

GOLD RUSH CARIBOO CORP.

393 University Ave., Suite 1810
Toronto, Ontario M5G 1E6

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of shareholders of **Gold Rush Cariboo Corp.** (the “**Company**”) will be held on **Tuesday, October 15, 2019**, at the hour of **11:00 a.m.** (Eastern time), at Suite 401, 217 Queen Street West, Toronto, Ontario M5R 0R2 for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the year ended June 30, 2018, and the report of the auditors thereon;
2. to elect the directors of the Company;
3. to appoint, the auditors of the Company and to authorize the directors to fix their remuneration;
4. to pass, with or without variation, a special resolution to amend the Company’s articles of amalgamation to consolidate each of the issued and outstanding common shares of the Company by changing each ten (10) common shares of the Company, or such lesser amount as the directors of the Company may determine, into one (1) common share of the Company;
5. to approve and confirm the stock option plan of the Company; and
6. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

The full text of the special resolution referred to in item 4 above is attached to this notice as Exhibit A.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his or her duly executed form of proxy with the Company’s transfer agent and registrar, TSX Trust Company at Suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1 not later than 11:00 a.m. (Eastern time) on Thursday, October 10, 2019 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays and holidays, preceding the time of such adjourned meeting.

Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The board of directors of the Company has by resolution fixed the close of business on Friday, September 6, 2019 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

The accompanying management information circular provides additional detailed information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this notice of annual and special meeting. Additional information about the Company and its financial statements are also available on the Company’s profile at www.sedar.com.

DATED at Toronto, Ontario this 6th day of September, 2019

BY ORDER OF THE BOARD

“*Conan Taylor*” (signed)

President

EXHIBIT A
SPECIAL RESOLUTION OF THE SHAREHOLDERS
OF
GOLD RUSH CARIBOO CORP.
AMENDMENT TO ARTICLES OF AMALGAMATION

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the articles of amalgamation of the Company be amended to consolidate each of the issued and outstanding common shares of the Company by changing each ten (10) common shares of the Company, or such lesser amount as the directors of the Company may determine, into one (1) common share of the Company, provided that in the event the consolidation would result in a shareholder of the Company holding a fraction of a common share, a shareholder shall not receive a whole share of the Company for each such fraction;
2. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company be, and they are hereby authorized and directed to revoke this resolution at any time prior to the issue of a certificate of amendment giving effect to the articles of amendment and to determine not to proceed with the amendment of the articles of amalgamation of the Company without further approval of the shareholders of the Company; and
3. any director or officer of the Company be and he or she is hereby authorized and directed, for and on behalf of the Company, to execute and deliver all such documents and to do all such other acts or things as he or she may determine to be necessary or advisable to give effect to this resolution, including, without limitation, the execution and delivery of articles of amendment in the prescribed form to the Director appointed under the *Business Corporations Act* (Ontario) , the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

GOLD RUSH CARIBOO CORP.

393 University Ave., Suite 1810
Toronto, Ontario M5G 1E6

MANAGEMENT INFORMATION CIRCULAR

As at September 6, 2019

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF GOLD RUSH CARIBOO CORP. (the “Company”) of proxies to be used at the annual and special meeting of shareholders of the Company to be held on Tuesday, October 15, 2019 at Suite 401, 217 Queen Street West, Toronto, Ontario M5V 0R2 at **11:00 a.m.** (Eastern time), and at any adjournment or postponement thereof (the “Meeting”) for the purposes set out in the accompanying notice of meeting (the “Notice”). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to send the Notice, this management information circular (“Circular”), the consolidated annual financial statements of the Company for the financial year ended June 30, 2018 and related management’s discussion and analysis and other meeting materials, if applicable (collectively the “Meeting Materials”) to the beneficial owners of the common shares of the Company (the “Common Shares”) held of record by such parties. The Company may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation of proxies will be borne by the Company. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Company in favour of the matters set forth in the Notice.

APPOINTMENT AND REVOCATION OF PROXIES

A Registered Shareholder may vote in person at the Meeting or may appoint another person to represent such Registered Shareholder as proxy and to vote the Common Shares of such Registered Shareholder at the Meeting. In order to appoint another person as proxy, a Registered Shareholder must complete, execute and deliver the form of proxy accompanying this Circular, or another proper form of proxy, in the manner specified in the Notice.

The purpose of a form of proxy is to designate persons who will vote on the shareholder’s behalf in accordance with the instructions given by the shareholder in the form of proxy. The persons named in the enclosed form of proxy are officers or directors of the Company. **A REGISTERED SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A Registered Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed form of proxy with the Company’s transfer agent and registrar, TSX Trust Company (the “Transfer Agent”) not later than **11:00 a.m.** (Eastern time) on Thursday, October 10, 2019 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays and holidays, preceding the time of such adjourned Meeting at which the form of proxy is to be used. A form of proxy should be executed by the Registered Shareholder or his or her attorney duly authorized in writing or, if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies may be deposited with the Transfer Agent using one of the following methods:

By Mail or Hand Delivery:	TSX Trust Company Suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1
Facsimile:	416-595-9593
By Internet:	www.voteproxyonline.com You will need to provide your 12 digit control number (located on the form of proxy accompanying this Circular)

A Registered Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her form of proxy is nullified with respect to the matters such person votes upon at the Meeting and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

A Registered Shareholder who has given a form of proxy may revoke the form of proxy at any time prior to using it: (a) depositing an instrument in writing, including another completed form of proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Registered Shareholder is a corporation, by an authorized officer or attorney thereof at, or by transmitting by telephone or electronic means, a revocation signed, subject to the *Business Corporations Act* (Ontario), by electronic signature, to (i) the registered office of the Company, located at 393 University Ave., Suite 1810, Toronto, Ontario M5G 1E6, at any time prior to **11:00 a.m.** (Eastern time) on the last business day preceding the day of the Meeting or any adjournment thereof or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (b) in any other manner permitted by law.

