

Lund Enterprises Corp.

Financial Statements

June 30, 2018

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Lund Enterprises Corp.

We have audited the accompanying financial statements of Lund Enterprises Corp., which comprise the statements of financial position as at June 30, 2018 and 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, 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 financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 entity'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 financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Lund Enterprises Corp. as at June 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Lund Enterprises Corp.'s ability to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

October 3, 2018

LUND ENTERPRISES CORP.
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars, unless otherwise stated)

	June 30, 2018	June 30, 2017
ASSETS		
Current Assets		
Cash	\$ 203,642	\$ 158,687
Receivables	1,507	475
Prepaid expenses	<u>2,704</u>	<u>3,002</u>
Total current assets	<u>207,853</u>	<u>162,164</u>
Total Assets	<u>\$ 207,853</u>	<u>\$ 162,164</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Trade and other payables (Notes 4 and 6)	\$ <u>116,446</u>	\$ <u>66,415</u>
Shareholders' Equity		
Share capital (Note 5)	17,522,941	17,355,941
Reserves	1,378,246	1,378,246
Deficit	<u>(18,809,780)</u>	<u>(18,638,438)</u>
Total Shareholders' Equity	<u>91,407</u>	<u>95,749</u>
Total Liabilities and Shareholders' Equity	<u>\$ 207,853</u>	<u>\$ 162,164</u>

Nature and continuance of operations (Note 1)
Subsequent event (Note 10)

These financial statements are authorized for issue by the Board of Directors on October 3, 2018.

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

LUND ENTERPRISES CORP.**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

For the years ended June 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

	2018	2017
EXPENSES		
Audit and accounting	\$ 23,834	\$ 22,025
Exploration expenses (Note 3)	10,000	-
Filing and transfer agent fees	15,220	14,880
Legal	3,121	1,948
Office and general	24,617	9,903
Rent	10,960	7,974
Salaries and benefits (Note 6)	76,928	59,025
Travel and public relations	6,662	2,641
	<u>(171,342)</u>	<u>(118,396)</u>
Loss and comprehensive loss for the year	<u>\$ (171,342)</u>	<u>\$ (118,396)</u>
Basic and diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>9,518,327</u>	<u>8,210,655</u>

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

LUND ENTERPRISES CORP.**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

For the years ended June 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

	Share capital		Share-based payments reserve	Deficit	Total share- holders' equity
	Number of shares	Amount			
Balance at June 30, 2016	7,835,313	\$ 17,205,941	\$ 1,378,246	\$ (18,520,042)	\$ 64,415
Shares issued for cash – private placement	1,500,000	150,000	-	-	150,000
Loss and comprehensive loss for the year	-	-	-	(118,396)	(118,396)
Balance at June 30, 2017	9,335,313	17,355,941	1,378,246	(18,638,438)	95,749
Shares issued for cash – private placement	1,391,666	167,000	-	-	167,000
Loss and comprehensive loss for the year	-	-	-	(171,342)	(171,342)
Balance at June 30, 2018	10,726,979	\$ 17,522,941	\$ 1,378,246	\$ (18,809,780)	\$ 91,407

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

LUND ENTERPRISES CORP.**STATEMENTS OF CASH FLOWS**

For the years ended June 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (171,342)	\$ (118,396)
Changes in non-cash working capital items:		
Receivables	(1,032)	363
Prepaid expenses	298	(181)
Trade and other payables	50,031	24,465
Net cash used in operating activities	(122,045)	(93,749)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from private placement	167,000	150,000
Change in cash	44,955	56,251
Cash, beginning of year	158,687	102,436
Cash, end of year	\$ 203,642	158,687

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Lund Enterprises Corp. (the “Company” or “Lund”) was incorporated on June 22, 1978 under the provisions of the Company Act of British Columbia. The Company is in the business of exploring mineral properties. The address of the Company’s corporate office and principal place of business is Suite 300, Guinness Tower, 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9.

