

**ABE Resources Inc.**

***Unaudited Interim Financial Statements***

***May 31, 2017***

**NOTICE OF DISCLOSURE OF NON-AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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 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 financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# ABE Resources Inc.

## Statements of Financial Position

(in Canadian dollars)

	Notes	May 31, 2017 (Unaudited) \$	August 31, 2016 (Audited) \$
<b>ASSETS</b>			
<b>Current</b>			
Cash		2,262,716	41,908
Other receivables		32,426	2,059
Tax credits receivable		-	3,440
Prepaid expenses		8,129	6,284
Investments	6	3,959	143,758
		<u>2,307,230</u>	<u>197,449</u>
<b>Non-current</b>			
Exploration and evaluation assets	7	2,310,045	-
		<u>2,310,045</u>	<u>-</u>
<b>Total assets</b>		<u><b>4,617,275</b></u>	<u>197,449</u>
<b>LIABILITIES</b>			
<b>Current</b>			
Trade and other payables		185,210	44,205
Provision for compensation	8	537,584	537,691
<b>Total liabilities</b>		<u>722,794</u>	<u>581,896</u>
<b>EQUITY</b>			
Share capital	9.1	36,753,209	32,238,978
Contributed surplus		6,353,763	5,262,220
Accumulated other comprehensive loss		(118,769)	(317,450)
Deficit		(39,093,722)	(37,568,195)
<b>Total equity</b>		<u>3,894,481</u>	<u>(384,447)</u>
<b>Total liabilities and equity</b>		<u><b>4,617,275</b></u>	<u>197,449</u>

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

These financial statements were approved and authorized for issue by the Board of Directors on July 27, 2017.

Approved on behalf of the Board of Directors

(signed) Yves Rougerie, Director

( signed) Victor Cantore, Director

# ABE Resources Inc.

## Statements of Comprehensive Loss

(in Canadian dollars)

	Notes	Three-month period ended		Nine-month period ended	
		May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
		\$	\$	\$	\$
<b>Expenses</b>					
Employee benefits expense	10.1	162,234	15,846	194,306	78,181
Insurance, taxes and permits		1,846	3,754	8,745	10,254
Professional fees		(10,854)	3,893	35,337	29,247
Rent and maintenance		3,001	4,036	9,276	17,473
Business development		12,189	-	28,498	-
Stationery and office expenses		2,848	13,229	7,334	18,629
Advertising and sponsoring		500	-	500	-
Travel, board and lodging		3,269	716	5,233	2,562
Registration fees		13,580	8,698	33,546	17,568
Provision for compensation		-	-	-	330
Exploration costs other properties		2,675	(7)	6,753	6,790
Bank charges		718	624	2,300	1,334
Gain on sale of property and equipment		-	(6,000)	-	(6,000)
Amortization of property and equipment		-	-	-	3,708
Loss on settlement of debts		933,783	-	933,783	-
<b>Operating loss</b>		<b>1,125,789</b>	<b>44,789</b>	<b>1,265,611</b>	<b>180,076</b>
<b>Other expenses</b>					
Finance income	12	-	(436)	-	(436)
Finance cost	12	62,071	-	214,286	463,541
		<u>62,071</u>	<u>(436)</u>	<u>214,286</u>	<u>463,105</u>
<b>Loss before income taxes and loss for the period</b>		<b><u>(1,187,860)</u></b>	<b><u>(44,353)</u></b>	<b><u>(1,479,897)</u></b>	<b><u>(643,180)</u></b>
<b>Other comprehensive loss</b>					
Items that will be reclassified subsequently to profit or loss					
Available-for-sale financial assets					
Net change in fair value for the period		172	15,000	(15,605)	(10,274)
Reclassification to profit or loss		62,071	-	214,286	463,541
		<u>62,243</u>	<u>15,000</u>	<u>198,681</u>	<u>453,267</u>
<b>Other comprehensive loss for the period, net of tax</b>		<b><u>62,243</u></b>	<b><u>15,000</u></b>	<b><u>198,681</u></b>	<b><u>453,267</u></b>
<b>Total comprehensive loss for the period</b>		<b><u>(1,125,617)</u></b>	<b><u>(29,353)</u></b>	<b><u>(1,281,216)</u></b>	<b><u>(189,914)</u></b>
<b>Loss per share</b>					
Basic and diluted net loss per share <sup>(1)</sup>	13	<u>(0.02)</u>	<u>(0.01)</u>	<u>(0.02)</u>	<u>(0.11)</u>

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

<sup>(1)</sup> Amounts per share, including comparative balances, have been adjusted to reflect the two-for-one stock consolidation completed during the quarter ended May 31, 2017.

