



ALTO VENTURES LTD.

(An Exploration Stage Company)

FINANCIAL STATEMENTS

For the years ended June 30, 2018 and 2017

Canadian Funds

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Alto Ventures Ltd.

We have audited the accompanying financial statements of Alto Ventures Ltd., which comprise the statements of financial position as at June 30, 2018 and 2017 and the statements of operations and comprehensive loss, cash flows and changes in shareholders' equity 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 Alto Ventures Ltd. 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 the ability of Alto Ventures Ltd. to continue as a going concern.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

October 25, 2018

Alto Ventures Ltd.
 (An Exploration Stage Company)
Statements of Financial Position
 Canadian Funds

As at	Note	June 30, 2018 \$	June 30, 2017 \$
ASSETS			
Current assets			
Cash		1,372,471	951,043
Receivables	6	21,420	17,376
Marketable securities	7	246,531	734,813
Prepays and deposits		7,783	53,124
		1,648,205	1,756,356
Non-current assets			
Long term accounts receivable			
Exploration and evaluation assets	8	2,156,161	2,187,551
		3,804,366	3,943,907
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9	47,899	49,974
Due to related parties	11	75,352	58,018
		123,251	107,992
SHAREHOLDERS' EQUITY			
Share capital	10	21,893,673	21,033,116
Contributed surplus - options	10	1,498,150	1,498,150
Contributed surplus - warrants	10	1,057,065	1,059,138
Accumulated other comprehensive loss		34,450	27,732
Deficit		(20,802,223)	(19,782,221)
		3,681,115	3,835,915
		3,804,366	3,943,907

Going concern and nature of operations (Note 1)
 Subsequent events (Note 14)

Approved and authorized by the Board of Directors on October 25, 2018:

“Richard Mazur”, Director

“Gary Zak”, Director

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.

(An Exploration Stage Company)

Statements of Operations and Comprehensive Loss

Canadian Funds

	Note	For the years ended	
		June 30,	
		2018	2017
		\$	\$
General and administrative expenses			
Exploration and evaluation expenditures	8	477,410	421,183
Interest expense		866	1,167
Investor and shareholder relations		26,091	23,844
Legal, accounting and management		177,122	68,487
Office administration		59,511	36,172
Consulting and wages		88,334	55,612
Recovery of expenses		-	(83,160)
Share-based compensation	10	-	68,256
Transfer agent and filing fees		20,901	30,077
Travel and promotion		17,774	6,276
		868,009	627,914
Loss before the following			
Loss (gain) on sale of marketable securities		159,218	(990,000)
Write off of exploration and evaluation assets	8	36,900	66,250
		196,118	(923,750)
Net (income) loss for the year before income taxes			
		1,064,127	(295,836)
Flow-through share premium recovery		(44,125)	-
Loss (income) for the year		1,020,002	(295,836)
Unrealized gain on available for sale securities		(6,718)	(27,732)
Comprehensive loss (income) for the year		1,013,283	(323,568)
Loss (income) per share		\$	\$
- Basic		0.02	(0.01)
- Diluted		0.02	(0.01)
Weighted average number of common shares outstanding		#	#
- Basic		51,795,361	32,194,417
- Diluted		51,847,582	32,755,565

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.

(An Exploration Stage Company)

Statements of Cash Flows

Canadian Funds

	For the years ended	
	June 30,	
	2018	2017
	\$	\$
Cash resources provided by (used in)		
Operating activities		
Income (loss) for the year	(1,020,002)	295,836
Items not affecting cash:		
Future income tax recovery	(44,125)	-
Loss on sale of marketable securities	159,218	-
Gain on disposition of exploration and evaluation assets	-	(990,000)
Share-based compensation	-	68,256
Write off of exploration and evaluation assets	36,900	66,250
Changes in non-cash working capital		
(Increase) decrease in accounts receivables	(4,044)	(14,936)
Decrease in prepaids and deposits	45,341	(52,375)
(Decrease) increase in accounts payable and accrued liabilities	(2,075)	32,529
(Decrease) increase in amounts due to related parties	17,334	19,367
Cash used in operating activities	(811,453)	(575,073)
Investing activities		
Acquisition of exploration and evaluation assets	(5,510)	(26,347)
Sale of marketable securities	335,783	350,000
Cash provided by investing activities	330,273	323,653
Financing activities		
Loan	-	(20,000)
Proceeds from private placements	931,900	1,150,410
Proceeds from warrant exercise	34,650	-
Share issuance costs	(63,941)	(45,497)
Cash provided by financing activities	902,609	1,084,913
Net increase in cash	421,428	833,493
Cash - Beginning of year	951,043	117,550
Cash - End of year	1,372,471	951,042
Supplementary Disclosure		
Fair value (gain) loss on marketable securities	(6,718)	(27,732)
Fair value of warrants issued from private placement	40,440	(42,513)
Fair value of warrants exercised	(42,514)	-
Fair value shares received under sale or option agreement	-	645,000
Paid for interest	-	(2,364)

The accompanying notes are an integral part of these financial statements

Alto Ventures Ltd.

