporation	Principal activity	Ownership interest	
			August 2018 %	May 2018 %
Associates:				
Montan Mining Corp	Canada	Mining	45.33	-

On 22 July 2018 the groups holding in Montan Mining Corp increased from 9.06% on 22 June 2018 to 45.33% as result of Montan issuing 24,613,149 shares at 5cents per share on account of as debt conversion.

8. Borrowings - current

	August 31 2018	May 31 2018
	\$	\$
Borrowings – secured (i)	774,028	1,034,241
Borrowings – unsecured (ii)	160,290	157,260
	934,918	1,191,501

- (i) The loan facility has a term of five years with the remaining initial tranche of \$1,000,000 is repayable within one year in instalments of, \$150,000 plus accrued and outstanding interest 180 days from the initial advance, \$250,000 plus accrued and outstanding interest 270 days from the initial advance and the remaining balance plus any accrued and outstanding interest twelve months from the initial advance. The loan bears interest at 12% per annum. The loan is secured by a guarantee from the Company's wholly owned subsidiary, Pan Andean and a pledge by Pan Andean of certain of the investments held by Pan Andean
- (ii) Interest payable at 8% per annum (2017: 10%)

9. Borrowings - non-current

	August 31 2018	May 31 2018
	\$	\$
Borrowings related party – unsecured (i)	134,035	139,168
	134,035	139,168

- (i) Interest payable at 10% per annum payable after one year. The loan is payable to Kalina Power Ltd from Consolidated Potash Corporation Limited, a controlled entity of the Company. J Byrne is the Executive Chairman of Kalina Power Ltd.

Lions Bay Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited – Prepared by Management) Expressed in Canadian Dollars

10. Share Capital

a) Authorized:

Unlimited number of common shares, without par value.
Unlimited number of preferred shares, without par value.

The Company is authorized to issue unlimited number of preferred shares without par value. No preferred shares have been issued since the Company's inception.

b) Escrow shares:

(i) As outlined in note 2, as result of acquisition of Pan Andean, the 31 August 2017 comparatives represents the consolidation of Pan Andean as the accounting acquirer of Lions Bay. The 500,000 common shares held in escrow are therefore not presented in the prior year comparatives. At August 31, 2017, in Lions Bay 500,000 common shares were held in escrow by the Company's transfer agent to be released in accordance with the Capital Pool Company policy guidelines. Under the escrow agreement, 10% of the shares will be released on the issuance of the Final Exchange Bulletin (the Exchange's acceptance of the qualifying transactions (QT)) and an additional 15% will be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

(ii) At August 31, 2018, 55,572,814 (May 31, 2018: 55,572,814) common shares were held in escrow by the Company's transfer agent to be released in accordance with the escrow agreements entered into by the shareholders. In addition of the 500,000 common shares held in escrow prior to the closing of the QT, 10% (50,000) were released at the closing of the QT on 14 November 2017 and the balance will be released on the same terms as the Pan Andean purchase shares. Under the escrow agreements, 10% of the common shares issued to purchase Pan Andean were released on 14 November 2017 with an additional 15% to be released on each of the dates which are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the initial release.

c) Common shares:

On July 6, 2018, the Company issued 9,015,067 common shares at deemed price of \$0.11 to the creditors acquired from Montan Mining Corp (Montan).

	31 August 2018		31 May 2018	
	No	\$	No	\$
Ordinary shares – Fully paid				
Balance at the beginning of the period	88,289,406	4,224,835	2	2
Elimination of issued capital of Pan Andean	-	-	(2)	(2)
Lions Bay Capital at pre-acquisition	-	-	4,035,168	-
Private placement	-	-	18,340,000	917,000
Issue of shares to acquire Welling debts	-	-	4,166,667	500,000
Shares issued to Pan Andean vendors and creditors on reverse acquisition	-	-	61,747,571	-
Deemed fair value of consideration to Pan Andean shareholders on reverse acquisition	-	-	-	2,807,835
Issue of shares to settle Montan debt acquired (c)	9,015,067	991,657	-	-
Balance at the end of the period	97,304,473	5,216,492	88,289,406	4,224,835

Lions Bay Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

11. Stock Options and Warrants

The Company has established a stock option plan for its directors, officers and technical consultants under which the Company may grant options from time to time to acquire a maximum of up to 150,000 common shares, being 10% of the common shares, issued and outstanding upon completion of the Company's initial public offering. Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. Any shares issued upon exercise of the options prior to the Company entering into a QT will be subject to escrow restrictions. Unless otherwise stated, the options fully vest when granted.