**ABE Resources Inc.**  
**Statements of Changes in Equity**  
for the periods ended May 31  
(in Canadian dollars)

	Notes	Share capital		Contributed surplus	Accumulated other comprehensive loss	Deficit	Total equity
		Number <sup>(1)</sup>	Amount				
			\$				
<b>Balance, September 1<sup>st</sup>, 2015</b>		<u>5,755,478</u>	<u>32,238,978</u>	<u>5,259,154</u>	<u>(832,267)</u>	<u>(36,842,907)</u>	<u>(177,042)</u>
Net loss for the period		-	-	-	-	(643,180)	(643,180)
<b>Other comprehensive loss</b>							
Available-for-sale financial assets							
Net change in fair value for the period		-	-	-	(10,274)	-	(10,274)
Reclassification to profit or loss		-	-	-	463,541	-	463,541
Total comprehensive income for the period		-	-	-	453,267	(643,180)	(189,913)
<b>Balance as at May 31, 2016</b>		<u>5,755,478</u>	<u>32,238,978</u>	<u>5,259,154</u>	<u>(379,000)</u>	<u>(37,486,087)</u>	<u>(366,955)</u>
Units issued by private placement							-
Units issued by flow-through private placement							-
Units issue costs							-
Share and warrants issue costs		-	-	-	-	-	-
Share-based payments	10.2	-	-	3,066	-	-	3,066
Transactions with owners		-	-	3,066	-	-	3,066
Net loss for the period		-	-	-	-	(82,108)	(82,108)
<b>Other comprehensive loss</b>							
Available-for-sale financial assets							
Net change in fair value for the period		-	-	-	61,550	-	61,550
Total comprehensive loss for the period		-	-	-	61,550	(82,108)	(20,558)
<b>Balance as at August 31, 2016</b>		<u>5,755,478</u>	<u>32,238,978</u>	<u>5,262,220</u>	<u>(317,450)</u>	<u>(37,568,195)</u>	<u>(384,447)</u>
Units issued by private placement	9.1	45,000,000	1,273,500	976,500			2,250,000
Share and warrants issue cost		-	-	-		(45,630)	(45,630)
Shares issued for the acquisition of equity of Pioneer Resources Inc.	2	5,500,000	2,035,000				2,035,000
Shares issued for debt settlement	9.1	2,918,080	1,079,690				1,079,690
Warrants issued	9.2	270,000	66,582	(12,582)			54,000
Share options issued	10.2	300,000	59,459	(17,209)			42,250
Share-based payments	10.2	-	-	144,834	-	-	144,834
Transactions with owners		53,988,080	4,514,231	1,091,543	-	(45,630)	5,560,144
Net loss for the period		-	-	-	-	(1,479,897)	(1,479,897)
<b>Other comprehensive loss</b>							
Available-for-sale financial assets							
Net change in fair value for the period		-	-	-	(15,605)	-	(15,605)
Reclassification to profit or loss		-	-	-	214,286	-	214,286
Total comprehensive loss for the period		-	-	-	198,681	(1,479,897)	(1,281,216)
<b>Balance as at May 31, 2017</b>		<u>59,743,558</u>	<u>36,753,209</u>	<u>6,353,763</u>	<u>(118,769)</u>	<u>(39,093,722)</u>	<u>3,894,481</u>

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

<sup>(1)</sup> All disclosures, including comparative balances, have been adjusted and presented on a consolidated basis.

