



INTERNATIONAL SAMUEL EXPLORATION CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the Three Months Ended September 30, 2017

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL REPORT

The accompanying unaudited interim financial report of the Company has been prepared by and is the responsibility of the Company's management. The Company's independent auditor has not performed a review of this financial report in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

INTERNATIONAL SAMUEL EXPLORATION CORP.
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at	Note	September 30, 2017	June 30, 2017
ASSETS			
Current assets			
Cash		\$ 452,275	\$ 141,168
Sales tax recoverable		9,480	3,646
Prepaid expenses and deposits	5	95,500	15,500
		557,255	160,314
Non-current assets			
Equipment	7	595	794
Total assets		\$ 557,850	\$ 161,108
LIABILITIES AND DEFICIENCY			
Current liabilities			
Trade and other payables	8	\$ 280,930	\$ 185,675
Total liabilities		280,930	185,675
Deficiency			
Share capital	9	15,743,689	15,288,039
Share-based payments reserve		2,644,540	2,644,540
Deficit		(18,111,309)	(17,957,146)
Total deficiency		276,920	(24,567)
Total liabilities and deficiency		\$ 557,850	\$ 161,108

Going concern (Note 1)

Subsequent events (Note 16)

The financial statements were authorised for issue by the board of directors on November 29, 2017 and were signed on its behalf by:

“Conrad Swanson”
Chief Executive Officer

Director

“Greg Stewart”

Director

INTERNATIONAL SAMUEL EXPLORATION CORP.
STATEMENT OF COMPREHENSIVE LOSS
THREE MONTHS ENDED SEPTEMBER 30,
(Expressed in Canadian dollars)

	Note	2017	2016
EXPENSES			
Accounting and administration	11	\$ 18,263	\$ 3,075
Consulting		57,583	4,020
Depreciation	7	199	77
Investor relations		11,500	-
Management fees	11	10,000	-
Office and miscellaneous		5,313	133
Professional fees		4,447	3,000
Transfer agent and filing fees		12,397	875
Travel and promotion		34,461	-
		(154,163)	(11,181)
Net and comprehensive loss for the year		\$ (154,163)	\$ (11,181)
Basic and diluted loss per common share	9	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding		33,865,488	18,302,298

Business development (Note 6)

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

INTERNATIONAL SAMUEL EXPLORATION CORP.
STATEMENT OF CHANGES IN DEFICIENCY
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, June 30, 2017		27,350,653	\$ 15,288,039	\$ 2,644,540	\$ (17,957,146)	\$ (24,567)
Issued for cash – non flow through shares	9	4,000,000	200,000	-	-	200,000
Warrants exercised	10	2,250,000	225,000	-	-	225,000
Options exercised	10	700,000	35,000	-	-	35,000
Share issue costs		-	(4,350)	-	-	(4,350)
Comprehensive loss for the year		-	-	-	(154,163)	(154,163)
Balance, September 30, 2017		34,300,653	\$ 15,743,689	\$ 2,644,540	\$ (18,111,309)	\$ 276,920

	Note	Number of shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, June 30, 2016		18,302,298	\$ 14,832,284	\$ 2,491,261	\$ (17,594,336)	\$ (270,791)
No transactions		-	-	-	-	-
Comprehensive loss for the year		-	-	-	(11,181)	(11,181)
Balance, September 30, 2016		27,350,653	\$ 15,288,039	\$ 2,644,540	\$ (17,605,517)	\$ (281,972)

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

INTERNATIONAL SAMUEL EXPLORATION CORP.
STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30,
(Expressed in Canadian dollars)

	2017	2016
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net loss for the year	\$ (154,163)	\$ (11,181)
Items not affecting cash:		
Depreciation	199	77
	<u>(153,964)</u>	<u>(11,104)</u>
Changes in non-cash working capital items:		
Sales tax recoverable	(5,834)	(104)
Prepaid expenses	(80,000)	-
Trade and other payables	95,255	(10,304)
Net cash used in operating activities	<u>(144,543)</u>	<u>(21,512)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issuance	460,000	-
Cash share issue costs	(4,350)	-
Net cash from financing activities	<u>455,650</u>	<u>-</u>
Change in cash during the year	311,107	(21,512)
Cash, beginning of the year	141,168	58,130
Cash, end of the year	\$ 452,275	\$ 36,618

Supplemental disclosures with respect to cash flows (Note 12)

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

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

1. GOING CONCERN

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which are applicable to a going concern, which contemplates the realization of assets and the settlement of liabilities in the normal course of business as they become due.