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Statements of Shareholders' Equity

For the Years Ended June 30, 2018 and 2017

Canadian Funds

	Share Capital		Contributed Surplus		Accumulated Other Comprehensive		Total (\$)
	Number (#)	Amount (\$)	Options (\$)	Warrants (\$)	Loss (\$)	Deficit (\$)	
June 30, 2016	25,116,214	19,970,716	1,429,894	1,016,625	-	(20,078,057)	2,339,178
Share-based compensation	-	-	68,256	-	-	-	68,256
Shares issued for cash	17,970,867	1,150,410	-	-	-	-	1,150,410
Share issuance costs	-	(88,010)	-	-	-	-	(88,010)
Warrants issued on financing	-	-	-	42,513	-	-	42,513
Other comprehensive loss - unrealized loss on marketable securities	-	-	-	-	27,732	-	27,732
Loss for the year	-	-	-	-	-	295,835	295,835
June 30, 2017	43,087,081	21,033,116	1,498,150	1,059,138	27,732	(19,782,221)	3,835,914
Shares issued for cash	13,286,214	966,550	-	-	-	-	966,550
Share issuance costs	-	(63,941)	-	-	-	-	(63,941)
Warrants exercised	-	42,513	-	(42,513)	-	-	-
Warrants issued on financing	-	(40,440)	-	40,440	-	-	-
Flow-through premium	-	(44,125)	-	-	-	-	(44,125)
Other comprehensive loss - unrealized gain (loss) on marketable securities	-	-	-	-	6,718	-	6,718
Loss for the year	-	-	-	-	-	(1,020,002)	(1,020,002)
June 30, 2018	56,373,295	21,893,673	1,498,150	1,057,065	34,450	(20,802,223)	3,681,115

The accompanying notes are an integral part of these financial statements

1. Going concern and nature of operations

Alto Ventures Ltd. (“the Company”) is engaged in the acquisition, exploration and evaluation of Canadian gold projects. The head office is located at Suite 615, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6 and the registered and records office of the Company is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia V6E 4N7.

The Company presently has no proven or probable reserves and on the basis of information to date, it has not yet determined whether its properties contain economically recoverable ore reserves. The Company has not generated any revenues from its operations to date and consequently is considered to be in the exploration stage. The amounts shown as exploration and evaluation assets represent acquisition costs incurred to date, less amounts written down or written off, and do not necessarily represent present or future values. The recoverability of the carrying amounts for exploration and evaluation assets is dependent upon raising financing, the sale or joint venturing of the exploration and evaluation assets, and/or the attainment of profitable operations.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation projects. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete the exploration of its mineral interests by the issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. During the year ended June 30, 2018, the Company incurred a loss of \$1,020,002, and at June 30, 2018 had working capital of \$1,524,954, which amount includes funds to be used for flow through purposes in the amount of \$108,953, resulting in an unrestricted working capital of \$1,416,001, and an accumulated deficit of \$20,802,223.

Management plans to continue to seek the necessary financing through a combination of issuance of new equity instruments, entering into joint venture or debt financing arrangements; however, there is no assurance that the Company will be successful in these actions. These financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of preparation

Statement of Compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

Critical Accounting Estimates and Judgments

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- a) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position based on the planned exploration budgets and drill results of exploration programs.
- b) The inputs used in accounting for share-based compensation expense included in profit or loss calculated using the Black-Scholes option pricing model.
- c) The valuations of shares issued in non-cash transactions using the quoted share price as the fair value based measurement on the date the shares are issued for the transaction.
- d) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

2. Significant accounting policies

- a) Exploration and evaluation assets

All costs related to the acquisition of mineral resource interests are capitalized by project. These costs will be amortized against revenue from future production or written off if the interest is deemed impaired, abandoned or sold. All costs related to the exploration of mineral resource interests are expensed as incurred.

The amounts shown for exploration and evaluation assets represent acquisition costs incurred to date, less recoveries, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects as well as future profitable production or proceeds from the disposition thereof.

At the end of each reporting period, the Company's exploration and evaluation assets are reviewed to determine whether there is any indication that those assets may be impaired. If 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 profit or loss for the year. 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.

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

Ownership in exploration and evaluation assets involves certain inherent risks due to the difficulties of determining and obtaining clear title to the claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets.

b) Impairment

The Company's assets are reviewed for indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit, exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less costs to sell and its value in use.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized on the statement of operations.

An impairment loss is reversed if there is an indication that 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 amortization, if no impairment loss had been recognized.

c) Share-based compensation

The Company, from time to time, grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal, securities or tax purposes, or provides services similar to those performed by an employee. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. A corresponding increase in contributed surplus is recorded when stock options are expensed. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to share capital.