**ABE Resources Inc.**  
**Statements of Cash Flows**  
(in Canadian dollars)

	Notes	<b>Nine-month period ended</b>	
		<b>May 31, 2017</b>	<b>May 31, 2016</b>
		\$	\$
<b>Operating activities</b>			
Net loss		(1,479,897)	(643,181)
Adjustments			
Amortization of property and equipment		-	3,708
Loss on settlement of debts		933,783	-
Share-based payments		144,834	-
Fair value fluctuation on available-for-sale financial assets reclassified to profit or loss		214,286	463,541
Changes in working capital items	14	34,747	13,949
Cash flows used in operating activities		<u>(152,247)</u>	<u>(161,983)</u>
<b>Investing activities</b>			
Acquisition	2	3,906	-
Additions to exploration and evaluation assets		(45,665)	-
Disposal of marketable securities in quoted mining exploration companies		124,194	91,061
Cash flows from investing activities		<u>82,435</u>	<u>91,061</u>
<b>Financing activities</b>			
Issuance of shares by private placement	9.1	2,250,000	-
Share issue costs	9.1	(45,630)	-
Warrants exercised	9.2	44,000	-
Share options exercised	10.2	42,250	-
Cash flows from financing activities		<u>2,290,620</u>	<u>-</u>
<b>Net change in cash</b>		<b>2,220,808</b>	<b>(70,922)</b>
<b>Cash, beginning of the period</b>		<b>41,908</b>	<b>159,036</b>
<b>Cash, end of the period</b>		<b><u>2,262,716</u></b>	<b><u>88,114</u></b>
<b>Additional information - Cash flows (Note 14)</b>			

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

**ABE Resources Inc.**  
Notes to Financial Statements  
May 31, 2017

(in Canadian dollars)

**1. NATURE OF OPERATIONS**

ABE Resources Inc. (the "Company"), is an exploration company with activities in Canada.

On April 20, 2017, the Company's shareholders passed a special resolution approving the consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every 2 pre-consolidation shares.

On April 20 2017, the Company obtained the approval of the TSX-Venture to proceed to the consolidation and the Company's shares began trading on a consolidated basis April 26, 2017. The outstanding common shares were reduced from 11,510,944 to 5,755,478 to reflect the impact of the common share consolidation.

**2. ACQUISITION**

On May 11, 2017, the Company completed the acquisition of all of the issued and outstanding shares of Pioneer Resources Inc. ("Pioneer"), which operates primarily in Québec.

The acquisition of Pioneer was effected through an exchange of shares pursuant to which the Company issued 5,500,000 post-consolidation shares in exchange for all issued and outstanding shares of Pioneer whose fair value at the acquisition date is \$2,035,000.

The fair value of the shares issued as consideration has been determined on the basis of the market price of the shares. This acquisition does not represent a business combination as described in IFRS 3.

The following table details the fair value of the total consideration transferred and the fair value of identifiable assets acquired and identifiable liabilities assumed at the date of acquisition of Pioneer :

Fair value of consideration for acquisition	
Equity consideration	<b>2,035,000 \$</b>
<hr/>	
<b>Fair value of assets acquired and liabilities assumed</b>	<b>\$</b>
Cash	<b>3,906</b>
Exploration and evaluation assets	<b>2,264,379</b>
Trade and other payables	<b>(86,492)</b>
Due to related parties <sup>(1)</sup>	<b>(146,793)</b>
<b>Total net assets recognized at fair value and counterparty</b>	<b><u>2,035,000</u></b>

<sup>(1)</sup> Following the acquisition of Pioneer, certain amounts due to related parties were settled for shares (note 9.1).

**ABE Resources Inc.**  
Notes to Financial Statements  
May 31, 2017

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(in Canadian dollars)

**3. GOING CONCERN ASSUMPTION**

The financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations.

Given that the Company has not yet determined whether its mineral properties contain mineral deposits that are economically recoverable, the Company has not yet generated income nor cash flows from its operations. As at May 31, 2017 the Company has a cumulated deficit of \$39,093,722 (\$37,568,195 as at August 31, 2016). These material uncertainties cast significant doubt regarding the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to raise additional financing to further explore its mineral properties and continued support of suppliers and creditors. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements and the classification used in the statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

**4. BASIS OF PRESENTATION**

These interim financial statements of the Company as at May 31, 2017 were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB) under International Accounting Standard (IAS) 34 - Interim Financial Reporting. These interim financial statements were prepared using the same basis of presentation, accounting policies and methods of computations outlined in Note 5, SIGNIFICANT ACCOUNTING POLICIES as described in our financial statements for the year ended August 31, 2016. The interim financial statements do not include all of the notes required in annual financial statements.

