



Consolidated Financial Statements

ISSUER DETAILS

For the Year Ended:
Date of the Report:

May 31, 2018
September 28, 2018

Name of Issuer:
Issuers Address:

HAWKEYE GOLD & DIAMOND INC.
M 202 – 1985 Alberni Street
Vancouver, BC, Canada V6G 0A2

Issuer Phone Number:
Issuer Email Address:
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Contact Person:
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Greg Neeld
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HAWKEYE Gold & Diamond Inc.
Consolidated Financial Statements

May 31, 2018 and 2017

Index

	Page
AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	2
Consolidated Statements of Operations and Comprehensive Loss	3
Consolidated Statements of Changes in Shareholders' Equity	4
Consolidated Statements of Cash Flows	5
Notes to the Consolidated Financial Statements	6 – 26
Consolidated Schedule of Deferred Resource Property Expenditures, Year Ended May 31, 2018 - Schedule 1	27
Consolidated Schedule of Deferred Resource Property Expenditures, Year Ended May 31, 2017 - Schedule 2	28

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charlton & company
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Hawkeye Gold & Diamond Inc.

We have audited the accompanying consolidated financial statements of Hawkeye Gold & Diamond Inc., which comprise the consolidated statements of financial position as at May 31, 2018 and 2017 and the consolidated statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years ended May 31, 2018 and 2017 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' 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 company'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, these consolidated financial statements present fairly, in all material respects, the financial position of Hawkeye Gold & Diamond Inc. as at May 31, 2018 and 2017 and its financial performance and cash flows for the years ended May 31, 2018 and 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matters

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Charlton & Company

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
September 28, 2018

HAWKEYE GOLD & DIAMOND INC.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	May 31, 2018	May 31, 2017
ASSETS		
Current		
Cash	\$ -	\$ 1,427
GST receivable	548	1,170
Prepaid expenses and deposits	1,750	5,250
	2,298	7,847
Equipment (note 6)	6,984	8,972
Exploration and Evaluation Asset (schedules 1 and 2, note 7)	24,182	21,920
	\$ 33,464	\$ 38,739
LIABILITIES		
Current		
Bank over-draft	\$ 22	\$ -
Accounts payable and accrued liabilities (Note 17)	379,673	325,723
Due to related parties (note 15)	769,856	561,742
Loans payable (note 8)	640,595	629,630
	1,790,146	1,517,095
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Share capital (note 9)	14,269,598	14,259,798
Share subscriptions received	24,000	-
Reserves (note 9, note 10)	670,726	672,951
Deficit	(16,721,006)	(16,411,105)
	(1,756,682)	(1,478,356)
	\$ 33,464	\$ 38,739

Nature and continuance of operations (Note 1)

Events after the reporting period (Note 18)

Approved on behalf of the Board:

“Greg Neeld”
Greg Neeld

“Maureen Watson”
Maureen Watson

HAWKEYE GOLD & DIAMOND INC.
Consolidated Statements of Operations
And Comprehensive Loss
Years Ended May 31
(Expressed in Canadian dollars)

	2018	2017
Expenses		
Advertising, entertainment and promotion	\$ 9,102	\$ 10,413
Automobile	1,887	2,136
Bank and financing charges and interest	7,860	3,610
Consulting	8,894	166,322
Depreciation (note 6)	1,988	2,589
Filing and regulatory fees	7,854	14,025
Management fees (note 15)	144,530	147,675
Office and miscellaneous	10,847	13,743
Professional fees	62,151	50,962
Rent (note 16)	42,000	33,244
Stock based compensation (note 10)	-	62,879
Telecommunications	1,852	1,601
Transfer agent	10,936	12,107
Travel	-	793
	\$ 309,901	\$ 522,099
Loss from operations	\$ (309,901)	\$ (522,099)
Write-down of exploration and evaluation assets (note 7 and schedule 2)	-	(136,495)
Recovery of accounts payable	-	11,716
Loss and comprehensive loss for the year	\$ (309,901)	\$ (646,878)
Loss per common share - basic and diluted	\$ (0.02)	\$ (0.04)
Weighted average number of common shares outstanding - basic and diluted	18,248,651	15,034,432

See accompanying notes to the consolidated financial statements

HAWKEYE GOLD & DIAMOND INC.
Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number Shares	Share Capital	Subscriptions Received	Reserves	Deficit	Total Equity (Deficiency)
Balance, May 31, 2017	18,155,442	\$ 14,259,798	\$ -	\$ 672,951	\$ (16,411,105)	\$ (1,478,356)
Warrants exercised	101,000	9,800	-	(2,225)	-	7,575
Subscriptions received	-	-	24,000	-	-	24,000
Loss and comprehensive loss for the year	-	-	-	-	(309,901)	(309,901)
Balance, May 31, 2018	18,256,442	\$14,269,598	\$ 24,000	\$ 670,726	\$ (16,721,006)	\$ (1,756,682)