EXERCISE OF DISCRETION BY PROXIES

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and, if a Registered Shareholder specifies a choice with respect to any matter to be acted upon at the meeting, the Common Shares represented by the proxy shall be voted accordingly. Where no choice is specified, the proxy will confer discretionary authority and will be voted for the election of directors, for the appointment of auditors and the authorization of the directors to fix their remuneration and for each item of special business, as stated elsewhere in this Circular.

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his judgment may determine. At the time of printing this Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

ADVICE TO NON-REGISTERED SHAREHOLDERS

The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders of the Company do not hold Common Shares in their own name. Only Registered Shareholders or the persons they appoint as their proxies are permitted to attend and vote at the Meeting and only forms of proxy deposited by Registered Shareholders will be recognized and acted upon at the Meeting. Common Shares beneficially owned by a Non-Registered Holder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. (“**CDS**”)) (a “**Clearing Agency**”) of which the Intermediary is a participant. Accordingly, such Intermediaries and Clearing Agencies would be the Registered Shareholders and would appear as such on the list maintained by the Transfer Agent. Non-Registered Holders do not appear on the list of the Registered Shareholders maintained by the Transfer Agent.

Distribution of Meeting Materials to Non-Registered Holders

In accordance with the requirements of NI 54-101, the Company has distributed copies of the Meeting Materials to the Clearing Agencies and Intermediaries for onward distribution to Non-Registered Holders as well as directly to NOBOs (as defined below).

Non-Registered Holders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from Intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials to such NOBOs. If you are a NOBO and the Company or its agent has sent the Meeting Materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf.

The Company's OBOs can expect to be contacted by their Intermediary. The Company does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs and it is the responsibility of such Intermediaries to ensure delivery of the Meeting Materials to their OBOs.

Voting by Non-Registered Holders

The Common Shares held by Non-Registered Holders can only be voted or withheld from voting at the direction of the Non-Registered Holder. Without specific instructions, Intermediaries or Clearing Agencies are prohibited from voting Common Shares on behalf of Non-Registered Holders. Therefore, each Non-Registered Holder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

The various Intermediaries have their own mailing procedures and provide their own return instructions to Non-Registered Holders, which should be carefully followed by Non-Registered Holders in order to ensure that their Common Shares are voted at the Meeting.

Non-Registered Holders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

A. Voting Instruction Form. In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form (a "VIF"). If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the VIF must be completed, signed and returned in accordance with the directions on the form.

or,

B. Form of Proxy. Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must complete and sign the form of proxy and in accordance with the directions on the form.

Voting by Non-Registered Holders at the Meeting

Although a Non-Registered Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary or a Clearing Agency, a Non-Registered Holder may attend the Meeting as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder and vote such Common Shares as a proxyholder. A Non-Registered Holder who wishes to attend the Meeting and to vote their Common Shares as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder, should (a) if they received a VIF, follow the directions indicated on the VIF; or (b) if they received a form of proxy strike out the names of the persons named in the form of proxy and insert the Non-Registered Holder's or its nominee's name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

All references to shareholders in the Meeting Materials are to Registered Shareholders as set forth on the list of registered shareholders of the Company as maintained by the Transfer Agent, unless specifically stated otherwise.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As of September 6, 2019 (the "Record Date"), there were a total of 39,632,411 issued and outstanding. Each Common Share outstanding on the Record Date carries the right to one vote at the Meeting.

Only Registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. On a show of hands, every Registered Shareholder and proxy holder will have one vote and, on a poll, every Registered Shareholder present in person or represented by proxy will have one vote for each Common Share held.

To the knowledge of the Company's directors and executive officers, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON

No director or executive officer of the Company who was a director or executive officer at any time since the beginning of the Company's last financial year, or any associate or affiliates of any such directors or officers, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than as disclosed in this Circular.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the board of directors of the Company (the "Board"), the matters to be brought before the Meeting are those matters set forth in the accompanying Notice.

1. PRESENTATION OF FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the year ended June 30, 2018 and the report of the auditors shall be placed before the shareholders at the Meeting. No vote will be taken on the financial statements. The financial statements and additional information concerning the Company are available under the Company's profile at www.sedar.com.

2. ELECTION OF DIRECTORS

The Board currently consists of five directors to be elected annually. The following table states the names of the persons nominated by management for election as directors, any offices with the Company currently held by them, their principal occupations or employment, the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof.

Name, province or state and country of residence and position, if any, held in the Company	Principal Occupation	Served as Director of the Company since	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾	Percentage of Voting Shares Owned or Controlled
John Dyer ⁽²⁾⁽³⁾ Ontario, Canada Chief Financial Officer and Director	Chartered Professional Accountant	July 16, 2019	Nil	Nil
Conan Taylor ⁽²⁾⁽³⁾ Alberta, Canada Director	Partner, Taylor Janis LLP law firm.	June 14, 2018	Nil	Nil
Brian Stecyk ⁽²⁾ Alberta, Canada Chief Executive Officer, Director	Publisher and Editor	December 12, 2017	50,000	0.13%

Notes:

(1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

(2) Member of the Audit Committee.

(3) The principal occupation during the past five years of the nominees not elected to their present term of office by the shareholders of the Company are as follows:

John Dyer: Mr. Dyer, CPA, CMA has over 30 years of financial management experience including chief financial officer roles in both private and public companies, controller roles and public practice accounting. As a Chartered Professional Accountant, Mr. Dyer has wide ranging experience in various industries including manufacturing, construction, technology, non-profit, mining, financial institutions and insurance. He also has extensive knowledge in systems technology and software and has led teams in turning around distressed companies

Conan Taylor: Mr. Taylor holds a Law degree from Queens University and has been a member of the Alberta Law Society since 1997. He practiced at a major law firm until 2002 at which time he formed his own law firm, Taylor Janis LLP with offices in both Calgary & Edmonton. Mr. Taylor will work from both the Toronto office and his office in Edmonton.