**5. JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

**5.1 Significant management judgment**

The following are significant management judgments in applying the accounting policies of the Company that have the most significant effect on the financial statements.

**ABE Resources Inc.**  
Notes to Financial Statements  
May 31, 2017

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(in Canadian dollars)

**5.1 Significant management judgment (continued)**

**Recognition of deferred income tax assets and measurement of income tax expense**

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

**Going concern**

The assessment of the Company's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned and contractual exploration programs, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances. See Note 2 for more information.

**5.2 Estimation uncertainty**

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

**Share-based payments**

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options and warrants granted and the time of exercise of those share options and warrants, if applicable. The model used by the Company is the Black-Scholes valuation model (see Note 8.2).

**Provisions and contingent liabilities**

Judgments are made as to whether a past event has led to a liability that should be recognized in the financial statements or disclosed as a contingent liability. Quantifying any such liability and provisions involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty (see Note 6).

**Tax credits receivable**

The calculation of the Company's refundable tax credit on qualified exploration expenditure incurred and refundable tax credit involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been issued from the relevant taxation authority and a payment have been received. Difference arising between the actual results following final resolution of some of these items and the assumptions made could necessitate adjustments to the refundable tax credit and refundable tax credit, exploration and evaluation assets, and income tax expense in future periods.

**ABE Resources Inc.**  
Notes to Financial Statements  
May 31, 2017

(in Canadian dollars)

**6. INVESTMENTS**

	<b>May 31, 2017</b>	August 31, 2016
	\$	\$
Marketable securities in quoted mining exploration companies:		
- Indiana Resources Ltd	<b>1,049</b>	1,468
- Graphex Mining Ltd	<b>2,910</b>	2,290
- Pershimco Resources Inc.	-	140,000
	<b>3,959</b>	143,758

**7. EXPLORATION AND EVALUATION ASSETS**

The carrying amount can be analyzed as follows:

**MINING RIGHTS**

	Balance as at September 1, 2016	Additions	Tax credits and credit on duties	Impairment	<b>Balance as at May 31, 2017</b>
	\$	\$	\$	\$	\$
Dôme Lemieux (Qc)	-	2,310,045	-	-	<b>2,310,045</b>

**Dôme Lemieux**

On May 11, 2017, the Company acquired this property following the acquisition of all of the issued and outstanding shares of Pioneer, which operates principally in Québec (note 2).

This 100% owned property is located near the town of Ste-Anne-des-Monts in the province of Quebec and comprises 158 claims covering 5,530 hectares.

**8. PROVISION FOR COMPENSATION**

Provisions relate to various taxation claims. The Company is not eligible for any reimbursement by third parties in this regard. Usually, these claims are settled between three and eighteen months from initiation, depending on the procedures used for negotiating the claims. As the timing of settlement of these claims is to a large extent dependent on the pace of negotiation with various counterparties and governmental authorities, the Company cannot reliably estimate the amounts that will eventually be paid in settlement after more than twelve months from reporting date. Therefore, the amount was classified as current. During the third quarter of 2017, the Company paid \$107 to its shareholders (no amount was paid to its shareholders during the third quarter of 2016).

Management, on the advice of counsel, does not expect that the outcome of any of the remaining cases will give rise to any significant loss beyond the amounts actually recognized. None of the provisions will be discussed here in further detail so as to not seriously prejudice the Company's position.

**ABE Resources Inc.**  
**Notes to Financial Statements**  
**May 31, 2017**

(in Canadian dollars)

**9. EQUITY**

**9.1 Share capital**

The share capital issued of the Company consists only of fully paid common shares.

**Share capital authorized**

Unlimited number of common shares without par value.

Unlimited number of preferred shares class "A" and "B", without par value.

**Share issuance**

In May 2017, the Company completed a private placement for a total amount of \$2,250,000. The Company issued 45,000,000 units after consolidation, with each unit consists of one ordinary share and one warrant. Each warrant entitles the holder to subscribe to an equivalent number of ordinary shares of the Company at a price of \$0.15 per share, expiring 24 months following the closing of the placement. An amount of \$976,500 related to issued warrants was recorded to Contributed surplus.