However, the use of such principles may not be appropriate because there is significant doubt surrounding the ability of the Company to continue as a going concern. As at September 30, 2017, the Company had a cash balance of \$452,275 (June 30, 2017 - \$141,168) compared with trade payables owing to non-related parties of \$113,901 (June 30, 2017 - \$21,392), and an accumulated deficit of \$18,111,309 (June 30, 2017 - \$17,957,146). During the three months ended September 30, 2017, the Company raised \$460,000 (June 30, 2017 - \$410,000) in financing and the exercise of share purchase warrants and stock options, and generated negative operating cash flows of \$144,543 (June 30, 2017 - \$321,816). Further, the Company has deferred payment of administration, management and other fees to related parties (Note 11) and is incurring taxes and penalties for failure to spend and renounce expenditures under flow-through share agreements entered into (Note 8 and 14).

These circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The ability of the Company to continue as a going concern is dependent on the continued financial support of related parties, obtaining financing, and considering other unrelated business opportunities. In recognition of these circumstances, the Company is continuing to investigate possible sources of financing as well as alternatives, including partnerships, to continue with the evaluation of its mineral properties.

While there can be no assurance that these initiatives will be successful, management believes that related party support and additional financing will contribute adequate cash flow for the Company to continue as a going concern. These financial statements do not reflect any adjustments to the carrying values of assets, liabilities and reported expenses and balance sheet classifications that might be necessary should the Company be unable to generate the necessary capital and continue as a going concern. Such adjustments could be material.

2. NATURE OF BUSINESS

International Samuel Exploration Corp. (the "Company") was incorporated under the laws of British Columbia, Canada and maintains its registered and head office at 888 – 700 West Georgia St. Vancouver, British Columbia, Canada, V7Y 1G5. The Company is engaged in the acquisition, exploration, and development of mineral properties in Canada. The common shares of the Company are listed for trading on the TSX Venture Exchange (TSX-V) under the symbol "ISS".

3. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The condensed interim financial statements do not include all of the disclosures required for a complete set of annual financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

3. BASIS OF PREPARATION (cont'd)

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Use of estimates and judgements

The preparation of these consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates:

- (i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these properties. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount;
- (ii) The determination of the fair value of stock options and warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate; therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options and warrants; and
- (iii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical judgment in applying accounting policies:

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

- (i) the determination that the Company will continue as a going concern for the next year. This involves judgment regarding the nature, timing and extent of future funding available for exploration projects and working capital requirements; and
- (ii) the determination of the effects of events or changes in circumstances on the recoverable amounts of exploration and evaluation assets.

4. SIGNIFICANT ACCOUNTING POLICIES

Equipment

Equipment is recorded at cost less accumulated amortization and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of any rehabilitation obligation. Amortization is recognized on a declining balance basis over their estimated useful lives at annual rates of 30% for office furniture and equipment, 30% for computer equipment and 100% for computer software. Additions during the year are amortized at one-half the annual rate.

An item of equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income. The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for equipment and any changes arising from the assessment are applied by the Company prospectively.

Exploration and evaluation assets

Once a license to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized into intangible assets on a property by property basis until such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, in which case the capitalized exploration and evaluation costs are transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Proceeds received from a partial sale or options of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in the statement of loss and comprehensive loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in the statement of loss and comprehensive loss in the period the transfer takes place. No initial value is assigned to any retained royalty interest. A royalty interest is subsequently assessed for value by reference to developments on the underlying mineral property.

Impairment of non-financial assets

Management assesses the exploration and evaluation assets and equipment for impairment at least annually and whenever events or changes in circumstances indicate that carrying amounts may not be recoverable. For exploration and evaluation assets, the assessment is based on the development program, the nature of the mineral deposit, commodity prices and the Company's intentions and ability for development of the undeveloped property. If, after management review, it is determined that the carrying amount of an asset is impaired, that asset is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Provision for decommissioning and restoration

As at September 30, 2017, the Company has no known restoration, rehabilitation or environmental liabilities related to its mineral properties.

Financial instruments

Financial assets and financial liabilities are recognized in the consolidated financial statement of financial position when the Company becomes a party to the contractual provision for the financial instrument. On initial recognition, all financial assets and financial liabilities are recorded at fair value.

Subsequent measurement of financial assets and liabilities depends on the classifications of such assets and liabilities as set out below.

(i) Financial assets

The Company classifies its financial assets into one of the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. The Company classifies its financial assets into one of the following categories:

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when: (i) they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes; or (ii) they meet the criteria for being designate as FVTPL and have been designated as such on initial recognition. The Company has no assets in this category.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Cash has been classified under this category.