The term of office of each director will be from the date of the Meeting at which he or she is elected until the next annual meeting, or until his successor is elected or appointed.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. Management has no reason to believe that any of the nominees will be unable to serve as a director but, **IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no proposed director, within 10 years before the date of this Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”) and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set forth below, no proposed director, within 10 years before the date of this Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

SBD Capital Corp. (“**SBD**”) was subject to a failure-to-file cease trade order (the “**Order**”) issued by the Ontario Securities Commission on August 2, 2019, as a result of a delay in filing of its audited annual financial statements, management discussion analysis and related certifications for the year ended March 31, 2019. The Order was revoked on August 15, 2019 following the filing of the requisite continuous disclosure documents. All of the current directors and officers of the Company were officers and/or directors of SBD at the time of the issuance of the Order.

Brian Stecyk was a director of CellCube Energy Storage Systems Inc. at the time it was subject to failure-to-file cease trade order (the “**CellCube Order**”) issued by the British Columbia Securities Commission and the Ontario Securities Commission on November 2, 2018, as a result of a delay in filing its annual financial statements, management discussion and analysis and related certifications for the year ended June 30, 2018. The CellCube Order was revoked on December 11, 2018, following the filing of the requisite continuous disclosure documents.

Personal Bankruptcies

None of the directors of the Company have, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Penalties and Sanctions

None of the directors of the Company have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

3. APPOINTMENT OF AUDITORS

The directors of the Company re-appointed S&W LLP, Professional Chartered Accountants, as auditors of the Company to hold office until the close of the next annual meeting of shareholders.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF S&W LLP, CHARTERED ACCOUNTANTS, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS OR HER COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

4. AMENDMENT TO ARTICLES OF AMALGAMATION – CONSOLIDATION

Shareholders of the Company are being asked to pass a special resolution, the text of which is annexed as Exhibit A to the accompanying Notice, which would authorize the Company to amend the articles of amalgamation of the Company to consolidate each of the issued and outstanding Common Shares by changing each ten (10) Common Shares, or such lesser amount as the Board may determine, into one (1) Common Share (the “**Consolidation**”).

To move forward, the Company will need to raise additional equity capital, but it cannot do so at existing prices or with its existing share capital structure.

Approval of the resolution does not mean the Board will implement the Consolidation, but it allows the Board the flexibility to negotiate financings, property acquisitions and business combinations on the basis of a consolidation of up to that level. Further, the Board may determine not to implement the Consolidation at all if it deems it appropriate.

In the event that shareholders pass the special resolution to approve the Consolidation and the Board determines to consolidate on a one (1) for ten (10) basis (1:10), the presently issued and outstanding 39,632,411 Common Shares will be consolidated into approximately 3,963,241 Common Shares. If the Board determines to consolidate the Common Shares on a lesser basis, more Common Shares will remain outstanding following the Consolidation. If the Consolidation would otherwise result in a shareholder holding a fraction of a Common Share, no fraction or fractional certificate will be issued and a shareholder will not receive a whole Common Share for each such fraction held. In all other respects, the post-consolidated Common Shares will have the same attributes as the existing Common Shares.

In addition to the requisite shareholder approval being sought at the Meeting, the Consolidation also requires approval of all applicable regulatory authorities, including the Canadian Securities Exchange. In order to pass the special resolution amending the articles of amalgamation, at least two-thirds of the votes cast at the Meeting must be voted in favour of the resolution. If the resolution amending the articles of amalgamation does not receive the requisite shareholder approval, the Company will not proceed. Accordingly, the Board recommends that shareholders vote for the special resolution amending the articles of amalgamation.

If the Board decides to proceed with the Consolidation of the Common Shares, a letter of transmittal will be mailed to Registered Shareholders, to be used by shareholders to exchange their current share certificates for certificates representing the consolidated number of Common Shares. No action is required by Non-Registered Holders. A news release will also be issued announcing the effective date of the Consolidation.

5. APPROVAL AND CONFIRMATION OF STOCK OPTION PLAN

The Company has adopted a "rolling" stock option plan (the “**Stock Option Plan**”) for officers, directors, employees and consultants of the Company. The Stock Option Plan provides for the issue of stock options to acquire up to 10% of the Company's issued and outstanding Common Shares as at the date of grant, subject to standard anti-dilution adjustment. This is a "rolling plan" as the number of Common Shares reserved for issue pursuant to the grant of stock options will increase as the Company's issued and outstanding share capital increases. At no time will more than 10% of the outstanding Common Shares be subject to grant under the Stock Option Plan. If a stock option expires, is exercised or otherwise terminates for any reason, the number of Common Shares in respect of that expired, exercised or terminated stock option shall again be available for the purpose of the Stock Option Plan. The

principal features of the Stock Option Plan are described in more detail below in the section entitled "*Statement of Executive Compensation – Stock Option Plan and other Incentive Plans*".

The Stock Option Plan is a "rolling" stock option plan and, under Policy 4.4 of the TSX Venture Exchange ("**TSXV**"), a listed company on the TSXV is required to obtain the approval of its shareholders for a "rolling" stock option plan at each annual meeting of shareholders. Accordingly, shareholders will be asked to approve the following resolution:

"BE IT RESOLVED THAT:

1. the stock option plan of the Company as described in the management information circular dated September 6, 2019, be and it is hereby confirmed and approved."

In accordance with the policies of the TSXV, the Stock Option Plan must be approved by the majority of votes cast at the Meeting on the resolution.