Pursuant to the terms of a share exchange agreement dated May 11, 2017, the Company issued a total of 5,500,000 common shares after consolidation at a deemed price of \$0.37 per share for a total of \$2,035,000 in favor of the Pionnier shareholders in exchange for all the outstanding shares of Pioneer's share capital issued and curculation (note 2).

In addition, in connection with the acquisition, the Company issued an additional 2,918,080 common shares after a combination at a deemed price of \$0.37 per share for a total of \$ 1,079,690 to settle outstanding debt Pioneer owed to some of its officers, directors and shareholders. An amount of \$933,783 was recorded in net income as a loss on settlement of debts following this transaction.

**9.2 Warrants**

Outstanding warrants entitle their holders to subscribe to an equivalent number of common shares, as follows:

	May 31, 2017	
	Number	Weighted average exercise price
		\$
Balance, beginning of reporting period	1,000,000	0.20
Granted	45,000,000	0.15
Exercised	(270,000)	0.20
Balance, end of reporting period	45,730,000	0.15

All information presented in the table above, including comparative balances, has been adjusted and presented on a consolidated basis.

**ABE Resources Inc.**  
Notes to Financial Statements  
May 31, 2017

(in Canadian dollars)

**9.2 Warrants (continued)**

Outlined below are the outstanding warrants which could be exercised for an equivalent number of common shares:

Expiration date	May 31, 2017	
	Number	Exercise price
		\$
March 30, 2018	730,000	0.20
May 10, 2019	45,000,000	0.15
	<u>45,730,000</u>	

All information presented in the table above, including comparative balances, has been adjusted and presented on a consolidated basis.

**10. EMPLOYEE REMUNERATION**

**10.1 Employee benefits expense**

Employee benefits expense recognized is analyzed below:

	Three-month period ended		Nine-month period ended	
	May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
	\$	\$	\$	\$
Salaries and benefits	<b>19,595</b>	15,846	<b>49,472</b>	91,564
Share-based payments	<b>142,639</b>	-	<b>144,834</b>	-
	<b>162,234</b>	15,846	<b>194,306</b>	91,564
Less: salaries reclassified to Exploration costs other properties in profit or loss	-	-	-	(13,383)
Employee benefits expense	<b>162,234</b>	15,846	<b>194,306</b>	78,181

**ABE Resources Inc.**  
**Notes to Financial Statements**  
**May 31, 2017**

(in Canadian dollars)

**10.2 Share-based payments**

The Company has adopted a share-based payment plan under which members of the Board of Directors may award to directors, employees and consultants, options entitling its holder to purchase common shares of the Company. The maximum number of shares issuable under the plan is 10% of the outstanding shares (5,969,356 shares after consolidation as at May 31, 2017).

The most important terms of the plan are as follows:

- The maximum number of common shares that can be granted for a beneficiary, other than a consultant or services supplier, is limited to 5% of issued and outstanding shares;
- The maximum number of common shares that can be granted for a consultant during any 12-month period is limited to 2% of issued and outstanding shares;
- The maximum number of common shares that can be granted for a supplier of investors' relation services during any 12-month period is limited to 2% of issued and outstanding shares. Moreover, the options granted will vest gradually on a 12-month period after the grant, at the maximum rate of 25% per quarter;
- The Board shall determine the manner in which an option shall vest and become exercisable to staff members. Options granted to consultants performing Investor Relations Activities shall vest over a minimum of 12 months with no more than 1/4 of such Options vesting in any 3 month period.

The exercise price per common share for an option shall not be less than the "Discounted Market Price", as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required by the Exchange. Every option shall have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.

All share-based payments will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options in cash.

The Company share options are as follows for the reporting periods presented:

	<b>May 31, 2017</b>		<b>August 31, 2016</b>	
	<b>Number</b>	<b>Weighted average exercise price</b>	<b>Number</b>	<b>Weighted average exercise price</b>
		\$		\$
Outstanding, beginning of the reporting period	<b>550,000</b>	<b>0.14</b>	575,000	0.60
Granted	<b>2,425,000</b>	<b>0.27</b>	87,500	0.10
Exercised	<b>(300,000)</b>	<b>0.14</b>	-	-
Expired	-	-	(112,500)	2.42
Outstanding, end of the reporting period	<b>2,675,000</b>	<b>0.26</b>	<b>550,000</b>	<b>0.14</b>
Exercisable, end of the reporting period	<b>875,000</b>	<b>0.24</b>	<b>506,250</b>	<b>0.16</b>

All information presented in the table above, including comparative balances, has been adjusted and presented on a consolidated basis.