	Number Shares	Share Capital	Subscriptions Received	Reserves	Deficit	Total Equity (Deficiency)
Balance, May 31, 2016	10,092,064	\$ 13,669,347	\$ 37,377	\$ 553,213	\$ (15,764,227)	\$ (1,504,290)
Private placement	7,262,833	612,465	-	-	-	612,465
Warrants exercised	521,000	42,743	-	(3,668)	-	39,075
Finders' fee - cash	-	(21,150)	-	-	-	(21,150)
Finders' fee - warrants	-	(60,527)	-	60,527	-	-
Subscriptions received	-	-	(37,377)	-	-	(37,377)
Stock based compensation	-	-	-	62,879	-	62,879
Issued for resource properties	279,545	16,920	-	-	-	16,920
Loss and comprehensive loss for the year	-	-	-	-	(646,878)	(646,878)
Balance, May 31, 2017	18,155,442	\$ 14,259,798	\$ -	\$ 672,951	\$ (16,411,105)	\$ (1,478,356)

See accompanying notes to the consolidated financial statements

HAWKEYE GOLD & DIAMOND INC.
Consolidated Statements of Cash Flow
(Expressed in Canadian dollars)

	Year ended May 31,	
	2018	2017
Cash flows from (used in) operating activities		
Loss for the year	\$ (309,901)	\$ (646,878)
Adjustments for:		
Depreciation of property and equipment	1,988	2,589
Write-down of mineral property interests	-	136,495
Stock based compensation	-	62,879
	<u>\$ (307,913)</u>	<u>\$ (444,915)</u>
Changes in non-cash working capital		
Decrease in accounts receivable	\$ 623	\$ 373
(Increase) in prepaid expenses and deposits	3,500	(3,850)
Increase in accounts payable and accrued liabilities	53,949	8,427
	<u>\$ (249,841)</u>	<u>\$ (439,965)</u>
Cash flows (used in) investing activities		
Deferred exploration expenditures incurred	\$ (2,262)	\$ -
Acquisition costs associated with properties	-	(141,495)
	<u>\$ (2,262)</u>	<u>\$ (141,495)</u>
Cash flows from (used in) financing activities		
(Decrease) increase in loan payable	\$ 10,965	\$ -
Increase (decrease) in due to related parties	208,114	(10,067)
Proceeds from share issuances	-	612,464
Proceeds from exercise of warrants	7,575	39,075
(Decrease) increase in share subscriptions	24,000	(37,377)
Payment of finders' fee	-	(21,150)
Increase (decrease) in bank indebtedness	22	(58)
	<u>\$ 250,676</u>	<u>\$ 582,887</u>
Net increase (decrease) in cash and equivalents	<u>\$ (1,427)</u>	<u>\$ 1,427</u>
Cash, beginning of year	<u>1,427</u>	<u>-</u>
Cash, end of year	<u>\$ -</u>	<u>\$ 1,427</u>
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income tax	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 11)

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

1. Nature and Continuance of Operations

Hawkeye Gold & Diamond Inc. (the "Company") is an exploration stage company and the primary function of the business is to be engaged in the exploration for and the development of natural resources in Canada. The Company's registered office is M202 – 1985 Alberni Street, Vancouver BC, V6G 0A2.

The Company's principal business activities include the acquisition and exploration of mineral property assets. At May 31, 2018, the Company had not yet determined whether the properties contain reserves that are economically recoverable. The recoverability of amounts shown for an exploration and evaluation asset is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain the necessary financing to complete the development of and future profitable production from the properties or realizing proceeds from their disposition.

The Company has an accumulated deficit of \$16,721,006 as at May 31, 2018 (2017: \$16,411,105). The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. There can be no assurances that the Company will continue to obtain the additional financial resources necessary and/or achieve profitability or positive cash flows. If the Company is unable to obtain adequate financing, the Company will be required to curtail operations. All of which indicate the existence of a material uncertainty that may cast substantial doubt on whether the Company would continue as a going concern and realize its assets and settle its liabilities and commitments in the normal course of business.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying consolidated financial statements.

These consolidated financial statements were approved for issuance by the Board of Directors on September 28, 2018.

2. Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

3. Basis of Measurement

The annual consolidated financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets. The annual consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The accounting policies set out in Note 4 have been applied consistently by the Company to all periods presented.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

4. Significant Accounting Policies

a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary company: Hawkeye Oro de Mexico S.A. de C.V. (a Mexican incorporated company) (currently inactive). All inter-company amounts have been eliminated on consolidation.

b) Cash and cash equivalents

Cash and cash equivalents comprise of highly liquid investments with original maturities of three months or less. As at May 31, 2018 and 2017 the Company had no cash-equivalents.

c) Equipment

Equipment is recorded at cost. Amortization is provided for on a declining balance basis at the following annual rates:

Computer equipment	30%
Computer software	100%
Office equipment	20%

In the year of acquisition, the rate used is one-half of that shown above.

d) Exploration and evaluation assets

(i) Pre-license expenditures

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

(ii) Exploration and evaluation expenditures

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and or probable mineral reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to exploration and evaluation expense. Upon determination of mineral reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

4. Significant Accounting Policies (continued)

d) Exploration and evaluation assets (continued)

The Company has not established any NI 43-101 compliant proven or probable reserves on any of its mineral properties which have been determined to be economically viable.