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE CONSOLIDATION A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT THE COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

STATEMENT OF EXECUTIVE COMPENSATION

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of the Company as at June 30, 2018 whose total compensation was more than \$150,000 for the financial year of the Company ended June 30, 2018 (collectively the "**Named Executive Officers**") and for the directors of the Company.

Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the three most recently completed financial years to the Named Executive Officers and the directors of the Company:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES ⁽¹⁾							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Conan Taylor ⁽²⁾ President and Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
Brian Stecyk Director	2018 2017	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
R. Brian Murray ⁽²⁾ Former Director, President and Chief Executive Officer	2018 2017 2016	Nil \$70,500 \$50,000	Nil \$15,750 Nil	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil	Nil \$86,250 \$50,000
Chris Hopkins ⁽³⁾ Former Director and Chief Financial Officer	2018 2017	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) This table does not include any amount paid as reimbursement for expenses.
- (2) Mr. R. Brian Murray resigned as a director, President and Chief Executive Officer on June 14, 2018 and Mr. Conan Taylor was appointed as a director and President in his stead.
- (3) Mr. Chris Hopkins resigned as a director and Chief Financial Officer on March 1, 2019 and Mr. John Dyer was appointed a director and Chief Financial Officer on July 16, 2019, in his stead.

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any Named Executive Officer or to any director of the Company during the most recently completed financial year of the Company for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

None of the Named Executive Officers or directors of the Company exercised any compensation securities during the most recently completed financial year of the Company.

Stock Option Plan and other Incentive Plans

The Company has in place a “rolling” stock option plan (the “**Stock Option Plan**”) which was approved by the shareholders at the annual and special meeting of the Company held on November 30, 2017.

The purpose of the Stock Option Plan is to, among other things, encourage Common Share ownership in the Company by directors, officers, employees and consultants of the Company and its affiliates and other designated persons. Options may be granted under the Stock Option Plan only to directors, officers, employees and consultants of the Company and its subsidiaries and other designated persons as designated from time to time by the Board. The number of options which may be issued under the Stock Option Plan is limited to 10% of the number of Common Shares outstanding at the time of the grant of the options. As at the date hereof, there are 3,825,000 Common Shares reserved for issuance under the Stock Option Plan. Any Common Shares subject to an option which, for any reason, is cancelled or terminated prior to exercise will be available for a subsequent grant under the Stock Option Plan. The option price of any Common Shares cannot be less than the market price of the Common Shares. Options granted under the Stock Option Plan may be exercised during a period not exceeding ten years, subject to earlier termination upon the termination of the optionee’s employment, upon the optionee ceasing to be an employee, officer, director or consultant of the Company or any of its subsidiaries or ceasing to have a designated relationship with the Company, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The options are non-transferable. The Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Company’s capitalization. Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the Stock Option Plan or may terminate the Stock Option Plan at any time. The Stock Option Plan does not contain any provision for financial assistance by the Company in respect of options granted under the Stock Option Plan.

The Company has no equity compensation plans other than the Stock Option Plan.

Employment, Consulting and Management Agreements

The Company does not have in place any employment agreements between the Company or any subsidiary or affiliate thereof and its Named Executive Officers.

There are no employment agreements in place with any of the directors of the Company.

Oversight and Description of Director and Named Executive Officer Compensation

Compensation of Directors

The Board, at the recommendation of the management of the Company, determines the compensation payable to the directors of the Company and reviews such compensation periodically throughout the year. For their role as directors of the Company, each director of the Company who is not a Named Executive Officer may, from time to time, be awarded stock options under the provisions of the Stock Option Plan. There are no other arrangements under which the directors of the Company who are not Named Executive Officers were compensated by the Company or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Company.

Compensation of Named Executive Officers

Principles of Executive Compensation

The Company believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of the Company as a whole. The primary components of the Company's executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the shareholders. The following principles form the basis of the Company's executive compensation program:

1. align interest of executives and shareholders;
2. attract and motivate executives who are instrumental to the success of the Company and the enhancement of shareholder value;
3. pay for performance;
4. ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Company's long-term value; and
5. connect, if possible, the Company's employees into principles 1 through 4 above.

The Board is responsible for the Company's compensation policies and practices. The Board has the responsibility to review and make recommendations concerning the compensation of the directors of the Company and the Named Executive Officers. The Board also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the Stock Option Plan. The Board also reviews and approves the hiring of executive officers.

Base Salary

The Board approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers of the Company is consistent with the administration of salaries for all other employees.

Annual Incentives

The Company is not currently awarding any annual incentives by way of cash bonuses. However, the Company, in its discretion, may award such incentives in order to motivate executives to achieve short-term corporate goals. The Board approves annual incentives.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Company in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officers' performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Company that arise on a day to day basis. This assessment is used by the Board in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

Compensation and Measurements of Performance

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

Long Term Compensation

The Company currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the Stock Option Plan.

Pension Disclosure

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Company.

Termination and Change of Control Benefits

The Company does not have in place any pension or retirement plan. The Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of the Company in connection with or related to the retirement, termination or resignation of such person. The Company has not provided any compensation to such persons as a result of a change of control of the Company, its subsidiaries or affiliates.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information with respect to all compensation plans of the Company under which equity securities are authorized for issue as of June 30, 2018:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (#)
Equity compensation plans approved by securityholders	3,825,000	0.19	138,241
Equity compensation plans not approved by securityholders	Nil	n/a	Nil
Total:	3,825,000	0.19	138,241

Note:

(1) The Stock Option Plan is a "rolling" stock option plan whereby the maximum number of Common Shares that may be reserved for issuance pursuant to the Stock Option Plan will not exceed 10% of the issued shares of the Company at the time of the stock option grant. As at the date hereof, 3,963,241 Common Shares may be reserved for issuance pursuant to the Stock Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No director, executive officer or principal shareholder of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction within the preceding three years or in any proposed transaction that has materially affected or will materially affect the Company.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Company or person who acted in such capacity in the last financial year of the Company, or any other individual who at any time during the most recently completed financial year of the Company was a director of the Company or any associate of the Company, is indebted to the Company, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER

National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) requires that certain information regarding the Audit Committee of a “venture issuer” (as that term is defined in NI 52-110) be included in the management information circular sent to shareholders in connection with the issuer’s annual meeting. The Company is a “venture issuer” for the purposes of NI 52-110.