**ABE Resources Inc.**  
Notes to Financial Statements  
May 31, 2017

(in Canadian dollars)

**10.2 Share-based payments (continued)**

The table below summarizes the information related to outstanding share options :

<u>Range of exercise price</u>	<u>May 31, 2017</u>		<u>August 31, 2016</u>	
	<u>Number</u>	<u>Weighted average remaining contractual life (years)</u>	<u>Number</u>	<u>Weighted average remaining contractual life (years)</u>
\$0.10 to \$0.20	275,000	2.19	550,000	2.62
\$0.20 to \$0.30	2,400,000	7.97	-	-
	<u>2,675,000</u>	<u>7.37</u>	<u>550,000</u>	<u>2.62</u>

All information presented in the table above, including comparative balances, has been adjusted and presented on a consolidated basis.

The average fair value of options granted and modified of \$0.27 per option after consolidation in 2017 was estimated using the Black-Scholes option pricing model with the following weighted average assumptions:

	<u>2015</u>
Average share price at the date of grant	\$ 0.27
Expected dividends yield	0%
Expected weighted volatility	152%
Average risk-free interest rate	1.26%
Expected average life	5 years
Average exercise price at the date of grant	\$ 0.27

The underlying expected volatility was determined by reference to historical data of Company's shares over the expected average life of the options. No special features inherent to the options granted were incorporated into measurement of fair value.

An amount of \$144,384 of share-based payments (all of which related to equity-settled share-based payment transactions) was included in employee benefits expense, profit or loss for the period ended May 31, 2017 (\$3,066 for the year ended August 31, 2016 and credited to Contributed surplus).

**ABE Resources Inc.**  
**Notes to Financial Statements**  
**May 31, 2017**

(in Canadian dollars)

**11. FAIR VALUE MEASUREMENT**

**11.1 Financial instruments measured at fair value**

Financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly ; and
- Level 3: unobservable inputs for the assets or liabilities.

The fair value of the marketable securities in quoted mining exploration companies have been estimated by reference to their quoted prices at the reporting date.

Marketable securities in quoted mining exploration companies are measured at fair value in the statement of financial position as at May 31, 2017 and August 31, 2016, and are classified in Level 1.

**11.2 Financial instruments measured at amortized cost for which the fair value is disclosed**

The carrying value of cash, other receivables, trade and other payables is considered to be a reasonable approximation of fair value because of the short-term maturity of these instruments.

**12. FINANCE INCOME AND FINANCE COST**

Finance income may be analyzed as follows for the reporting periods presented:

	Three-month period ended		Nine-month period ended	
	May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
	\$	\$	\$	\$
Interest income from cash	-	436	-	436
Finance income	-	436	-	436

Finance cost may be analyzed as follows for the reporting periods presented:

	Three-month period ended		Nine-month period ended	
	31 mai 2017	29 février 2016	31 mai 2017	29 février 2016
	\$	\$	\$	\$
Net change in fair value of available-for-sale financial assets reclassified in profit or loss	62,071	-	214,286	463,541
Finance cost	62,071	-	214,286	463,541

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**13. LOSS PER SHARE**

In calculating the diluted loss per share, dilutive potential common shares such as options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 9.2 and 10.2.

Both the basic and diluted loss per share have been calculated using the net loss as the numerator, i.e. no adjustment to the net loss was necessary in 2017 and 2016.

	Three-month period ended		Three-month period ended	
	31 mai 2017	31 mai 2016	31 mai 2017	31 mai 2016
Net loss	(1,187,860) \$	(44,353) \$	(1,479,897) \$	(643,181) \$
Weighted average number of shares	59,743,558	5,755,478	59,743,558	5,755,478
Basic and diluted loss per share	(0.02) \$	(0.00) \$	(0.02) \$	(0.11) \$

All information presented in the table above, including comparative balances, has been adjusted and presented on a consolidated basis.

There have been no other transactions involving ordinary shares between the reporting date and the date of authorization of these financial statements.