Share-based compensation arrangements with non-employees in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

d) Income taxes

Income tax on the profit or loss for the years presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

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Deferred tax is recorded using the statement of financial position liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

- e) **Quebec exploration tax credit receivable**
The Company may be entitled to refundable mining tax credits on certain mining exploration expenditures incurred in Quebec. The Company recognizes amounts as a receivable and reduces the carrying value of exploration and evaluation assets when the amount to be received can be reasonably estimated and collection is reasonable assured.
- f) **Flow-through shares**
Canadian Income Tax Legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures by the Company. Proceeds from the issuance of flow-through shares need to be allocated between the offering of the flow-through share and the premium paid for the implied tax benefit received by the investors as a result of acquiring the flow-through shares. The calculated tax benefit is recognized as a liability until the Company renounces the expenditures, at which point the liability is reversed and recorded as other income on the statement of operations. The Company records a deferred tax liability when the Company makes the expenditures. At the time of recognition of the deferred tax liability, an offsetting entry is made to tax expense.
- g) **Provision for environmental rehabilitation**
The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets and property and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

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The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes would be recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, would be charged to profit or loss for the year.

h) (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 in the period. For all periods presented, the (earnings) loss attributable to common shareholders equals the reported (earnings) loss attributable to owners of the Company. In calculating the diluted (earnings) loss per share, the weighted average number of common shares outstanding assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

i) Financial instruments

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or assets 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 changes in fair value recognized in the statement of operations.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in the statement of operations.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of operations.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

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Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

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 changes in fair value recognized in the statement of operations.

Other financial liabilities: This category includes amounts due to related parties and accounts payables and accrued liabilities, all of which are recognized at amortized cost.

The Company has classified its cash as fair value through profit and loss. The Company's receivables are classified as loans and receivables. The Company's marketable securities are classified as available for sale. The Company's accounts payable and accrued liabilities, loan payable, and due to related parties are classified as other financial liabilities.

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair values of the Company's cash and marketable securities constitutes a level 1 fair value measurement. The fair value of the Company's receivables, due to related parties, loans payable and accounts payable and accrued liabilities approximate the carrying value due to their short-term nature.

- j) Adoption of new IFRS pronouncements
The adoption of the following IFRS standards and amendments to existing standards effective July 1, 2017 did not have an effect on the Company's financial statements:
- i) IAS 7, "Statement of Cash Flows" is effective for annual periods beginning on or after January 1, 2017.
 - ii) IAS 12, "Income Taxes" is effective for annual periods beginning on or after January 1, 2017.
 - iii) IFRS 12, "Disclosure of Interest in Other Entities" is effective for annual periods beginning on or after January 1, 2017.
- k) New accounting standards not yet adopted
- i) IFRS 2, "Share-based Payments" is effective for annual periods beginning on or after January 1, 2018.
 - ii) IFRS 7, "Financial Instruments: Disclosure" is effective for annual periods beginning on or after January 1, 2018.
 - iii) IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018.
 - iv) IFRS 15, "Revenue from Contracts with Customer" is effective for annual periods beginning on or after January 1, 2018.
 - v) IFRS 16, "Leases" is effective for annual periods beginning on or after January 1, 2019.

- vi) IFRIC 23, "Uncertainty over Income Tax Treatments": the effective for annual periods beginning on or after January 1, 2019.

The Company has initially assessed that there will be no material impact on the statements of financial position or results of operations as a result of adopting the new standards above; however, enhanced disclosure requirements are expected.

3. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares.

In the management of capital, the Company includes the components of shareholders' equity. 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 the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments. In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

4. Management of financial risk

The Company's financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company's financial instruments are summarized below.

Interest rate risk

The Company has no material exposure at June 30, 2018 to interest rate risk through its financial instruments.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period. Sensitivity to a plus or minus 1% change in cash interest rates would affect net loss by \$13,725 annually. The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

Currency risk

As at June 30, 2018, all of the Company's cash was held in Canadian dollars, the Company's reporting currency. The Company has no operations in foreign jurisdictions at this time and as such has no currency risk associated with its operations.

Credit risk

The Company has some cash balances and no interest-bearing debt. The Company has no significant concentrations of credit risk arising from operations. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by Canadian financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote.

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Receivables consist of goods and services tax ("GST") due from the Federal Government of Canada and sales taxes ("QST") due from the Government of Québec.

Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at June 30, 2018, the Company had a cash balance of \$1,372,471 (June 30, 2017: \$951,043) to settle current liabilities of \$123,251 (June 30, 2017: \$107,992).

5. Receivables

Current accounts receivable balance includes \$20,343 (June 30, 2017: \$16,837) in GST due from the Federal Government, \$1,077 (June 30, 2017: \$539) in QST from the Government of Québec.

6. Marketable securities

June 30, 2018			
Company	Shares (#)	Cost (\$)	Market Value (\$)
Trakopolis IOT Corp. (TRAK: TSX-V)	7,500	41,000	6,374
Canoe Mining Ventures Corp. (CLV:TSX-V)	1,342,700	1,304,961	127,557
Wescan Goldfields Inc (WGF: TSX-V)	305,000	262,000	21,350
New Age Metals Inc. (NAM: TSX-V)	16,667	33,875	1,250
Razore Rock Resources Inc. (RZR:CNX) ⁽¹⁾	40,000	21,000	10,000
Beaufield Resources Inc. (BFD: TSX-V)	500,000	110,000	35,000
Sanatana Resources Inc. (STA: TSX-V)	1,000,000	40,000	45,000
		1,812,836	246,531

⁽¹⁾ On December 12, 2017, the shares of Razore Rock Resources Inc. ("Razore") were consolidated as to 5 old shares of Razore for 1 new share of Razore.