Audit Committee Charter

The full text of the charter of the Company’s Audit Committee is attached hereto as appendix A.

Composition of the Audit Committee

The Audit Committee members are currently John Dyer, Conan Taylor and Brian Stecyk, each of whom is a director and financially literate. Messrs. Dyer and Stecyk are independent in accordance with NI 52-110. Mr. Taylor is not independent by virtue of his management position with the Company.

Relevant Education and Experience

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

John Dyer, Director and Chief Financial Officer

Mr. Dyer, CPA, CMA has over 30 years of financial management experience including chief financial officer roles in both private and public companies, controller roles and public practice accounting. As a Chartered Professional Accountant, Mr. Dyer has wide ranging experience in various industries including manufacturing, construction, technology, non-profit, mining, financial institutions and insurance. He also has extensive knowledge in systems technology and software and has led teams in turning around distressed companies.

Conan Taylor, Director and President

Conan Taylor holds a Law degree from Queens University and has been a member of the Alberta Law Society since 1997. He practiced at a major law firm until 2002 at which time he formed his own law firm, Taylor Janis LLP with offices in both Calgary & Edmonton. Mr. Taylor will work from both the Calgary office and his office in Edmonton.

Brian Stecyk, Director

Mr. Stecyk has an extensive background not only in corporate communications, but also in corporate and political networking and public relations. Following a career in senior management at the Alberta Government, Brian owned and operated a successful advertising and public relations firm that is now entering its thirty-sixth year in business. In addition to marketing and communications his strengths include strategic management and planning. For several years he was a member of the Canadian Association of Professional Speakers. Mr. Stecyk has held various senior executive positions and has served on many government boards, including several charity boards, over the years.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Exemptions in NI 52-110 regarding

De Minimis Non-audit Services or on a Regulatory Order Generally

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

1. the exemption in section 2.4 (*De Minimis Non-audit Services*) of MI 52-110 (which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit); or
2. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Charter.

Audit Fees

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company during the fiscal year ended June 30, 2018 and June 30, 2017:

	Audit Fees (\$)	Audit-Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
Year ended June 30, 2018	19,176	Nil	Nil	19,176
Year ended June 30, 2017	13,300	Nil	2,000	15,300

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice and advice related to relocating employees.

REPORT ON GOVERNANCE

The Company believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. National Instrument 58-101 - *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* (collectively the “**Governance Guidelines**”) of the Canadian Securities Administrators set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their

own corporate governance guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Company will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes the Company’s approach to governance and outlines the various procedures, policies and practices that the Company and the Board have implemented.

Board of Directors

The Board is currently composed of three directors. Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* (“**Form 58-101F2**”) requires disclosure regarding how the Board facilitates its exercise of independent supervision over management of the Company by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect “material relationship” with the company. “Material relationship” is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years, an employee or executive officer of an issuer, is deemed to have a “material relationship” with the issuer. Accordingly, of the proposed nominees, Conan Taylor, President is considered not to be “independent”. The remaining three proposed directors are considered by the Board to be “independent”, within the meaning of MI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

Directorships

The following table sets forth the directors of the Company who currently hold directorships with other reporting issuers:

Name of Director	Reporting Issuer
John Dyer	Pedro Resources Ltd., Power Group Projects Corp., SBD Capital Corp.
Conan Taylor	Genoil Inc.
Brian Stecyk	Pedro Resources Ltd., Power Group Projects Corp., SBD Capital Corp.

Orientation and Continuing Education

The Board does not have a formal orientation or education program for its members. The Board’s continuing education is typically derived from correspondence with the Company’s legal counsel to remain up to date with developments in relevant corporate and securities law matters. Additionally, historically board members have been nominated who are familiar with the Company and the nature of its business.

Ethical Business Conduct

The Board has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct, but does promote ethical business conduct through the nomination of Board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having at least two of its Board members independent of corporate matters.

Nomination of Directors

The recruitment of new directors has generally resulted from recommendations made by directors and shareholders. The assessment of the contributions of individual directors has principally been the responsibility of the Board. Prior to standing for election, new nominees to the Board are reviewed by the entire Board.

Other Board Committees

The Board has established an Audit Committee and does not have an other board committees.

Assessments

Currently the Board has not implemented a formal process for assessing directors.

OTHER MATTERS

The management of the Company knows of no other matters to come before the Meeting other than as set forth in the Notice. **However, if other matters which are not known to management should properly come before the Meeting, the accompanying instrument of proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.**

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Shareholders may contact the Company at its office by mail at the address set out below to request copies of: (i) this Circular; and (ii) the Company's consolidated financial statements and the related Management's Discussion and Analysis (the "MD&A") which will be sent to the shareholder without charge upon request. Financial information is provided in the Company's consolidated financial statements and MD&A for its financial year ended June 30, 2018.

APPROVAL OF THE BOARD OF DIRECTORS

The contents of this Circular have been approved, and the delivery of it to each shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

DATED at Toronto, Ontario, on the 6th day of September, 2019.