On 14 November, 2017 the Company issued 10 million warrants exercisable at \$0.05 to John Byrne as part of the qualifying transactions. The warrants expire on 1 February, 2020.

A summary of the status of stock and warrant option activity under Company's Stock Option Plan and changes to outstanding and exercisable stock and warrant options during the period is presented below.

	August 31, 2018		May 31, 2018	
	Number of options	Exercise price \$	Number of option	Exercise price \$
Options outstanding beginning of the period	150,000	0.20	150,000	0.20
Options cancelled	-	-	-	-
Options outstanding August 31	150,000	0.20	150,000	0.20

	August 31, 2018		May 31, 2018	
	Number of warrants	Exercise price \$	Number of warrants	Exercise price \$
Warrants outstanding , beginning of the period	13,750,000	0.05 & 0.12	-	-
Warrants granted	-	-	10,000,000	0.05
Warrants granted	-	-	3,750,000	0.12
Warrants outstanding August 31	13,750,000	0.05 & 0.12	13,750,000	0.05 & 0.12

The following table summarizes stock options and warrants currently outstanding and exercisable:

Number of options and warrants outstanding	Exercise Price \$	Number of options and warrants exercisable	Expiry date
Options - 150,000	0.20	150,000	Nov 23, 2020
Warrants - 10,000,000	0.05	10,000,000	Feb 1, 2020
Warrants - 3,750,000	0.12	3,750,000	Mar 14, 2019

As at August 31, 2018 the weighted average remaining life of stock options and warrants is 1.24 years (May 31, 2018 : 1.49 years)

Lions Bay Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

12. Basic and diluted loss per share

The following table presents the calculation of basic and fully diluted income (loss) per common share for the years ended August 31

	August 31, 2018	May 31, 2017
	\$	\$
Basic earnings/(loss) per share		
Net profit/(loss) (i)	(363,756)	578,297
Weighted average common shares	91,240,611	5
Basic earnings/(loss) per share	0.0040	115,859
Fully diluted income (loss) per share		
Net profit/(loss)	(363,756)	578,297
Weighted average common shares taking into effect dilutive stock options	105,244,234	5
Fully diluted earnings/(loss) per share	0.0035	115,297

(i) As a result of reverse takeover, 2017 figures reflect that of Pan Andean Capital earnings and issued capital.

13. Related party transactions

The key management personnel of the Company, which are defined by IFRS 24, Related Party Disclosures, are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including Directors and management.

Effective from November 14, 2017 the Company entered into an agreement with Twenty-Second Yeneb Pty Limited, a company controlled by John Byrne, President and CEO of the Company for the provision of services of John Byrne and for the services of Kesh Thurairasa as CFO and Corporate Secretary. Total amount charged for the period amounted to \$42,000.

At August 31, 2018 Kalina Power Ltd was owed \$134,035 by Consolidated Potash Corporation Limited. Interest payable at 10% per annum amounted to \$3,090. John Byrne is the Executive Chairman of Kalina Power Ltd.

Lions Bay Capital Inc.

Notes to the Condensed Interim Consolidated Financial Statements
(Unaudited – Prepared by Management)
Expressed in Canadian Dollars

14. Interest in subsidiaries

	Country of Incorporation	Equity holding	
		August 31 2018 %	May 31 2018 %
<i>Parent Entity:</i>			
Lions Bay Capital Inc	Canada	n/a	n/a
<i>Subsidiaries of Lions Bay Capital Inc:</i>			
Pan Andean Capital Pty Ltd	Australia	100	100
Its group entity being:			
Consolidated Potash Corporation Ltd	Australia	46.49	46.49
Activated Water Technologies Pty Ltd	Australia	100	100

15. Subsequent events

There has been matter or circumstance that has arisen since the end of the period, that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future periods.