Held-to-maturity investments

Non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. Held-to-maturity investments are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. They are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which are classified as non-current assets. The Company has no assets in this category.

Available-for-sale

Non-derivative financial assets that are not classifies as one of the above categories are classified as available-for-sale. These are included in current assets. Available-for-sale assets are measured at fair value with changes in fair value recognized in other comprehensive income. The Company has no assets in this category.

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

(ii) Impairment of financial assets

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired.

(iii) Financial liabilities

The Company classifies its financial liabilities as other financial liabilities. Other financial liabilities are measured at amortized cost using the effective interest method. The Company classifies its trade and other payables as other financial liabilities.

Share capital

The Company records proceeds from the issuance of its common shares as share capital, a component of equity. Incremental costs directly attributable to the issuance of new common shares are shown in equity as a deduction, net of any current tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

The Company engages in private placement financing transactions that may involve issuance of units, comprising of common shares and warrants. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transaction costs are accounted for as share-based payments.

Share-based payments

The fair value of stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

Flow-through shares

Canadian tax legislation permits a company to issue flow-through shares, whereby the deduction for tax purposes relating to qualified resource expenditures is claimed by the investors rather than the Company. On issue, the share capital is recorded at the trading value, as of the date of issue, of an ordinary common share. The difference between the proceeds and the ordinary common share value is recorded as a flow-through share premium liability. The flow-through share premium liability is recognized as an income tax recovery when the related qualifying expenditures are incurred.

Upon renouncement by the Company of the tax benefits associated with the related expenditures, the loss of tax benefits is recorded as a deferred income tax liability to the extent that these expenditures are capitalized for accounting purposes. To the extent that pre-existing deferred income tax assets are also available, the Company may use these to reduce or eliminate this liability and record a deferred income tax recovery.

Earnings / loss per share

Basic earnings/loss per share is calculated by dividing the earnings/loss attributable to common shareholders by the weighted-average number of common shares outstanding during the period. The diluted earnings/loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive.

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New standards, interpretations, and amendments

IFRS 9 Financial Instruments

The International Accounting Standards Board (“IASB”) has completed the final phase of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting.

The version of IFRS 9 issued in 2014 supersedes all previous versions and is expected to be mandatorily effective for periods beginning on or after January 1, 2018, subject to endorsement by Canadian standard setters.

New standards, interpretations, and amendments (cont'd)

The Company has not adopted previous versions of IFRS 9 and is currently assessing the impact of the final IFRS 9 on its financial statements.

5. PREPAID EXPENSES AND DEPOSITS

As at September 30, 2017, the Company’s refundable deposits outstanding consisted of the following:

	September 30, 2017	June 30, 2017
Prepaid expenses	\$ 80,000	\$ -
Reclamation deposits	15,500	15,500
	\$ 95,500	\$ 15,500

6. BUSINESS DEVELOPMENT

During the year ended June 30, 2016, the Company paid a total of US\$250,000 (CAD\$351,593) to American Greener Technologies, Inc. (“AGT”) to purchase chemicals used in testing of the Polarchem Cleaning System for business development purposes.

Any amounts recovered in connection with these advances will be included in income if and when received.

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

7. EQUIPMENT

	Computer equipment	Computer software	Office furniture & equipment	Total
Cost				
Balance as at June 30, 2017	\$ 15,612	\$ 5,115	\$ 6,878	\$ 27,605
Additions	-	-	-	-
Balance as at September 30, 2017	15,612	5,115	6,878	27,605
Accumulated depreciation				
Balance as at June 30, 2017	15,008	5,115	6,688	26,811
Depreciation for the year	151	-	48	199
Balance as at September 30, 2017	15,159	5,115	6,736	27,010
Net book value as at September 30, 2017	\$ 453	\$ -	\$ 142	\$ 595

	Computer equipment	Computer software	Office furniture & equipment	Total
Cost				
Balance as at June 30, 2016	\$ 15,612	\$ 5,115	\$ 6,878	\$ 27,605
Additions	-	-	-	-
Balance as at June 30, 2017	15,612	5,115	6,878	27,605
Accumulated depreciation				
Balance as at June 30, 2016	14,748	5,115	6,640	26,503
Depreciation for the year	260	-	48	308
Balance as at June 30, 2017	15,008	5,115	6,688	26,811
Net book value as at June 30, 2017	\$ 604	\$ -	\$ 190	\$ 794

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

8. TRADE AND OTHER PAYABLES

The Company's trade and other payables are broken down as follows:

	September 30, 2017	June 30, 2017
Trade payables	\$ 113,901	\$ 21,392
Amounts due to related parties (Note 11)	74,771	74,525
Accrued expenses	16,000	12,000
Part X11.6 tax	76,258	77,758
	\$ 280,930	\$ 185,675

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration and general operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

9. SHARE CAPITAL

Authorized share capital

The Company has authorized an unlimited number of common shares with no par value.