BY ORDER OF THE BOARD

"Conan Taylor" (signed)

Director and President

APPENDIX A

GOLD RUSH CARIBOO CORP. CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

I PURPOSE

The Audit Committee (the “**Committee**”) is appointed by the Board of Directors (the “**Board**”) of Gold Rush Cariboo Corp. (the “**Corporation**”) to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee’s primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation's external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

II AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

III COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission (“OSC”), the Canadian Securities Exchange, the *Business Corporations Act* (Ontario) and all applicable securities regulatory authorities.
2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
3. A majority of the members of the Committee shall not be officers or employees of the Corporation or any of its affiliates.
4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present either in person or by telephone shall constitute a quorum.
5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours’ notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
11. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Committee shall require the approval of the Board prior to implementation.

The Committee members will be elected annually at the first meeting of the Board following the annual general meeting of shareholders.

IV RESPONSIBILITIES

A Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable International Financial Reporting Standards (“**IFRS**”) and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
2. The Committee shall review any internal control reports prepared by management and the evaluation of such report by the external auditors, together with management’s response.
3. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements, management’s discussion and analysis and annual and interim earnings press releases, and periodically assess the adequacy of these procedures.
4. The Committee shall review the Corporation’s financial statements, management’s discussion and analysis relating to annual and interim financial statements and annual and interim earnings press releases, that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.
5. The Committee shall meet no less frequently than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Corporation in charge of financial matters, deem appropriate.
6. The Committee shall inquire of management and the external auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.
7. The Committee shall review the post-audit or management letter containing the recommendations of the external auditors and management’s response and subsequent follow-up to any identified weaknesses.
8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.
9. The Committee shall establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

B Independent Auditors

1. The Committee shall recommend to the Board the external auditors to be nominated, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services not prohibited by law to be provided by the external auditors in accordance with this charter.
4. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors.
5. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
7. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within IFRS that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Corporation and the external auditors.
8. The Committee shall review fees paid by the Corporation to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
10. The Committee shall monitor and assess the relationship between management and the external auditors and monitor and support the independence and objectivity of the external auditors.

C Other Responsibilities

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

Procedures for Receipt of Complaints and Submissions Relating to Accounting Matters

1. The Corporation shall inform employees on the Corporation's intranet, if there is one, or via a newsletter or e-mail that is disseminated to all employees at least annually, of the officer (the "Complaints Officer") designated from time to time by the Committee to whom complaints and submissions can be made regarding accounting, internal accounting controls or auditing matters or issues of concern regarding questionable accounting or auditing matters.
2. The Complaints Officer shall be informed that any complaints or submissions so received must be kept confidential and that the identity of employees making complaints or submissions shall be kept confidential and shall only be communicated to the Committee or the Chair of the Committee.
3. The Complaints Officer shall be informed that he or she must report to the Committee as frequently as such Complaints Officer deems appropriate, but in any event no less frequently than on a quarterly basis prior to the quarterly meeting of the Committee called to approve interim and annual financial statements of the Corporation.
4. Upon receipt of a report from the Complaints Officer, the Committee shall discuss the report and take such steps as the Committee may deem appropriate.
5. The Complaints Officer shall retain a record of a complaint or submission received for a period of six years following resolution of the complaint or submission.

Procedures for Approval of Non-Audit Services

1. The Corporation's external auditors shall be prohibited from performing for the Corporation the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Corporation's accounting records or financial statements;
 - (b) financial information systems design and implementation;
 - (c) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (d) actuarial services;
 - (e) internal audit outsourcing services;
 - (f) management functions;
 - (g) human resources;
 - (h) broker or dealer, investment adviser or investment banking services;
 - (i) legal services;
 - (j) expert services unrelated to the audit; and
 - (k) any other service that the Canadian Public Accountability Board determines is impermissible.
2. In the event that the Corporation wishes to retain the services of the Corporation's external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Corporation shall consult with the Chair of the Committee, who shall have the authority to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole. 3. The Chief Financial Officer of the Corporation shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis

CAVA RESOURCES INC.

Audited Financial Statements

YEARS ENDED JUNE 30, 2017 AND JUNE 30, 2016

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cava Resources Inc.

We have audited the accompanying financial statements of Cava Resources Inc., which comprise the statements of financial position as at June 30, 2017 and June 30, 2016, and the statements of loss and comprehensive loss, statements of changes in equity and statements of 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.

Auditor's 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 auditor's 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, the financial statements present fairly, in all material respects, the financial position of Cava Resources Inc. as at June 30, 2017 and June 30, 2016, 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 2 in the financial statements, which discloses conditions that indicate the existence of a material uncertainty that may cast significant doubt about Cava Resources Inc.'s ability to continue as a going concern.

S & W LLP

October 24, 2017
Toronto, Canada

S & W LLP
Chartered Professional Accountants, Licensed Public Accountants

CAVA RESOURCES INC.
Audited Statements of Financial Position
As at June 30,

	2017	2016
ASSETS		
Current		
Cash (Note 5)	\$ 3,464	\$ 375,957
Subscription funds receivable (Note 19(a))	-	150,000
Accounts receivable (Note 6, Note 14(c))	12,984	14,064
GST/HST receivable (Note 7)	13,428	11,475
Prepaid expenses (Note 8)	23,120	23,120
Loan receivable (Note 9)	159,000	-
	211,996	574,616
Equipment (Note 10)	3,796	422
Deferred mineral acquisition costs (Note 11)	174,147	170,474
	\$ 389,939	\$ 745,512
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 15(b), Note 16)	\$ 90,416	\$ 155,435
Due to officers and directors (Note 15(a))	21,365	70,506
Due to consultants (Note 17)	5,218	50,000
	116,999	275,941
SHAREHOLDERS' EQUITY		
Capital stock (Note 20)	5,699,962	5,395,732
Share-based payments reserve (Note 20(d))	97,961	65,700
Warrant reserve (Note 20(e))	500,838	436,667
Contributed surplus (Note 20(f))	2,211,339	2,145,639
Deficit	(8,237,160)	(7,574,167)
	272,940	469,571
	\$ 389,939	\$ 745,512