(iii) Impairment

Exploration and evaluation assets are assessed for impairment when indicators and circumstances suggest that the carrying amount may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Industry-specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure for further exploration and evaluation activities is neither budgeted nor planned;
- Title to the asset is compromised, has expired or is expected to expire;
- Adverse changes in the taxation, regulatory or political environment;
- Adverse changes in variables in commodity prices and markets making the project unviable; and
- Variations in the exchange rate for the currency of operation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

e) Share Capital

Common shares are classified as equity. Transactions costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

f) Loss per share

Earnings per share are calculated based on the weighted average number of shares outstanding during the period. The Company follows the treasury stock method for the calculation of diluted earnings per share. Under this method, dilution is calculated based upon the net number of common shares issued should "in-the-money" options and warrants be exercised and the proceeds be used to repurchase common shares at the average market price in the year.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

4. Significant Accounting Policies (continued)

g) Share-based payments

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

The Corporation uses the Black-Scholes option pricing model to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

h) Warrants

Warrants issued to agents or brokers in connection with a financing are recorded at fair value and charged to issue costs associated with the offering with an offsetting credit to warrants in shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The fair value of the common shares issued in the placements are determined to be the more easily measurable component and were valued at their fair value, as determined by the closing price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

Proceeds of the exercise of these warrants are credited to share capital together with the corresponding amount, if any, of the original warrant charge included in warrants.

i) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income of loss or directly in equity, in which case it is recognized in other comprehensive income of loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for unused tax loss carry-forwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

4. Significant Accounting Policies (continued)

i) Income taxes (continued)

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

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

j) Provision for Environmental rehabilitation

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either the unit-of-production or straight line method. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

k) Provisions

Provisions are recognized when present legal or constructive obligations exist as a result of a past event where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

l) Financial instruments

Financial instruments are defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

4. Significant Accounting Policies (continued)

l) Financial instruments (continued)

Financial assets are classified into the following categories at their initial recognition:

- Financial assets at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables;
- Or available-for-sale investments.

Financial liabilities are classified into the following categories at their initial recognition:

- Financial liabilities at fair value through profit or loss;
- Financial liabilities at amortized cost

Financial assets and liabilities are initially measured at fair value, plus, in the case of a financial asset or liability not at fair value through profit or loss, transactions costs directly attributable to the acquisition or issuance of the financial asset or liability. In a purchase or sale of financial assets recognition and de-recognition occurs using trade date accounting.

Financial assets are subsequently measured after initial recognition at fair value, except for financial assets classified as held-to-maturity investments or loans and receivables, which are subsequently measured at amortized cost using the effective interest method.

Financial liabilities at fair value through profit or loss are subsequently measured after recognition at fair value. All other financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial assets are derecognized when:

- The contractual rights to the cash flows from the financial asset expire;
- The contractual rights to the cash flows from the financial asset are retained, but a contractual obligation to pay the cash flows to another party without material delay is assumed by the Company;
- Or when the Company transfers substantially all the risks and rewards of ownership of the financial asset.

Financial liabilities are derecognized when the obligations are discharged, cancelled or expire.

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include: significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or likelihood that the borrower will enter bankruptcy or financial reorganization.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

4. Significant Accounting Policies (continued)

l) Financial instruments (continued)

The carrying amount of financial assets is reduced by impairment loss directly for all financial assets with the exception of financial assets classified as loans and receivables, where the carrying amount is reduced through the use of an allowance account. When these assets are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment loss been recognized.

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels: Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of loss and comprehensive loss.

The Company has made the following classifications:

- Cash is classified as fair value through profit or loss.
- GST receivable is classified as loans and receivables.
- Accounts payable and accrued liabilities, due to related parties, and loans payable have been classified as liabilities at amortized cost.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

4. Significant Accounting Policies (continued)

m) Critical Accounting Estimates and Judgements

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates and assumptions.

The effect of a change in accounting estimate is recognized prospectively by including it in comprehensive income in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below:

Judgements

Exploration and evaluation expenditures

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Going concern

The assumption that the Company is a going concern and will continue in operation for the foreseeable future requires judgement. The factors considered by management are disclosed in Note 1.