On October 12, 2017, the Company sold 2,250,000 Beaufield shares for net proceeds of approximately \$335,781, pursuant to which a loss of \$159,218 was recognized through income.

June 30, 2017			
Company	Shares (#)	Cost (\$)	Market Value (\$)
Trakopolis IOT Corp. (TRAK: TSX-V) ⁽¹⁾	7,500	41,000	7,124
Canoe Mining Ventures Corp. (CLV:TSX-V)	1,342,700	1,304,961	60,422
Wescan Goldfields Inc (WGF: TSX-V)	305,000	262,000	21,350
New Age Metals Inc. (NAM: TSX-V) ⁽²⁾	16,667	33,875	1,667
Razore Rock Resources Inc. (RZR:CNX)	200,000	21,000	8,000
Beaufield Resources Inc. (BFD: TSX-V) ⁽³⁾	2,750,000	605,000	591,250
Sanatana Resources Inc. (STA: TSX-V) ⁽⁴⁾	1,000,000	40,000	45,000
		2,307,836	734,813

⁽¹⁾ On October 25, 2016, Lateral Gold Corporation ("Lateral") was acquired by Trakopolis IOT Corp. ("Trakopolis"), such that for every four shares of Lateral the Company received one share of Trakopolis.

⁽²⁾ On February 1, 2017, Pacific Northwest Capital Corp. ("Pacific") changed its name to New Age Metals Inc ("New Age"), and consolidated its stock as to three old shares of Pacific for one new share of New Age

⁽³⁾ Received June 5, 2017 in respect of the Alcudia property (Note 8)

⁽⁴⁾ Received June 16, 2017 in respect of the Empress property (Note 8)

The shares owned by the Company represent minor ownership in each of the companies in the above schedules.

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7. Exploration and evaluation assets

The Company has investigated ownership of its mineral interests as at June 30, 2018 and, to the best of its knowledge, ownership of its interests is in good standing.

The following table shows the activity by property for the years ended June 30, 2018 and 2017:

	June 30, 2016 (\$)	Acquisition costs (\$)	Disposition costs (\$)	June 30, 2017 (\$)	Acquisition costs (\$)	Disposition costs (\$)	June 30, 2018 (\$)
Quebec							
Alcudia	5,000	-	(5,000)	-	-	-	-
Destiny	809,100	-	-	809,100	-	-	809,100
Ontario							
Greenoaks	450,000	-	-	450,000	-	-	450,000
Miner Lake	1,041	6,827	-	7,868	1,700	-	9,568
Mud Lake	40,163	-	-	40,163	-	-	40,163
Three Towers	36,900	-	-	36,900	-	(36,900)	-
Brookbank East	-	-	-	-	3,810	-	3,810
Manitoba							
Oxford	824,000	19,520	-	843,520	-	-	843,520
Saskatchewan							
Fisher	21,250	-	(21,250)	-	-	-	-
GEFA	45,000	-	(45,000)	-	-	-	-
Total exploration and evaluation assets	2,232,454	26,347	(71,250)	2,187,551	5,510	(36,900)	2,156,161

The following tables show the property acquisition and exploration activity during the years ended June 30, 2018 and 2017:

	Year Ended June 30, 2018								Year Ended June 30, 2017	
	Quebec	Ontario					Manitoba	General (\$)	Total (\$)	Total (\$)
	Destiny (\$)	Greenoaks (\$)	Miner Lake (\$)	Mud Lake (\$)	Three Towers (\$)	Brookbank East (\$)	Oxford (\$)			
Opening balance	809,100	450,000	7,868	40,163	36,900	-	843,520	-	2,187,551	2,232,454
Acquisition costs										
Expenditures	-	-	1,700	-	-	3,810	-	-	5,510	26,347
Disposition/Written off	-	-	-	-	(36,900)	-	-	-	(36,900)	(71,250)
Net acquisition costs	809,100	450,000	9,568	40,163	-	3,810	843,520	-	2,156,161	2,187,551
Exploration expenditures										
Assays	9,184	-	-	-	-	-	5,538	-	14,722	24,904
Mapping	-	-	59,834	424	-	5,984	293,768	6,730	366,741	182,660
Computer/Digitization	-	-	970	-	-	-	1,840	-	2,810	13,452
Drilling	-	-	-	-	-	-	7,920	-	7,920	160,886
Report Filing	-	-	-	-	-	-	13,860	(5,280)	8,580	27,495
Management	2,640	-	9,397	-	-	-	37,301	5,940	55,278	19,359
License/Permit	2,243	2,176	-	-	-	-	(1,366)	220	3,273	6,357
Geophysics	-	-	12,250	-	-	-	1,750	-	14,000	600
Travel	-	-	-	-	-	-	4,086	-	4,086	1,800
Deficiency Deposits	-	-	-	-	-	-	-	-	-	3,669
Exploration expenditures reimbursed	-	-	-	-	-	-	-	-	-	(20,000)
	14,067	2,176	82,451	424	-	5,984	364,697	7,610	477,410	421,183
Exploration expenditures expensed	(14,067)	(2,176)	(82,451)	(424)	-	(5,984)	(364,697)	(7,610)	(477,410)	(421,183)
Ending balance	809,100	450,000	9,568	40,163	-	3,810	843,520	-	2,156,161	2,187,551