The business of exploring exploration and evaluation assets involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable operations. The recoverability of amounts expended on exploration and evaluation assets is dependent upon several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these properties, and future profitable production or proceeds from the disposition of exploration and evaluation assets. Because of the Company’s history of operating losses, limited working capital and the state of the capital markets for companies such as Lund, management believes such uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

These financial statements have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

A. BASIS OF PRESENTATION

The financial statements have been prepared in accordance with International Accounting Standard 1, *Presentation of Financial Statements* (“IAS 1”) using accounting policies consistent 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”).

The policies applied in these financial statements are based on IFRS issued and outstanding as of the date the statements were issued.

B. Basis of measurement

These financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit and loss and available-for-sale, which are measured at fair value, as explained in the accounting policies note set out below. The comparative figures presented in the financial statements are in accordance with IFRS.

C. Functional currency

Items included in the financial statements of each of the entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional and presentation currency of the Company is the Canadian dollar.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial assets and liabilities

The Company classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, financial liabilities at fair value through profit or loss, and other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets at fair value through profit or loss ("FVTPL")

The Company's FVTPL comprise cash. A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in the statement of comprehensive loss when incurred. FVTPL are measured at fair value, and changes are recognized in the statement of comprehensive loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any other financial asset categories. Subsequent to initial recognition available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences, are recognized in other comprehensive income or loss and presented as a separate component in shareholders' equity. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in shareholders' equity is included in profit or loss.

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 included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise its receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Financial liabilities at fair value through profit or loss

This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with the changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities at amortized cost

The Company's trade and other payables are classified as other financial liabilities at amortized cost and are initially measured at fair value and subsequently measured at amortized cost.

Transaction costs incurred upon the issuance of debt instruments or modification of a financial liability are deducted from the financial liability and are amortized using the effective interest method over the expected life of the related liability.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Financial assets and liabilities (continued)

Impairment of financial instruments

Financial assets or a group of financial assets are assessed for indicators of impairment at each statement of financial position reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

For loans and receivables carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced by the impairment loss through the use of a provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision account are recognized in profit or loss.

With the exception of available-for-sale financial assets, 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 not been recognized. In respect of available-for-sale financial assets, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in shareholders' equity.

The Company does not have any derivative financial instruments.

E. Exploration and evaluation assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognized as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mine development and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations.

The amounts shown for exploration and evaluation assets, if any, do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Restoration and rehabilitation provision

A provision for restoration and rehabilitation is recognized when there is a present legal or constructive obligation; as a result of exploration, development, or production activities undertaken; it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount of the provision can be measured reliably. The estimated future obligations include the costs of removing facilities, abandoning sites and restoring the affected areas. The restoration and rehabilitation provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements. Future restoration costs are reviewed at least annually and any changes in the estimate are reflected in the present value of the restoration and rehabilitation provision at each reporting date. To date the Company does not have any significant restoration obligations.

G. Impairment

At each financial position reporting date the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any.

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. For the purposes of impairment testing, each resource property is considered a cash-generating unit and assets are allocated to each cash-generating unit to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 so that the increased carrying amount 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.

H. Share-based payment transactions

Share-based payments to employees are measured at the fair value of the instruments issued and each tranche is recognized on a straight-line basis over the vesting period. An individual is classified as an employee when the individual is an employee for legal or tax purposes ("direct employee") or provides services similar to those performed by a direct employee. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Fair value of the equity instruments issued is determined using the Black-Scholes option pricing model. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. The Company estimates the number of equity instruments that are expected to vest and then, at each reporting date, makes adjustments to the actual number that vest unless forfeitures are due to market-based conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Income taxes

Income tax expenses comprises current and deferred tax. Current and deferred tax are recognized in net income or loss except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax is provided for based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit nor investments in subsidiaries, associates and interests in joint ventures to the extent it is probable that they will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner and expected date of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date. A deferred tax asset is recognized only to the extent that it is probable that future taxable amounts will be available against which the asset can be utilized.