Share issuance

During the three months ended September 30, 2017, the Company:

- a) Completed a non-brokered private placement comprised of 4,000,000 units at a purchase price of \$0.05 per unit for gross proceeds of \$200,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.15 per share for 1 year from the closing date.

In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four month hold period.

During the year ended June 30, 2017, the Company:

- b) Completed a non-brokered private placement comprised of 8,200,000 units at a purchase price of \$0.05 per unit for gross proceeds of \$410,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase an additional common share at a price of \$0.10 per share for 2 years from the closing date and is subject to accelerated expiry provisions such that if at any time after the date of closing of the private placement, the Company's common shares trade on the TSX Venture Exchange at or above a weighted average trading price of \$0.25 per share for 10 consecutive trading days, the Company may give notice to the holders that each warrant will expire 30 days from the date of providing such notice.

In compliance with Canadian securities laws, all of the securities issued in connection with this closing are subject to a four month hold period.

- c) Issued 848,355 shares to a director and officer of the Company at a value of \$0.06 per share to settle \$50,901 of debt. In compliance with Canadian securities laws, the shares will be subject to a four month hold period.

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

9. SHARE CAPITAL (cont'd)

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the three months ended September 30, 2017 was based on the net loss of \$154,163 (June 30, 2017 - \$362,810) and a weighted average number of common shares outstanding of 33,865,488 (June 30, 2017 - 19,779,619).

At September 30, 2017, all outstanding stock options and warrants were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

10. SHARE-BASED PAYMENTS

Stock options

The Company has a stock option plan under which it is authorized to grant options to officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Options outstanding, June 30, 2016	151,510	\$ 1.15
Granted	2,650,000	\$ 0.05
Cancelled	(151,510)	\$ 1.15
Options outstanding, June 30, 2017	2,650,000	\$ 0.05
Exercised	(700,000)	\$ 0.05
Options outstanding, September 30, 2017	1,950,000	\$ 0.05
Options exercisable at September 30, 2017	1,950,000	\$ 0.05
Weighted average fair value of options granted during the year		\$ 0.05

As at September 30, 2017, the following stock options were outstanding with a weighted average remaining contractual life of 4.58 years (June 30, 2017 – 4.83 years):

Number of Options	Exercise Price	Expiry Date
1,950,000	\$ 0.05	April 27, 2022
1,950,000		

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

10. SHARE-BASED PAYMENTS (cont'd)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, June 30, 2015	15,000,000	-
Issued	8,200,000	\$ 0.10
Warrants outstanding, June 30, 2016	23,200,000	\$ 0.10
Issued	2,000,000	\$ 0.15
Exercised	2,250,000	\$ 0.10
Warrants exercisable at September 30, 2017	22,950,000	\$ 0.10

As at September 30, 2017, outstanding share purchase warrants are:

Number of Warrants	Exercise Price	Expiry Date
7,365,000	\$ 0.10	December 24, 2017
1,615,000	\$ 0.10	December 29, 2017
3,870,000	\$ 0.10	February 19, 2018
2,000,000	\$ 0.15	September 27, 2018
8,100,000	\$ 0.10	April 27, 2019
22,950,000		

Finder's Warrants

Finder warrant transactions are summarized as follows:

	Number of Finder's Warrants	Weighted Average Exercise Price
Finder warrants outstanding, June 30, 2016	273,200	\$ 0.10
Expired	(273,200)	\$ 0.10
Finder warrants outstanding, June 30, 2017	-	-
No transactions	-	-
Finder warrants exercisable at September 30, 2017	-	-

As at September 30, 2017, there are no outstanding finder warrants.

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

Included in trade and other payables is \$74,711 (June 30, 2017 - \$74,525) owed to companies controlled by key management for services rendered to the Company; this amount owing is unsecured, non-interest bearing, and has no specific terms of repayment.