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The following reflects the Company's ownership of or interest in its exploration and evaluation assets, and any additional terms or underlying Net Smelter Return Royalties ("NSR"), as at June 30, 2018:

Property	Cell Claim			Ownership
	Claims (#)	Units ⁽¹⁾ (#)	(%)	
Quebec				
Destiny	101	-	100	subject to underlying NSR
Ontario				
Empress	-	58	100	subject to underlying NSR; under option to Sanatana Resources Inc.
Greenoaks	-	15	100	subject to underlying NSR
Miner Lake	-	225	100	subject to underlying NSR
Mud Lake	-	182	100	subject to underlying NSR
Three Towers	-	66	100	subject to underlying NSR
Brookbank East	-	63	100	Nil
Manitoba				
Oxford Lake	17	-	100	subject to underlying NSR
Oxford Lake MELs	3	-	100	Nil

⁽¹⁾ On April 30, 2018, the Government of Ontario amended its method for claims acquisitions from ground staking to an electronic lands management system, pursuant to which the historical claims were converted to cell claim units.

a) Alcudia, Québec

On May 23, 2017, the Company entered into a sales agreement with Beaufield Resources Inc. ("Beaufield"), pursuant to which Beaufield acquired the claims comprising the Alcudia property (also known as the Windfall Property) (the "Beaufield Agreement"). Pursuant to the terms of the Beaufield Agreement, the Company received \$300,000 and 2,750,000 shares in the capital of Beaufield, which shares were fair valued at \$605,000. The Company retains a 1% NSR on the property with a buyback provision for 0.5% of the NSR by Beaufield for \$1,000,000.

b) Destiny, Quebec

The Company owns a 100% interest in the project, subject to underlying royalties on certain claims. On May 15, 2018, the Company entered into an agreement ("Hinterland Agreement") with Hinterland Metals Inc. ("Hinterland") pursuant to which Hinterland could earn up to a 75% interest in the Company's Destiny property (the "Destiny Property"), by making the following cash and share payments to the Company, and incur exploration expenditures on the Destiny:

			Cash (\$)	Shares of Hinterland (#)	Minimum exploration expenditures (\$)
Fist Option	To earn an initial 50% interest ⁽¹⁾ :	On Hinterland Private Financing date	10,000	100,000	-
		On or before May 14, 2019	15,000	500,000	1,500,000
		On or before May 14, 2020	25,000	1,000,000	2,250,000
		On or before May 14, 2021	100,000	2,400,000	4,250,000
			150,000	4,000,000	8,000,000
Second Option	To earn an additional 25% interest ("Additional 25%"): On or before May 14, 2022	On or before May 14, 2022	100,000	2,000,000	4,000,000
			100,000	2,000,000	4,000,000
			200,000	4,000,000	8,000,000
Total			350,000	8,000,000	16,000,000

⁽¹⁾ To maintain the agreement in good standing, Hinterland is required to close a minimum financing of \$750,000 on or before June 30, 2018 (the "Hinterland Private Financing").

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Should Hinterland elect not to earn the Additional 25% Interest or failed to complete the Second Option, Hinterland and the Company would form a joint venture with initial respective participating interests of 50% each. In either case, the joint venture would be funded by each partner according to their respective interest subject to the terms and conditions of a joint venture agreement. Hinterland was unable to complete the Hinterland Private Financing, pursuant to which the Hinterland Agreement terminated.

c) **Empress, Ontario**

The Company has a 100% interest in the Empress property. On February 3, 2017, the Company entered into an agreement (the "Sanatana Agreement") to option 100% of its interest in the Empress project to Sanatana Resources Inc. ("Sanatana"), pursuant to which Sanatana is required to make the following cash and share payments to the Company, and incur exploration expenditures on the Empress Property (collectively, the "Payment Terms"):

	Cash	Shares of	Minimum
	(\$)	Sanatana	exploration
		(#)	expenditures
			(\$)
Effective date (June 21, 2017)	50,000 ⁽¹⁾	1,000,000 ⁽¹⁾	-
Effective date (June 21, 2017)	-	-	20,000 ⁽¹⁾
On or before June 21, 2018	75,000	2,000,000	50,000
On or before June 21, 2019	-	-	100,000
Total	125,000	3,000,000	170,000

⁽¹⁾ Received June 21, 2017

The Sanatana Agreement also provides that Sanatana will pay the Company a 1% NSR royalty on the claims comprising the property and a 0.33% NSR royalty on any claims staked, during the term of the Sanatana Agreement, within an area of interest provided for in the Option Agreement. The agreement was amended on July 16, 2018 (Note 14).

d) **Three Towers, Ontario**

During the year ended June 30, 2018, the Company determined that the Three Towers property was impaired due to lack of activity, pursuant to which all acquisition and holding costs on the property were written off prior to June 30, 2018.

e) **Brookbank East, Ontario**

In April 2018, the Company staked 63 claims comprising the 1,300 hectare Brookbank East property, located in the Beardmore-Geraldton gold belt.

f) **Oxford Lake, Manitoba**

The Company owns a 100% interest in the Oxford Lake property, subject to certain underlying royalties on some of the claims. In December 2017 the Company was informed by the Government of Manitoba that its work permit application is being delayed due to challenges by the Bunibonibee Cree Nation in respect of the consultation process. The Company's application with the Government of Manitoba for the work permit is in process.

g) **Fisher, Saskatchewan**

During the year ended June 30, 2014, the Company entered into an agreement, as amended, pursuant to which it became 100% owner of the claims, and granted to the vendor a 2% NSR, of which 1% could be bought back for \$1,000,000. During the year ended June 30, 2017, the Company elected to allow the claims comprising the Fisher property to expire, and as such, all acquisition and holding costs on the property were written off prior to June 30, 2017.