J. Loss per common share

The Company computes the dilutive effect of options, warrants and similar instruments whereby the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. The Company assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

Basic and diluted loss per share is calculated using the weighted average number of common shares outstanding during the year.

K. Segment reporting

The Company operates in a single reportable operating segment – the acquisition, and exploration and evaluation of exploration and evaluation assets.

L. Flow-through shares

The Company can issue flow-through shares to finance exploration programs undertaken in Canada. Proceeds from the issuance of flow-through shares are used to fund qualified exploration and evaluation expenditures and the related income tax deductions are renounced to the investors of the flow-through shares. The premium, if any, paid for flow-through shares in excess of the market value of the shares without flow-through features, at the time of issue, is credited to other liabilities and recognized in income at the time qualifying expenditures are incurred. The Company recognizes a deferred tax liability with a corresponding charge in the statement of comprehensive loss when the qualifying exploration and evaluation expenditures are incurred. To the extent that the Company has deferred tax assets in the form of tax loss carry-forwards and other unused tax credits as at the reporting date, the Company may use them to reduce its deferred tax liability relating to tax benefits transferred through flow-through shares.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Use of judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments 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 financial statements:

Determination of share-based payments:

The assumptions used in determining the fair value of share options granted include judgments in respect of length of service together with share price volatility, dividend, interest yields and exercise patterns. Also, the Company estimates the fair value using the Black-Scholes option pricing model but recognizes that other valuation models could provide differing results. Management believes that the current model provides a fair valuation measure.

Assessment of impairment:

The Company reviews each asset (or cash generating unit) at each reporting date to determine whether there are any indicators of impairment. If any such indication exists, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset (or cash generating unit) is measured at the higher of fair value less costs to sell and value in use.

Income taxes:

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome for these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there is sufficient taxable temporary difference relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

N. New Standards Not Yet Adopted

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards.

IFRS 9, Financial Instruments, replaces the current standard IAS 39 Financial Instruments: Recognition and Measurement, replacing the current classification and measurement criteria for financial assets and liabilities to only two classification categories: amortized cost and fair value. This standard has an effective date of January 1, 2018 and will be adopted by the Company effective July 1, 2018. The Company's financial assets and liabilities are simple in nature and accordingly the Company has determined that the adoption of this new standard will not have a significant effect on its financial statements.

IFRS 15 Revenue from Contracts with Customers IFRS 15 is a new standard which provides guidance on accounting for revenue from contracts with customers. This standard has an effective date of January 1, 2018 and will be adopted by the Company effective July 1, 2018. The Company does not have revenue from contracts with customers and accordingly has determined that the adoption of this new standard will have no effect on its financial statements.

IFRS 16 Leases IFRS 16 is a new standard which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. It introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease. This standard has a proposed effective date of January 1, 2019. The Company is a lessee in respect of its office lease and this new standard will apply. However, the Company's leasing activity is incidental to its operations and the associated costs, and differences in their treatment arising under the new standard, are minor. Accordingly, the Company has determined that the adoption of this new standard will have a minor but not significant effect on its financial statements.

3. EXPLORATION AND EVALUATION ASSETS

Black Fox Project, Ontario

Since fiscal 2009 the Company has held an option to acquire a 100% interest in nine claim blocks located in the Thunder Bay Mining Division of northern Ontario. To date, by way of option payments, the Company has issued a total of 20,000 common shares, as adjusted to reflect a share consolidation in December 2013, and made a series of cash payments totalling \$85,000. A final 10,000 common shares will become issuable to the optionors upon the completion of a positive feasibility study. The optionors retain a 2.5% net smelter royalty interest, of which 40% can be purchased by the Company at any time for \$1,000,000. At June 30, 2012, the Company wrote off \$1,153,270 in relation to the Black Fox Project, being the entire investment to that date in the project. Effective July 1, 2012 further incidental exploration and evaluation costs, if any, are being charged to the statement of loss and comprehensive loss as an operating expense. During the year ended June 30, 2018 the amount of \$10,000 of such incidental costs was incurred.