Estimates

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

5. Application of New and Revised International Financial Reporting Standards

Standards, amendments and interpretations not yet effective

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for current or future account periods. None of these are expected to have a significant effect on the consolidated financial statements, except for the following:

a) IFRS 9 – Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. Implementation of IFRS 9 is not expected to have a material impact on the Company's consolidated financial statements.

b) IFRS 16 – Leases

IFRS 16 Leases specifies how a reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to annual reporting periods on or after January 1, 2019. Implementation of IFRS 9 is not expected to have a material impact on the Company's consolidated financial statements.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

6. Equipment

	Costs		
	Computer Equipment	Office Equipment	Total
Balance May 31, 2016	\$ 57,062	\$ 32,661	\$ 89,723
Additions	-	-	-
Balance May 31, 2017	57,062	32,661	89,723
Additions	-	-	-
Balance May 31, 2018	\$ 57,062	\$ 32,661	\$ 89,723

	Accumulated Depreciation		
	Computer Equipment	Office Equipment	Total
Balance May 31, 2016	\$ 54,290	\$ 23,872	\$ 78,162
Depreciation	831	1,758	2,589
Balance May 31, 2017	55,121	25,630	80,751
Depreciation	582	1,406	1,988
Balance May 31, 2018	\$ 55,703	\$ 27,036	\$ 82,739

	Net Carrying Amount		
	Computer Equipment	Office Equipment	Total
Balance May 31, 2017	\$ 1,941	\$ 7,031	\$ 8,972
Balance May 31, 2018	\$ 1,359	\$ 5,625	\$ 6,984

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

7. Exploration and Evaluation Asset (see Schedules 1 and 2)

a) La Cibriza Project

On November 4, 2016, the Company signed a Letter of Intent (LOI) to earn a 50% interest in the La Cibriza Project by paying the Owner a total of \$4,500,000 USD on an agreed schedule. The Company has paid \$100,000 USD (\$136,496 CAD) upon signing the Letter of Intent. The LOI is subject to a 45 day Due Diligence Period to allow the Company to complete a site visit and evaluation of the Property. On April 5, 2017 the Company, announced that it had decided not to go ahead with the project and the full amount has been written off for the year ended May 31, 2017.

b) Bonanza Project

On January 16, 2017, the Company entered into a purchase and sale agreement to acquire a 100% interest in the Bonanza Property located on the northern end of Vancouver Island. The terms call for cash payments totaling \$5,000 (\$5,000 paid) and issuing 250,000 shares in the capital of the Company (250,000 issued with a value of \$0.06 per share). The first 100,000 shares have a four (4) month hold period and the balance of 150,000 shares will be subjected to a twelve (12) month hold period. The Property is subject to a two percent (2%) net smelter return (NSR) in favour of the Vendor for all minerals other than magnetite. The Company will pay the Vendor \$2.00 per tonne from the production of magnetite from the property. The Company may repurchase 1.5 percent (1.5%) of the NSR for \$1.5 million. The remaining 0.5 percent (0.5%) held by the Vendor will be subject to a right of first refusal by the Company for a period of five years.

The Company issued 29,454 shares with a value of \$0.065 per share as a finder's fee. The shares have a four (4) month hold period.

The Company announced TSX Venture Exchange acceptance of the agreement on May 9, 2017.

During the year ended May 31, 2018, the Company incurred \$nil (2017: \$21,920) in acquisition costs and incurred \$2,262 (2017: \$nil) in exploration expenditures.

c) 2-Aces Project

The Company entered into a Sales and Purchase Agreement with the Vendor of the 2-Aces Project on June 8, 2017 to acquire a 100% interest in the property. The terms call for payment of \$12,000 cash and issuance of 50,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX approval on October 4, 2017. As of May 31, 2018, the Company has not made any cash payments or issued any shares.

d) Keithley Creek Project

The Company entered into a Sales and Purchase Agreement with the Vendor of the Keithley Creek Project on June 26, 2017 to acquire a 100% interest in the property. The terms call for payment of \$7,000 cash and issuance of 50,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX approval on October 5, 2017. As of May 31, 2018, the Company has not made any cash payments or issued any shares.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

7. Exploration and Evaluation Asset (see Schedules 1 and 2) (cont'd)

e) Cariboo Valley Project

The Company entered into a Sales and Purchase Agreement with the Vendor of the Cariboo Valley Project on July 4, 2017 to acquire a 100% interest in the property. The terms call for payment of \$5,000 cash and issuance of 50,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX approval on October 6, 2017. As of May 31, 2018, the Company has not made any cash payments or issued any shares.

f) Seller Creek Project

The Company entered into a Sales and Purchase Agreement with the Vendor of the Seller Creek Project on August 23, 2017 to acquire a 100% interest in the property. The terms call for payment of \$15,000 cash and issuance of 50,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX approval on October 17, 2017. As of May 31, 2018, the Company has not made any cash payments or issued any shares.

g) McBride Project

The Company entered into a Sales and Purchase Agreement with the Vendor of the McBride Project on September 13, 2017 to acquire a 100% interest in the property. The terms call for payment of \$8,000 cash and issuance 100,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX approval on October 25, 2017. As of May 31, 2018, the Company has not made any cash payments or issued any shares.