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- h) **GEFA Option, Saskatchewan**
Pursuant to an agreement entered into during the year ended June 30, 2015, as amended in January 2016 (the "GEFA Option Agreement") the Company had the option to acquire a 60% interest in four mining claims (the "GEFA Option") in northern Saskatchewan by making various staged cash payments to the vendors and incurring exploration expenditures in various stages, subject to an underlying 2% NSR on all minerals and metals with the exception of diamonds, of which it had the right to buy back 1% of the NSR for \$1 million. At June 30, 2017, the Company had incurred \$45,000 in acquisition costs, which amount includes the issuance in February 2016 of 1,000,000 common shares of the Company at a fair value of \$20,000, and \$507,675 in exploration expenditures. In June 2017, the Company terminated the GEFA Option Agreement, pursuant to which all acquisition and holding costs on the property were written off prior to June 30, 2017.

8. Accounts payable and accrued liabilities

The Company's accounts payable and accrued liabilities consist of \$32,899 (June 30, 2017: \$16,348) in accounts payable and \$15,000 (June 30, 2017: \$33,626) in accrued liabilities.

9. Share capital and contributed surplus

Authorized share capital: Unlimited Common shares without par value

Securities issued:

Year ended June 30, 2018:

- The Company closed private placements ("Private Placements") pursuant to which it issued flow-through common shares ("FT Shares"), common shares ("NFT shares"), warrants ("Warrants"), and paid finders' fees in cash and warrants ("Finders' Warrants") as follows:

	Private Placement Announced				Total
	July 18, 2017	October 2, 2017		December 27, 2017	
		Tranche #1	Tranche #2		
Closing Date	July 31, 2017	October 19, 2017	December 4, 2017	December 27, 2017	
Gross Proceeds	\$200,000	\$248,500	\$280,400	\$203,000	\$931,900
FT Shares Issued	2,500,000	-	-	2,537,500	5,037,500
NFT Shares Issued	-	3,550,000	4,005,714	-	7,555,714
Warrants Issued	-	1,775,000	2,002,857	1,268,750	5,046,607
Warrant Exercise Price	-	\$0.12	\$0.12	\$0.12	
Warrant Expiry Date	-	April 19, 2020	June 4, 2020	June 27, 2020	
Finders' Fees					
Cash	\$13,000	\$15,680	\$12,282	\$14,210	\$55,172
Finders' Warrants	166,250	224,000	175,450	177,625	743,325
Exercise Price	\$0.08	\$0.12	\$0.12	\$0.08	
Expiry Date	July 31, 2018	April 19, 2020	June 4, 2020	December 27, 2018	

The Finders' Warrants issued were valued, in total, at \$40,440, which fair value was recorded as share issuance costs based on the Black-Scholes pricing model using the following assumptions:

Expected dividend yield (%)	0
Expected stock price volatility (%)	151.07 to 175.45
Risk free rate (%)	0.5
Expected life of warrants (years)	1 to 2.5

Certain of the FT Shares were issued at a premium valued in total at \$44,125, which amount was recognized in income during the period.

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- The Company issued a total of 693,000 shares on the exercise of warrants for total gross proceeds of \$34,650.

Year ended June 30, 2017:

- On December 16, 2016, the Company announced a non-brokered private placement (“Private Placement”) of up to \$700,000 through the issuance of a combination of flow-through units and non-flow-through units at a price of \$0.05 per each flow through-unit (“FT Unit”) and non-flow-through unit (“NFT Unit”). Each FT Unit comprised one flow-through common share (“FT Share”) and one-half of one share purchase warrant (“NFT Warrant”). Each NFT Unit comprised one common share (“NFT Share”) and one share purchase warrant (“NFT Warrant”). Each NFT Warrant is exercisable to purchase one additional common share of the Company at a price of \$0.10 per share for a period of eighteen months from the date of closing of the Private Placement. The Private Placement closed as follows:

	Tranche #1	Tranche #2	Total
Closing Date	December 30, 2016	January 31, 2017	
Gross Proceeds	\$465,000	\$168,460	\$633,460
FT Shares Issued	8,600,000	450,000	9,050,000
NFT Shares Issued	700,000	2,919,200	3,619,200
NFT Warrants Issued	5,000,000	3,144,200	8,144,200
NFT Warrant Exercise Price	\$0.10	\$0.10	
NFT Warrant Expiry Date	June 30, 2018	July 31, 2018	
Finders' Fees			
Cash	\$32,550	\$2,100	\$34,650
NFT Warrants	651,000	42,000	693,000
Exercise Price	\$0.05	\$0.05	
Expiry Date	December 30, 2017	January 31, 2018	