**14. ADDITIONAL INFORMATIONS - CASH FLOWS**

The changes in the working capital items are detailed as follows:

	Nine-month period ended	
	May 31, 2017	February 29, 2016
	\$	\$
Other receivables	(20,365)	(3,927)
Tax credits receivable <sup>(1)</sup>	3,440	36,356
Prepaid expenses and deposits	(1,845)	(879)
Trade and other payables	53,624	(17,600)
Provision for compensation	(107)	-
	<b>34,747</b>	<b>13,949</b>

<sup>(1)</sup> tax credit accounted in profit or loss in reduction of Exploration costs other properties.

**15. RELATED PARTY TRANSACTIONS**

The Company's related parties include key management and two companies with common directors as describe below. Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balance are usually settled in cash.

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**15.1 Transactions with key management personnel**

Key management personnel of the Company are members of the Board of Directors and also the President and the CFO. Key management personnel remuneration includes the following expenses:

	Three-month period ended		Nine-month period ended	
	May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
	\$	\$	\$	\$
Short-term employee benefits	<b>34,353</b>	12,417	<b>58,640</b>	53,111
Share-based payments	<b>78,625</b>	-	<b>78,680</b>	-
Total remuneration	<b>112,978</b>	12,417	<b>137,320</b>	53,111

**16. CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern, to increase the value of the assets of the business, and to provide an adequate return to shareholders of the Company.

These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through to production or sale and cash flow, either with partners or by the Company's own means.

The Company monitors capital on the basis of the carrying amount of equity.

The Company is not exposed to any externally imposed capital requirements except when the Company issues flow-through shares for which an amount should be used for exploration work.

The Company finances its exploration and evaluation activities principally by raising additional capital either through private placements or public offerings.

When financing conditions are not optimal, the Company may enter into option agreements or other solutions to continue its exploration and evaluation activities or may slow its activities until conditions improve.

**17. FINANCIAL INSTRUMENT RISKS**

The Company is exposed to various risks in relation to financial instruments. The main types of risks are market risk, credit risk and liquidity risk.

The Company focuses on actively securing short to medium-term cash flows by minimizing the exposure to financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes.

The most significant financial risks to which the Company is exposed are described below.

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**17.1 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. The Company is exposed to the following type of market risk: other price risk.

**Other price risk sensitivity**

The Company is exposed to fluctuations in the market prices of its marketable securities in quoted mining exploration companies. The fair value of the marketable securities represents the maximum exposure to price risk.

If the market price of these securities had fluctuated from + or - 20% as at May 31, 2017 and August 31, 2016, the other comprehensive loss and the equity would have fluctuated of \$792 (\$28,752 as at August 31, 2016).

**17.2 Credit risk**

Credit risk is the risk that another party to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets at the reporting date, as summarized below:

	<u>May 31, 2017</u>	<u>August 31, 2016</u>
	\$	\$
Cash	<u>2,262,716</u>	<u>41,908</u>
Carrying amounts	<u><u>2,262,716</u></u>	<u><u>41,908</u></u>

The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

**17.3 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk management serves to maintain a sufficient amount of cash and to ensure that the Company has financing sources such as private and public investments for a sufficient amount.

Over the past period, the Company has financed its exploration and evaluation programs, its working capital requirements and acquisitions of mining properties through the sale of investments and also through the sale of exploration and evaluation assets.

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**17.3 Liquidity risk (continued)**

The following table presents contractual maturities (including interest payments where applicable) of the Company's liabilities:

	<u>Current</u> <u>Less than</u> <u>6 months</u> <u>\$</u>
May 31, 2017	
Account payables	<u><b>130,905</b></u>
August 31, 2016	
Account payables	<u>5,517</u>

**18. CONTINGENCY**

On November 20, 2014, the Company received from the Ministry of sustainable Development, Environment and Fight against Climate Change a notice of non-compliance and an administrative sanction of \$10,000 in cash concerning drilling work done. The Company believes that this claim is not founded and no provision has been recorded in the books of the Company. On November 26, 2014, the Company requested a revision of this decision. This request was denied and the Company increased its call to the Ministry.

**19. SUBSEQUENT EVENT**

On July 1<sup>st</sup>, 2017, the Company signed a lease for its offices for a period of 2 years, expiring June 30, 2019, at a monthly cost of \$1,500.