h) Todagin Project

The Company entered into a Sales and Purchase Agreement with the Vendor of the Todagin Project on September 19, 2017 to acquire a 100% interest in the property. The terms call for payment of \$7,000 cash and issuance of 100,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX approval on October 27, 2017. As of May 31, 2018, the Company has not made any cash payments or issued any shares.

i) Boomerang Project

The Company entered into a Sales and Purchase Agreement with the Vendor of the Boomerang Project on December 4, 2017 to acquire a 100% interest in the property. The terms call for payment of \$10,000 cash and issuance of 100,000 shares of the Company, plus an additional 250,000 shares of the Company if it proceeds to a pre-feasibility study. The acquisition is not subjected to a NSR. The Company received TSX approval on December 13, 2017. As of May 31, 2018, the Company has not made any cash payments or issued any shares.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

8. Loans Payable

The loans are unsecured and non-interest bearing, but can be subject to a finance fee which increases if the principal is not paid in full within 30 days of the funds being advanced.

	Principal Amount	Finance Fee	Total Amount Outstanding
Balance – May 31, 2016	\$ 348,960	\$ 280,670	\$ 629,630
Fiscal 2017 transactions			
No transaction for the period	-	-	-
Balance – May 31, 2017	\$ 348,960	\$ 280,670	\$ 629,630
Fiscal 2018 transactions			
Loan #32	10,965	-	10,965
Balance – May 31, 2018	\$ 359,925	\$ 280,670	\$ 640,595

As of May 31, 2018, all finance fees on the outstanding loans had been accrued.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

9. Share Capital and Contributed Surplus

a) Authorized:

Unlimited common shares without par value.

b) Issued and outstanding:

As at May 31, 2018, there are 18,256,442 (2017: 18,155,442) common shares issued and outstanding.

During the year ended May 31, 2018, the Company issued 101,000 shares as follows:

1. The Company issued 50,000 shares on June 21, 2017 when 50,000 warrants were exercised at \$0.075 per share for total proceeds of \$3,750.
2. The Company issued 51,000 shares on July 7, 2017 when 51,000 warrants were exercised at \$0.075 per share for total proceeds of \$3,825.

During the year ended May 31, 2017, the Company issued 8,063,378 shares as follows:

1. The Company, on July 7, 2016, closed a non-brokered private placement by issuing 3,070,000 units in the capital of the Company at a price of \$0.05 per unit for total proceeds of \$153,500. Each unit consists of one common share and one half-share purchase warrant. Each full warrant entitles the holder to purchase one additional share at a price of \$0.075 per share which may be exercised for a period of 12 months from July 7, 2016 (the Closing Date). If at any time after the Closing Date the Company's shares have a closing price of \$0.10 or more per share for ten (10) consecutive trading days on TSX-V, the Company will be entitled to give notice to the holders of the Warrants, that the Warrants will expire 30 days from the date of mailing or news release of such notice. The shares will be subject to a four (4) month hold from the Closing Date. The Company paid \$13,050 cash in finder's fees and issued 281,000 finder's warrants in connection with closing of the private placement. The finder's warrants have the same terms as the private placement warrants attached to the units. The finders warrants valued at \$6,190 using the Black-Scholes pricing model with an average risk-free interest rate of 0.47%, expected life of 1 year, volatility of 105.97% and dividend yield of 0%.
2. The Company issued 25,000 shares on June 5, 2016 when 25,000 warrants were exercised at \$0.075 per share for total proceeds of \$1,875.
3. The Company, on November 3, 2016, closed a non-brokered private placement by issuing 3,211,167 units in the capital of the Company at a price of \$0.12 per unit for total proceeds of \$385,340. Each unit consists of one common share and one full purchase warrant. Each full warrant entitles the holder to purchase one additional share at a price of \$0.15 per share which may be exercised for a period of 24 months from November 3, 2016 (the Closing Date). If at any time after August 3, 2017 the Company's shares have a closing price of \$0.50 or more per share for ten (10) consecutive trading days on TSX-V, the Company will be entitled to give notice to the holders of the Warrants, that the Warrants will expire 30 days from the date of mailing or news release of such notice. The shares will be subject to a four (4) month hold from the Closing Date. The Company paid \$8,100 cash in finders' fees and issued 249,500 finders' warrants in connection with closing of the private placement. The finders' warrants have the same terms as the private placement warrants attached to the units. The finders' warrants were valued at \$54,338 using the Black-Scholes pricing model with an average risk-free interest rate of 0.55%, expected life of 2 years, volatility of 142.10% and dividend yield of 0%.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

9. Share Capital and Contributed Surplus (cont'd)

b) Issued and outstanding (cont'd)