The NFT Warrants issued in respect of Finders' Fees were valued, in total, at \$42,513, which fair value was recorded as share issuance costs based on the Black-Scholes pricing model using the following assumptions:

Expected dividend yield	0%
Expected stock price volatility	190.99-220.03%
Risk free rate	0.50%
Expected life of options	1 year

- On February 2, 2017, the Company announced a non-brokered private placement (“Offering”) of up to \$150,000 through the issuance of units (“Units”) at a price of \$0.07 per Unit. Each Unit comprised one common share and one share purchase warrant (“Warrant”). Each Warrant is exercisable to purchase one additional common share of the Company at a price of \$0.12 per share for a period of eighteen months from the date of closing of the financing. The Offering closed as follows:

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Closing Date	February 21, 2017
Gross Proceeds	\$166,950
Shares Issued	2,385,000
Warrants Issued	2,385,000
Warrant Exercise Price	\$0.12
Warrant Expiry Date	August 20, 2018
Finders' Fees (cash)	\$8,348

- On June 5, 2017, concurrent with the Beaufield Agreement (Note 8), the Company closed a private placement to raise gross proceeds of \$350,000, pursuant to which it issued 2,916,667 shares at \$0.12 per share to Beaufield.

Warrants:

In connection with the Private Placements the Company issued Warrants and Finder's Warrants allowing for the purchase of up to, in the aggregate, 5,789,932 shares in the capital of the Company.

The following is a summary of the Company's warrants outstanding as at June 30, 2018, which outstanding warrants have a weighted average life of 0.98 years at June 30, 2018:

Warrants	Grant Date	Warrants Issued (#)	Price per Share (\$)	Expiry Date
Warrants	January 31, 2017	3,144,200	0.10	July 31, 2018
Warrants	February 20, 2017	2,385,000	0.12	August 20, 2018
Warrants	October 19, 2017	1,775,000	0.12	April 19, 2020
Warrants	December 4, 2017	2,002,857	0.12	June 4, 2020
Warrants	December 27, 2017	1,268,750	0.12	June 27, 2020
Finders' fees warrants	July 31, 2017	166,250	0.08	July 31, 2018
Finders' fees warrants	October 19, 2017	224,000	0.12	April 19, 2020
Finders' fees warrants	December 4, 2017	175,450	0.12	June 4, 2020
Finders' fees warrants	December 27, 2017	177,625	0.08	December 27, 2018
		11,319,132		

For the years ended June 30, 2018 and 2017, warrant transactions were as follows:

	Number of warrants (#)	Weighted Average Exercise Price (\$)
Balance – June 30, 2016	-	-
Issued	11,222,200	0.10
Balance – June 30, 2017	11,222,200	0.10
Exercised	(693,000)	0.05
Expired	(5,000,000)	0.10
Issued	5,789,932	0.12
Balance – March 31, 2018	11,319,132	0.11

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Stock options:

The Company has established a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than five years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the TSX-Venture Exchange (the "Exchange") on the last trading day preceding the grant date. The options vest immediately, except for investor relations employees which vest quarterly over a one-year period, and share-based compensation is expensed based upon the relative fair values and vesting conditions of the options granted. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

During the year ended June 30, 2018, options allowing for the acquisition of up to, in the aggregate, 1,365,000 shares in the capital of the Company at prices varying between \$0.05 and \$0.10 per share expired.

For the years ended June 30, 2018 and 2017, stock option transactions were as follows:

	Number of options (#)	Weighted Average Exercise Price (\$)
Balance – June 30, 2016	2,390,000	0.08
Granted	1,000,000	0.10
Balance – June 30, 2017	3,390,000	0.08
Expired	(1,365,000)	0.09
Balance – June 30, 2018	2,025,000	0.08

The following is a summary of the Company's options outstanding as at June 30, 2018, which outstanding options have a weighted average life of 2.58 years:

Date of Grant	Options Issued (#)	Price per Share (\$)	Expiry Date
June 19, 2014	700,000	0.06	June 19, 2019
December 10, 2015	325,000	0.05	December 10, 2020
March 27, 2017	1,000,000	0.10	March 27, 2022
	2,025,000		

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10. Related party transactions

- a) During the years ended June 30, 2018 and 2017, the Company incurred the following net charges, all recorded based on fair value, in respect of services received from related parties:

	Years ended June 30,	
	2018	2017
	(\$)	(\$)
Mike Koziol - services (Officer and company with Director in common)	156,000	58,500
Mirador Management – management fees (company with an officer in common)	42,000	-
J Collins Consulting - Corporate Secretary services	36,000	1,450
Venturex Consulting - CFO services	42,000	22,125
McMillan LLP – legal fees (Legal firm with a partner and Company Director in common)	30,710	17,425
Gary Zak - consulting services (Director and Former Officer in common)	1,000	15,000
Total	307,710	114,500

⁽¹⁾ During the year ended June 30, 2017, Mr. Koziol charged the Company \$156,000 for services, which amount was reduced to \$58,500.