Going concern (Note 2)

Commitment (Note 21)

On behalf of the Board:

"R. Brian Murray" Director

"John V. Hickey" Director

CAVA RESOURCES INC.
Audited Statements of Loss and Comprehensive Loss

	Years Ended June 30,	
	2017	2016
Expenses		
Exploration and evaluation expenditures (Note 18)	\$ 11,421	\$ 19,528
Due diligence expenses (Note 14)	182,054	-
Management fees (Note 15)	72,600	20,000
Share-based compensation (Note 20)	160,887	-
Professional fees	15,300	28,284
Investor relations	19,436	12,573
Filing and transfer fees	16,079	24,661
General and administrative	46,586	28,261
Consulting fees	137,000	76,500
Travel and promotion	1,071	820
Amortization (Note 10)	559	181
	<u>662,993</u>	<u>210,808</u>
Net loss and comprehensive loss for the year	<u>\$ (662,993)</u>	<u>\$ (210,808)</u>
Loss per share (Note 4(q))		
Basic and diluted	<u>\$ (0.04)</u>	<u>\$ (0.10)</u>
Weighted average number of common shares		
Basic and diluted	<u>16,182,877</u>	<u>2,048,411</u>

The accompanying notes are an integral part of these financial statements

Cava Resources Inc.

Audited Statements of Changes in Equity

	Share Capital						Total
	Number of Shares (Note 1)	Amount	Warrants Reserve	Share-based Payments Reserve	Contributed Surplus	Accumulated Deficit	
Balance – July 1, 2015	2,048,411	\$ 5,183,882	\$ -	75,400	\$ 2,135,939	\$ (7,363,359)	\$ 31,862
Private placement	13,100,000	655,000	436,667				655,000
Valuation of warrants		(436,667)					-
Share issue costs		(6,483)		(9,700)		(210,808)	(6,483)
Expiration of stock options					9,700		-
Net loss and comprehensive loss for the year						(210,808)	(210,808)
Balance – June 30, 2016	15,148,411	\$ 5,395,732	\$ 436,667	\$ 65,700	\$ 2,145,639	\$ (7,574,167)	\$ 469,571
Balance – July 1, 2016	15,148,411	\$ 5,395,732	\$ 436,667	\$ 65,700	\$ 2,145,639	\$ (7,574,167)	\$ 469,571
Private placement	750,000	150,000	81,838				150,000
Valuation of warrants		(81,838)					-
Share issue costs		(4,025)	(17,667)				(4,025)
Exercise of warrants	530,000	97,167					79,500
Exercise of stock options	650,000	142,926		(62,926)	65,700		80,000
Cancellation of stock options				(65,700)			-
Stock based compensation				160,887		(662,993)	160,887
Net loss and comprehensive loss for the year							(662,993)
Balance – June 30, 2017	17,078,411	\$ 5,699,962	\$ 500,838	\$ 97,961	\$ 2,211,339	\$ (8,237,160)	\$ 272,940

The accompanying notes are an integral part of these financial statements

CAVA RESOURCES INC.
Audited Statements of Cash Flows

	Years Ended June 30,	
	2017	2016
OPERATING ACTIVITIES		
Net loss and comprehensive loss for the year	\$ (662,993)	\$ (210,808)
Non cash items included in net loss		
Share-based compensation	160,887	-
Amortization	559	181
	(501,547)	(210,627)
Changes in non cash working capital		
Change in accounts payable and accrued liabilities	(65,019)	63,700
Change in GST/HST receivable	(1,953)	(10,123)
Change in accounts receivable	1,080	(9,256)
Change in mining and duty tax credits receivable	-	5,320
	(567,439)	(160,986)
INVESTING ACTIVITIES		
Exploration and evaluation assets purchased	(3,673)	-
Capital asset additions	(3,933)	-
Loan receivable advanced	(159,000)	-
	(166,606)	-
FINANCING ACTIVITIES		
Proceeds from common shares issued on private placement (net of share issue costs)	145,975	498,517
Proceeds from stock options exercised	80,000	-
Proceeds from warrants exercised	79,500	-
Subscription proceed receivable	150,000	-
Due to a consultant	(44,782)	-
Advances by director and officers	(49,141)	31,196
	361,552	529,713
(Decrease) Increase in cash	(372,493)	368,727
Cash, beginning of year	375,957	7,230
Cash, end of year	\$ 3,464	\$ 375,957

The accompanying notes are an integral part of these financial statements

**CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

1. NATURE OF BUSINESS

Cava Resources Inc. (“Company”) is principally engaged in the acquisition, exploration, and development of mineral properties both in and outside North America. The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain enough mineral deposits, such that their recovery would be economically viable. The Company trades on the TMX Venture Exchange under the symbol CVA. The address of the Company's corporate office and principal place of business is 65 Queen Street West, Suite 510, Toronto, Ontario, M2H 2M5, Canada.

On January 22, 2016, the Company announced that the articles of the Company had been amended to consolidate the issued and outstanding common shares of the Company on the basis of one post-consolidation Common Share for every ten pre-consolidation Common Shares. All share and per share amounts have been adjusted retroactively to reflect the share consolidation unless otherwise noted.

The Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties; however, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. GOING CONCERN

These financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations and the Company has incurred significant losses to date resulting in a cumulative deficit of \$8,237,160 as at June 30, 2017 (2016 - \$7,574,167). The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these audited financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. As at June 30, 2017, the Company had current assets of \$211,996 (2016 - \$574,616) to cover current liabilities of \$116,999 (2016 - \$275,941).