4. During November, 2016 the Company issued 496,000 shares when 496,000 warrants were exercised at \$0.075 per share for total proceeds of \$37,200.
5. The Company issued 279,545 shares on May 2, 2017 for the acquisition of the Bonanza Property. 250,000 shares were valued at \$0.06 per share and 29,545 shares were valued at \$0.065 per share.
6. The Company, on May 23, 2017 closed a non-brokered private placement by issuing 981,666 units in the capital of the Company at a price of \$0.075 per unit for total proceeds of \$73,625. Each unit consists of one common share and one full purchase warrant. Each full warrant entitles the holder to purchase one additional share at a price of \$0.12 per share which may be exercised for a period of 12 months from May 22, 2017 (the Closing Date). If at any time after the Closing Date the Company's shares have a closing price of \$0.12 or more per share for ten (10) consecutive trading days on TSX-V, the Company will be entitled to give notice to the holders of the Warrants, that the Warrants will expire 30 days from the date of mailing or news release of such notice. The shares will be subject to a four (4) month hold from the Closing Date. The Company paid a finder's fees by issuing 6,250 finder's warrants in connection with closing of the private placement. The finder's warrants have the same terms as the private placement warrants attached to the units. The finders warrants valued at \$nil using the Black-Scholes pricing model with an average risk-free interest rate of 0.68%, expected life of 0.82 years, volatility of 169.48% and dividend yield of 0%.

c) Share Purchase Warrants

There are 3,460,667 share purchase warrants outstanding as at May 31, 2018 as follows:

Number of Warrants	Exercise Price	Expiry Date
3,460,667	\$0.15	November 2, 2018

Summary of the warrants outstanding at May 31, 2018:

	Number of Warrants
Balance at May 31, 2016	2,495,900
Issued	6,264,583
Exercised	(521,000)
Cancelled/expired	(2,154,900)
Balance at May 31, 2017	6,084,583
Issued	-
Exercised	(101,000)
Cancelled/expired	(2,522,916)
Balance at May 31, 2018	3,460,667

The weighted average remaining contractual life of granted and outstanding warrants at May 31, 2018 is 0.43 year (May 31, 2017: 1.00 years). The warrants have a weighted average exercise price of \$0.15 (May 31, 2017: \$0.12).

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

10. Stock Options

On May 16, 2017, the Company received TSX Venture Exchange approval for its current stock option plan, reserving a maximum of 10% of the issued shares of the Company for issuance under its Rolling Stock Option Plan. Shareholders of the Company approved this plan at the Issuer's Annual General Meeting held on December 29, 2016.

Stock options issued and outstanding are as follows:

	May 31, 2018		May 31, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of year	1,601,165	\$ 0.11	1,006,165	\$ 0.10
Expired or cancelled	-	-	-	-
Granted	-	-	595,000	0.12
Options outstanding and exercisable, end of year	1,601,165	\$ 0.11	1,601,165	\$ 0.11

The 1,601,165 stock options outstanding as at May 31, 2018 are as follows:

Number of Shares	Price per Share	Expiry Date
145,000	\$ 0.10	July 9, 2022
861,165	0.10	April 25, 2026
170,000	0.12	September 9, 2026
425,000	0.12	January 25, 2027

- For the year ended May 31, 2018, no options were granted, expired or cancelled.
- For the year ended May 31, 2017:
 - On September 9, 2016, the Company issued 170,000 stock options with an exercise price of \$0.12 per share. The options were valued at \$20,393 using the Black-Scholes option model with an average risk-free interest rate of 1.15%, expected life of 10 years, volatility of 226.25% and dividend yield of 0%.
 - On January 25, 2017, the Company issued 425,000 stock options with an exercise price of \$0.12 per share. The options were valued at \$42,486 using the Black-Scholes option model with an average risk-free interest rate of 1.82%, expected life of 10 years, volatility of 226.53% and dividend yield of 0%.
- The weighted average remaining contractual life of granted and outstanding stock options at May 31, 2018 is 7.80 years (2017: 8.80 years).

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

11. Non-Cash Financing Activities

Non-cash activities for the year ended May 31, 2018 are as follows:

- a) Reclassification of \$2,224 from reserves to share capital resulting from the exercise of 101,000 warrants, see note 9(c).

Non-cash activities for the year ended May 31, 2017 are as follows:

- a) Impairment of property in the amount of \$136,496, see note 7a.
- b) Property acquisition in the amount of \$16,920, see note 7b.
- c) Stock based compensation valued at \$62,879, see note 10b.

12. Financial Instruments

		May 31, 2018	May 31, 2017
		\$	\$
FVTPL financial assets	a	-	1,427
Loans and receivables	b	548	1,170
Liabilities at amortized cost	c	1,790,146	1,517,095

a. Comprises cash.

b. Comprises GST receivable

c. Comprises accounts payable and accrued liabilities, due to related parties, and loans payable.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. Cash and cash equivalents are carried at fair value using a level 1 fair value measurement. The fair values of GST receivable, accounts payable, accrued liabilities, due to related parties and loans payable approximate their carrying values due to the short-term nature of these instruments.