Key management includes directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the three months ended September 30 is as follows:

	2017	2016
Management fees	\$ 10,000	\$ -
Accounting and administration	18,263	3,075
Total	\$ 28,263	\$ 3,075

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the three months ended September 30, 2017:

- a) Paid or accrued management fees of \$10,000 (2017 - \$Nil) to a private company controlled by the President of the Company.
- b) Paid or accrued accounting fees of \$8,625 (2017 - \$1,575) to the Chief Financial Officer of the Company.
- c) Paid or accrued administration fees of \$9,638 (2017 - \$1,500) to a private company controlled by the Secretary of the Company.

During the year ended June 30, 2017, the Company issued 848,355 shares to a director and officer of the Company to settle \$50,901 of debt.

12. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the three months ending September 30, 2017, there were no transactions.

During the year ending June 30, 2017:

- a) On June 13, 2017 the Company issued 848,355 common shares to a director and officer of the Company for a consideration of \$50,901 in settlement of unpaid accrued management salary.

13. SETTLEMENT OF DEBT

During the year ended June 30, 2017, the Company entered into debt settlement agreements with an arm's length party, settling \$43,892 of debt, net of \$1,290 of GST recoverable reversed upon settlement, for total payment of \$15,000.

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, and interest rate risk. The Company's exposures to these risks and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The Company's cash is exposed to credit risk. The Company's credit risk with respect to its cash is minimal as balances are held with high-credit quality financial institutions and amounts are generally within the institutions' deposit insurance limits.

Liquidity risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they fall due. The Company's trade and other payable have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings. See Note 1.

Interest rate risk

The Company is exposed to interest rate risk in relation to cash and cash equivalents held at financial institutions. The interest rate risks on cash are not considered significant due to their short-term nature and maturity.

INTERNATIONAL SAMUEL EXPLORATION CORP.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED SEPTEMBER 30, 2017
(Expressed in Canadian dollars)

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes shareholders' equity in the definition of capital.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, acquire or dispose of assets.

There were no changes in the Company's approach to capital management during the three months ended September 30, 2017.

16. SUBSEQUENT EVENTS

- a) In August 2017 the Company entered into an option agreement to acquire a 100% interest in the Lucifer Property located in north western British Columbia for a total consideration of 3,000,000 common shares, of which 2,000,000 shares are to be issued upon TSX acceptance (issued on October 2, 2017) and 1,000,000 shares are to be issued by October 31, 2018. The Company also issued 300,000 common shares as a finder's fee. The vendor retains a 2% NSR royalty, of which the Company may repurchase up to 1.5% for \$500,000 per 0.5%.
- b) In September 2017 the Company entered into a Purchase and Sale agreement to acquire a 100% interest in the Mickey Davis Gold & Copper Property, located in north western British Columbia, for total consideration of \$100,000 and 12 million common shares to be issued upon TSX acceptance (issued on October 2, 2017). The Company also issued 1,200,000 common shares as a finder's fee. One of the vendors retains a 2% NSR royalty.
- c) In September 2017 the Company entered into a Purchase and Sale agreement to acquire a 100% interest in the Grizzly Property, located in north western British Columbia, for consideration of 3,000,000 common shares, of which 2,000,000 shares are to be issued upon TSX acceptance (issued on October 2, 2017) and 1,000,000 shares are to be issued by October 2, 2018. The Company also issued 120,000 common shares to buy out a 2% NSR royalty previously granted by the vendor to a prior owner of the property (issued on October 2, 2017). The Vendor was granted a 1% NSR royalty.
- d) On October 3, 2017, the Company granted 3,200,000 stock options to directors, officer, employees and consultants at an exercise price of \$0.10 per share for a term of five years.
- e) In October 2017 the Company entered into an agreement to purchase a 100% interest in the Williams Property, located in northern British Columbia, for the following consideration:
 - The issuance of 4,000,000 common shares at closing (issued on October 25, 2017);
 - The issuance of 1,000,000 common shares upon the Company announcing an NI 43-101-compliant mineral resource estimate of at least 500,000 ounces of gold; and
 - The issuance of an additional 750,000 common shares upon the Company announcing an NI 43-101-compliant mineral resource estimate of at least 1,000,000 ounces of gold.

The Company granted the vendor a 0.50% NSR and also assumes the obligation to pay a further 2% NSR stemming from two existing NSR agreements, including a 0.75% NSR previously granted to the vendor's parent company and a 1.25% NSR previously granted to a third-party prospector. Pursuant to terms of the 1.25% NSR with the third-party prospector, the Company also assumes the obligation to make an annual \$5,000 advance royalty payment to the prospector and retains the right to buy back 30% of that NSR (0.375%) for \$500,000 or 60% of it (0.75%) for \$1,000,000.