In respect of services provided to and expenses incurred on behalf of the Company, the Company owed various related parties the following at June 30, 2018 and 2017:

	June 30, 2018	June 30, 2017
	(\$)	(\$)
In respect of services provided to the Company		
owed to Companies with directors and officers in common	21,665	49,496
owed to a Director and Officer	36,000	-
In respect of expenses incurred on behalf of the Company		
owed to Directors and Officers	17,687	8,522
	75,352	58,018

In addition, pursuant to an agreement with an officer, a severance payment of \$156,000 will be due to him in the event of termination without cause.

- b) **Compensation of key management personnel**
 During the years ended June 30, 2018 and 2017, the Company incurred the following fees from key management personnel:

	Years ended June 30,	
	2018	2017
	(\$)	(\$)
Management fees, directors and audit committee fees	307,710	114,500
Share-based compensation	-	68,256
	307,710	182,756

- c) **Loan payable**
 In September 2015 the Company arranged for a loan (the "Loan") from a party related to the Company by way of directorship and officership, for total proceeds of \$20,000. The unsecured loan bore interest of 8% per annum, and had an initial maturity date of September 29, 2016. On November 1, 2016, an interest payment of \$1,197 was made to the lender, and on March 16, 2017, the Loan was settled on repayment of principal of \$20,000 and interest of \$1,136.

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11. Segmented information

(a) Operating Segment

The Company's operations are primarily directed towards the acquisition and exploration of resource properties in Canada and consequently there is only one operating segment.

(b) Geographic information

All interest income is earned in Canada and all assets are held in Canada.

12. Income taxes

The income taxes shown in the statement of operations and loss and comprehensive loss and deficit differ from the amounts obtained by applying statutory rates to the loss before income taxes due to the following:

	June 30, 2018	June 30, 2017
	(\$)	(\$)
Gain (loss) for the year	(1,020,002)	295,836
Statutory tax rate	26%	26%
Expected tax recovery	(275,000)	77,000
Change in statutory, foreign tax and foreign exchange rates	(461,000)	-
Permanent difference	31,000	(111,000)
Other and adjustment to previous provision	-	388,000
Impact of flow-through shares	109,000	112,000
Expiry of non-capital losses	172,000	142,000
Share issue costs	(17,000)	(12,000)
Change in unrecognized deductible temporary difference	441,000	(596,000)
Total tax recovery	-	-

The significant components of the Company's deferred tax assets and liabilities that have not been included on the statement of financial position are as follows:

	June 30, 2018	June 30, 2017
	(\$)	(\$)
<i>Deferred tax assets (liabilities)</i>		
Exploration and evaluation assets	478,000	308,000
Property, plant and equipment	7,000	6,000
Share issuance costs	21,000	9,000
Allowable capital losses	254,000	224,000
Non-capital losses available for future periods	1,421,000	1,261,000
Marketable securities	291,000	218,000
Unrecognized deferred tax assets	2,472,000	2,026,000

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:

	June 30, 2018	June 30, 2017
	(\$)	(\$)
Exploration and evaluation assets	1,746,000	1,184,000
Property, plant and equipment	24,000	24,000
Share issuance costs	78,000	36,000
Allowable capital losses	942,000	862,000
Non-capital losses available for future periods	5,264,000	4,852,000
Marketable securities	2,158,000	1,680,000
Unrecognized deferred tax assets	10,212,000	8,638,000

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

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13. Subsequent events

- a) On July 16, 2018, the Payment Terms of the Sanatana Agreement were amended as follows:

	Cash (\$)	Shares of Sanatana (#)	Minimum exploration expenditures (\$)
Effective date (June 21, 2017)	50,000 ⁽¹⁾	1,000,000 ⁽¹⁾	-
Effective date (June 21, 2017)	-	-	20,000 ⁽¹⁾
On or before December 21, 2018	75,000	-	-
On or before June 21, 2018	-	2,000,000 ⁽²⁾	-
On or before June 21, 2018	-	200,000 ⁽³⁾	-
On or before December 21, 2018	-	-	50,000
On or before June 21, 2019	-	-	100,000
Total	125,000	3,200,000	170,000

⁽¹⁾ Received June 21, 2017

⁽²⁾ Received August 10, 2018

⁽³⁾ To be received in consideration for the extension of the cash payment due June 21, 2018.

- b) On September 19, 2018, incentive stock options allowing for the acquisition of up to, in the aggregate, 2,000,000 common shares at \$0.05 per share until September 19, 2023 were granted.
- c) Subsequent to June 30, 2018, warrants allowing for the acquisition of up to, in the aggregate, 5,695,450 common shares of the Company expired as follows:

Warrants	Grant Date	Warrants Issued (#)	Price per Share (\$)	Expiry Date
Warrants	January 31, 2017	3,144,200	0.10	July 31, 2018
Warrants	February 20, 2017	2,385,000	0.12	August 20, 2018
Finders' fees warrants	July 31, 2017	166,250	0.08	July 31, 2018
		5,695,450		

- d) In September 2018, the Company received \$98,210 pursuant to the Manitoba government's Manitoba Exploration Assistance Program (MEAP), in respect of exploration conducted at Oxford Lake during 2017.