Management of Industry and Financial Risk

The Company is engaged primarily in mineral exploration and manages related industry risk issues directly. The Company may be at risk for environmental issues and fluctuations in commodity pricing. Management is not aware of and does not anticipate any significant environmental remediation costs or liabilities in respect of its current operations.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk

Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash and GST recoverable. Risk associated with cash is managed through the use of major Canadian bank. The Company's GST recoverable is due from the Government of Canada; therefore, the credit risk exposure is low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's cash. The Company's cash is held in corporate bank accounts available on demand.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

12. Financial Instruments (continued)

Management of Industry and Financial Risk (continued)

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk.

Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars; therefore, currency risk is minimal.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to significant interest rate risk.

Price Risk

The Company is exposed to price risk with respect to equity prices. Price risk as it relates to the Company is defined as the potential adverse impact on the Company's ability to finance due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

13. Capital Management

The Company's primary source of funds comes from the issuance of share capital. The Company defines its capital as all components of shareholders equity. Capital requirements are driven by the Company's planned exploration and evaluation activities and general and administrative expenses. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place to ensure that adequate funds are available to meet its strategic goals. The Company monitors actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities. Although the Company has been successful at raising funds in the past through the issuance of share capital and loans, there can be no assurance that it will continue to be able to do so in the future. There were no changes in the Company's approach to capital management during the year ended May 31, 2018. The Company is not subject to externally imposed capital requirements.

14. Income Taxes

Income tax expense recorded in these consolidated financial statements differs from the amount that would be computed by applying federal and provincial statutory income tax rates to the loss before income taxes.

	May 31, 2018		May 31, 2017	
Loss for the year	\$	309,901	\$	646,878
Combined federal and provincial tax rate		26.00%		26.00%
Expected tax recovery	\$	80,574	\$	168,188
Net effect of deductible and non-deductible expenses		2,991		49,537
Change in unrecognized deferred tax assets		83,565		(217,725)
Deferred income tax recovery	\$	-	\$	-

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

14. Income Taxes (continued)

The components of the unrecognized deferred income tax assets are as follows:

	May 31, 2018	May 31, 2017
Deferred income tax assets:		
Non-capital loss carry-forwards	\$ 1,793,512	\$ 1,709,946
Financing and other	43,042	49,105
Unused cumulative Canadian & foreign exploration and development expenses	975,650	975,556
	\$ 2,812,204	\$ 2,734,607

The unrecognized deferred tax assets reflects the Company's estimate that the tax assets are not likely to be realized.

The Company has non-capital losses totaling approximately \$6,898,122 (2017: \$6,576,717), which are carried forward for tax purposes and are available to reduce taxable income of future years. The non-capital losses balance will begin to expire in 2026. Unused exploration and development expenses can be carried forward indefinitely.

15. Related Party Transactions

- During the year ended May 31, 2018, \$120,000 (2017: \$120,000) was paid or accrued to Greg Neeld, the President and director of the Company, as management fees.
- During the year ended May 31, 2018, \$24,000 (2017: \$24,000) was paid or accrued to Robert Neeld, an individual related to the President of the Company as compensation for services rendered and included in management fees.
- During the year ended May 31, 2018, \$530 (2017: \$725) was paid as directors' fee to Mary-Lee Neeld, a director of the Company, as management fees.
- During the year ended May 31, 2018, \$nil (2017: \$2,950) was paid as directors' fee to Maureen Watson, a director of the Company, as management fees.
- As at May 31, 2018, there is a balance of \$674,588 (2017: \$474,544) due to Greg Neeld, the President of the Company included in Due to related parties.
- As at May 31, 2018, there is a balance of \$1,743 (2017: \$1,743) due to Hawkeye Power Corp, a company owned by Greg Neeld, the President of the Company included in Due to related parties.
- As at May 31, 2018, there is a balance of \$88,475 (2017: \$82,275) due to Robert Neeld, a related party included in Due to related parties.
- As at May 31, 2018, there is a balance of \$19,600 (2017: \$19,600) due to Steve Pelletier, a related party included in loans payable.
- As at May 31, 2018, there is a balance of \$2,150 (2017: \$2,150) due to Kevin McGladery, a related party included in Due to related parties.
- As at May 31, 2018, there is a balance of \$2,900 (2017: \$nil) due to Maureen Watson, a director of the Company included in Due to related parties.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

15. Related Party Transactions (continued)

The above noted transactions have been reported at amounts agreed to by the related parties.

16. Commitment

On February 9 2017, the Company entered into a rental agreement for the use of office premises in Vancouver, BC, Canada until February 9, 2019. The amount of the remaining lease payments committed is \$25,625 (2017: \$71,086) (\$3,500 per month), to be paid over the remaining term ending February 9, 2019.

17. Lawsuit

On May 23, 2018, the Company received a court order due to an action commenced by a vendor to collect an outstanding accounts payable balance in the amount of \$33,903. Judgement was made in favor of the vendor in the amount of \$50,874 which includes the above payable plus \$16,971 in legal fees and interest. On September 24, 2018 the Company paid the amount in full to the vendor. As at May 31, 2018, the full \$50,874 has been included in accounts payable and accrued liabilities.