4. TRADE AND OTHER PAYABLES

		June 30, 2018		June 30, 2017
Accounts payable	\$	15,252	\$	945
Accrued payables		101,194		65,470
Trade and other payables	\$	116,446	\$	66,415

LUND ENTERPRISES CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2018 and 2017
(Expressed in Canadian Dollars, unless otherwise stated)

5. SHARE CAPITAL

(a) Authorized:

As at June 30, 2018, the authorized share capital of the Company was an unlimited number of common shares without par value.

(b) Issued:

Common shares: 10,726,979 (June 30, 2017 – 9,335,313).

On April 5, 2017, the Company closed a non-brokered private placement for cash proceeds of \$150,000 from the issuance of 1,500,000 common shares of the Company at a price of \$0.10 per share.

On May 14, 2018, the Company closed a non-brokered private placement for cash proceeds of \$167,000 from the issuance of 1,391,666 common shares of the Company at a price of \$0.12 per share. See also Note 10.

Warrants:

The following table summarizes information about the issued and outstanding warrants during the year ended June 30, 2018 and June 30, 2017:

	June 30, 2018		June 30, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants outstanding, beginning of year	3,000,000	\$ 0.20	3,000,000	\$ 0.20
Expired in the year	(3,000,000)	-	-	-
Warrants outstanding, end of year	-	\$ -	3,000,000	\$ 0.20

Stock options:

The Company has an incentive stock option plan (the “Plan”) to grant options to employees, officers, directors and consultants. The maximum number of shares reserved for issuance under the Plan shall not exceed 10% of the issued share capital of the Company. The exercise price of each option may not be less than the market price of the Company’s shares at the date of grant. Options granted under the Plan will have a term not to exceed five years and be subject to vesting provisions as determined by the board of directors of the Company.

The Company has no stock options outstanding for the years presented.

6. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for planning, directing and controlling the activities of the Company and include both executive and non-executive directors and other senior officers. The Company considers all directors and officers of the Company to be key management personnel.

The Company incurred the following costs with directors and officers:

	Year ended June 30, 2018	Year ended June 30, 2017
Directors’ fees (included in salaries and benefits)	\$ 18,000	\$ 18,000
Management salaries and benefits	30,600	20,950
	<u>\$ 48,600</u>	<u>\$ 38,950</u>

Included in trade and other payables at June 30, 2018 is \$98,568 (June 30, 2017 - \$54,500) due to directors, senior officers and a company related by having key management personnel in common.

LUND ENTERPRISES CORP.**NOTES TO THE FINANCIAL STATEMENTS**

For the years ended June 30, 2018 and 2017

(Expressed in Canadian Dollars, unless otherwise stated)

7. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, receivables, and trade and other payables.

(a) Financial assets and liabilities by category

At June 30, 2018		FVTPL	Loans and receivables	Other financial liabilities	Total
Financial assets					
Cash	\$	203,642	\$ -	\$ -	\$ 203,642
Receivables		-	1,507	-	1,507
Total financial assets		203,642	1,507	-	205,149
Financial liabilities					
Trade and other payables	\$	-	\$ -	\$ 116,446	\$ 116,446

At June 30, 2017		FVTPL	Loans and receivables	Other financial liabilities	Total
Financial assets					
Cash	\$	158,687	\$ -	\$ -	\$ 158,687
Receivables		-	475	-	475
Total financial assets		158,687	475	-	159,162
Financial liabilities					
Trade and other payables	\$	-	\$ -	\$ 66,415	\$ 66,415

(b) Fair value of financial instruments

The carrying values of receivables and trade and other payables approximate their fair values due to their relatively short maturity.

(c) Fair value hierarchy

IFRS requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of cash is measured based on level 1 of the fair value hierarchy.

8. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks by virtue of its activities, including foreign currency risk, liquidity risk, interest rate risk and credit risk. The Company's objective with respect to financial risk management is to minimize potential adverse effects on the Company's financial position and performance. Management is responsible to the Board of Directors for establishing controls and procedures with the objective that financial risks are mitigated to acceptable levels.

(a) *Foreign currency risk*

Foreign currency risk is the risk that the fair values of financial assets and liabilities denominated and for settlement in currencies other than the Canadian dollar (CAD) may fluctuate because of changes in foreign exchange rates. The Company's activities are located in Canada, the line items in its statement of comprehensive loss are incurred predominantly in Canadian dollars, and any future equity raised is expected to be in Canadian dollars. Accordingly, the Company is not currently exposed to foreign exchange risk.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. At June 30, 2018, the Company held cash resources of \$203,642 and had trade and other payables of \$116,446. The Company has no regular cash flow from its operating activities. To continue to be able to meet its obligations as they become due, the Company will depend on management's ability to raise the funds required through future equity financings. If such funds cannot be raised, the Company would be required to postpone or curtail its operating and investing activities. The Company manages its liquidity risk by forecasting cash flow requirements for its planned exploration and corporate activities and anticipating investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of annual budgets and of significant expenditures and commitments, and in monitoring the climate and opportunity for equity financings.

(c) *Interest rate risk*

The Company's exposure to interest rate risk is not material. The nature of its financial instruments does not lead to any material risk that their fair values or future cash flows will fluctuate because of changes in market interest rates.

(d) *Credit risk*

Credit risk is the risk of financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligations. The Company has no material counter-parties to its financial instruments with the exception of the financial institutions which hold its cash deposits. The Company manages this credit risk by investing its cash in interest-bearing accounts at a major Canadian chartered bank. The Company's receivables consist primarily of sales tax receivables due from the federal government of Canada. Because of these circumstances, the Company does not believe it has a material exposure to credit risk.

(e) *Capital Management*

The capital of the Company consists of the items included in shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds required by and available to the Company. The Company's objective for capital management is to plan for the capital required to support the Company's ongoing acquisition and exploration of its exploration and evaluation assets and to provide sufficient funds for its corporate activities.

As an exploration stage company, the Company is currently unable to self-finance its operations. The Company has historically relied on equity financings to finance operations. In order to carry out the Company's planned exploration programs and to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as required. The Company uses a planning and budgeting process to manage its capital requirements. There are no regulatory or contractual restrictions on the Company's ability to manage its capital, and the Company's policies on capital management did not change during the year ended June 30, 2018.

LUND ENTERPRISES CORP.
NOTES TO THE FINANCIAL STATEMENTS
For the years ended June 30, 2018 and 2017
(Expressed in Canadian Dollars, unless otherwise stated)

9. INCOME TAXES

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	Year ended June 30, 2018	Year ended June 30, 2017
Loss for the year before income taxes	\$ (171,342)	\$ (118,396)
Expected income tax (recovery)	\$ (45,000)	\$ (31,000)
Impact of change of future tax rates and other	(112,000)	-
Adjustments and expiry of non-capital losses	(95,000)	-
Changes in unrecognized deductible temporary differences	252,000	31,000
Total income tax expense (recovery)	\$ -	\$ -
Current income taxes	\$ -	\$ -
Deferred tax recovery	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the statement of financial position are as follows:

	Year ended June 30, 2018	Expiry date range	Year ended June 30, 2017
Exploration and evaluation assets	\$ 4,037,000	No expiry date	\$ 4,418,000
Investment tax credits	29,000	2031 to 2032	29,000
Property and equipment	197,000	No expiry date	197,000
Share issue costs	2,000	2019 to 2020	5,000
Non-capital losses available for future periods	7,471,000	2018 to 2038	6,567,000

Tax attributes are subject to review, and potential adjustments, by tax authorities.

10. SUBSEQUENT EVENT

On August 7, 2018, the Company closed a further and final tranche of the private placement set out in Note 5(b) by issuing 416,666 common shares at the price of \$0.12 per share for cash proceeds of \$50,000.