18. Events After the Reporting Period

- a) On June 21, 2018, 160,000 warrants were exercised into 160,000 common shares of the Company at an exercise price of \$0.15 per share. As at May 31, 2018, the proceeds had been included in subscriptions received.
- b) On July 30, 2018, the Company announced that it was commencing a work program on its Boomerang, McBride, and Todagin properties.
- c) On September 14, 2018 the Company made cash payments of \$25,000 and issued 300,000 common shares to acquire a 100% interest in the Boomerang, McBride and Todagin properties.
- d) On September 17, 2018 the Company closed the first tranche of a private placement announced on June 27, 2018. The private placement consisted of flow-through and non-flow-through or common units, both priced at \$0.05 per unit. A total of 12,000,000 flow-through and 5,000,000 common units were subscribed for gross proceeds of \$850,000.

The Company paid cash finders' fees of \$46,000 and issued 920,000 finders' warrants. Of the finders' warrants 824,000 relate to the flow-through units and 96,000 relate to the non-flow-through or common units. The finders' warrants have the same terms as their underlying units.

The flow-through units consists of one (1) flow-through common share of the Company and one (1) half flow-through warrant. Each full flow-through warrant will entitle the holder to purchase one (1) non-flow-through common share at \$0.10 per share for a period of twelve (12) months from the closing date.

The non-flow-through or common units consists of one (1) common share of the Company and one (1) full common warrant. Each full common warrant will entitle the holder to purchase one (1) common share at \$0.10 per share for a period of twenty-four (24) months from the closing date.

HAWKEYE GOLD & DIAMOND INC.

Notes to Consolidated Financial Statements

May 31, 2018

(Expressed in Canadian dollars)

18. Events After the Reporting Period (continued)

If at any time after the closing date, the Company's shares have a closing price of \$0.20 or more for ten (10) consecutive trading days, the Company shall be entitled to give notice to the holders of the warrants that the warrants will expire thirty (30) days from the date of mailing such notice or news release of such notice.

All the shares issued pursuant to the private placement will be subject to a four-month plus one-day hold period from the closing date.

Consolidated Schedule of Deferred Resource Property Expenditures
Year Ended May 31, 2018

	Bonanza	La Cobriza	TOTALS
Balances, May 31, 2017 (see schedule 2)			
Acquisition costs	\$ 21,920	\$ -	\$ 21,920
Exploration expenditures	-	-	-
Total beginning property expenditures	21,920	\$ -	\$ 21,920
Incurred during the current period			
Acquisition costs	\$ -	\$ -	\$ -
Exploration expenditures			
Accommodation & Meals	\$ -	\$ -	\$ -
Assays	-	-	-
Claim maintenance	2,262	-	2,262
Consulting	-	-	-
Field expenses	-	-	-
Helicopters	-	-	-
Management	-	-	-
Maps	-	-	-
Office	-	-	-
Travel	-	-	-
Total exploration expenditures	\$ 2,262	\$ -	\$ 2,262
Total current period expenditures	\$ 2,262	\$ -	\$ 2,262
Less:			
Acquisition costs written off	\$ -	\$ -	\$ -
Exploration expenditures written off	-	-	-
Total property interest written off	\$ -	\$ -	\$ -
Balance, end of period:			
Acquisition costs	\$ 21,920	\$ -	\$ 21,920
Exploration expenditures	2,262	-	2,262
Mineral Property Interests, May 31, 2018	\$ 24,182	\$ -	\$ 24,182

Consolidated Schedule of Deferred Resource Property Expenditures
Year Ended May 31, 2017

	Bonanza	La Cobriza	TOTALS
Balances, May 31, 2016			
Acquisition costs	\$ -	\$ -	\$ -
Exploration expenditures	-	-	-
Total beginning property expenditures	-	\$ -	\$ -
Incurred during the current period			
Acquisition costs	\$ 21,920	\$ 136,495	\$ 158,415
Exploration expenditures			
Accommodation & Meals	\$ -	\$ -	\$ -
Assays	-	-	-
Claim maintenance	-	-	-
Consulting	-	-	-
Field expenses	-	-	-
Helicopters	-	-	-
Management	-	-	-
Maps	-	-	-
Office	-	-	-
Travel	-	-	-
Total exploration expenditures	\$ -	\$ -	\$ -
Total current period expenditures	\$ 21,920	\$ 136,495	\$ 158,415
Less:			
Acquisition costs written off	\$ -	\$ (136,495)	\$ (136,495)
Exploration expenditures written off	-	-	-
Total property interest written off	\$ -	\$ (136,495)	\$ (136,495)
Balance, end of period:			
Acquisition costs	\$ 21,920	\$ -	\$ 21,920
Exploration expenditures	-	-	-
Mineral Property Interests, May 31, 2017	\$ 21,920	\$ -	\$ 21,920