3. (a) STATEMENT OF COMPLIANCE

These financial statements were authorized for issuance by the Board of Directors of the Company on October 24, 2017.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

3. (b) BASIS OF PRESENTATION

These financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting, as explained in the accounting policies set out in Note 4. These financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Mineral Properties

Costs directly related to exploration and evaluation expenditures (“E&E”) are recognized and expensed. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are also expensed in the period in which they occur.

The acquisitions of mineral property interests are initially measured at cost. Mineral property acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalized until the property to which they relate is placed into production, sold or allowed to lapse.

Exploration and evaluation costs incurred prior to determination of the feasibility of mining operations are expensed as incurred.

Mineral property acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements. These costs will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred, together with the related exploration and evaluation expenditures.

Management annually assesses carrying values of properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if (1) the property has been abandoned; (2) there are unfavourable changes in the property economics; (3) there are restrictions on development; or (4) when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

b) Decommissioning, Restoration and Other Similar Liabilities (Asset retirement obligation – ARO)

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development, or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related mineral property asset in the case where technical feasibility has been established, and expensed if technical feasibility is yet to be established. Once capitalized, the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Taxation

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred Income Tax

The Company uses the asset and liabilities method to determine income tax and deferred tax.

Income tax expense is comprised of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes, and are presented as non-current liabilities.

Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. An asset is recognized on the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in income in the period in which the change is substantively enacted.

Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position to the extent that it becomes probable that future taxable profit will allow the deferred asset to be recovered.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current assets against current liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Flow-Through Shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. Pursuant to the terms of flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the flow-through subscribers at an agreed upon date.

Flow-through shares are reported at issue price. If the flow-through shares are issued at a premium to the market price of non-flow through or hard dollar shares at the date of announcement, such premium or excess proceeds is reported as a liability on the statements of financial position. The subsequent renunciation of such qualifying expenditures incurred by the Company in favor of the flow-through subscribers is reported as a reduction in the unrenounced flow-through share premium liability on the statements of financial position and a corresponding reduction in deferred tax expense on the statement of loss and comprehensive loss.

e) Capital Assets

Capital assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of capital assets consists of the purchase price, any costs directly attributable to bringing the asset to the location a condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used and any changes arising from the assessments are applied by the Company prospectively. Where an item of capital asset comprises major components with different useful lives, the components are accounted for as separate items. Expenditures incurred to replace a component of capital asset is accounted for separately, including major inspection and overhaul expenditures are capitalized.

Amortization on computer equipment is based on a rate of 30% declining balance and amortization on office equipment is based on a rate of 20% declining balance.

f) Financial Assets

Fair Value Through Profit or Loss

Financial assets that are held with the intention of generating profits in the near term and derivative contracts that are financial assets, except for a derivative that is a designated and effective hedging instrument, are classified as FVTPL. In addition, any other financial assets can be designated by the Company upon initial recognition as FVTPL. These instruments are subsequently re-measured at fair value with the change in the fair value recognized in income or expense during the year.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transactions costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company's accounts receivable, mining and duty tax credits receivable, and GST/HST Receivable are classified as loans and receivables

Available-For-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Assets (continued)

within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method is recognized in profit or loss.

Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities, which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

At June 30, 2017, the Company has not classified any financial assets as available-for-sale.

Held-to-Maturity Assets

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

g) Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as other-financial-liabilities or FVTPL.

Other Financial Liabilities

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, due to officers and directors are classified as other financial liabilities.

Fair Value Through Profit and Loss

Financial liabilities classified at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss. At June 30, 2017, the Company has not classified any liabilities as FVTPL.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Liabilities

Derecognition of Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

h) Impairment of Financial Assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the loss is recognized in profit or loss.

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

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-Sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

i) Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment of Non-Financial Assets (continued)

inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating units exceed its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

A previously recognized impairment loss may be reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount and is recognized in the statements of loss and comprehensive loss. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

j) Cash

Cash in the statement of financial position is comprised of cash held at Canadian banks.

k) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

The Company did not have a rehabilitation provision as at June 30, 2017.

Other Provisions

Provisions are recognized when the Company has a future obligation (legal or constructive) that has arisen as a result of a past event and is probable that a future outflow of resources will be required to settle the obligation, provided a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

The Company did not have any other provisions at June 30, 2017.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

m) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affects the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; capital assets including gold reserves and resources, depreciation and depletion; recoverability of accounts receivable, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. The most significant judgments relate to recoverability of capitalized amounts, recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

n) Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, unsettled monetary assets and liabilities are translated to Canadian dollars by the using the exchange rate in effect at the year-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

Non-monetary assets and liabilities that are measured at fair value or a revalue amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

o) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Loss Per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants that are used to purchase common shares at the average market price during the year.

q) Share-Based Payments

Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Under this method, the fair value of the equity-settled share-based payment is measured on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. For options that do not vest immediately, the fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest.

Equity-settled, share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

r) Comprehensive Income (Loss)

Comprehensive income is the change in equity of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income or loss for the period and other comprehensive income. The standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in “other comprehensive income” until it is considered appropriate to recognize into net earnings

The Company had no comprehensive income or loss transactions, other than its net loss, nor has the Company accumulated other comprehensive income during periods that have been presented.

s) Leased Assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (“finance lease”), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the statement of comprehensive loss over the period of the lease and is so calculated so that it represents a constant portion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (“operating lease”), the total rentals payable under the lease are charged to the statement of comprehensive loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Standards, Amendments and Interpretations not yet Effective

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after March 31, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following has not yet been adopted and is being evaluated to determine the impact on the Company.

- (i) IFRS 9, Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.
- (ii) On January 13, 2016 the IASB issued IFRS 16, “Leases”. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15, “Revenue from contracts with customers” at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17, “Leases”. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors. Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided. The extent of the impact of adoption of this standard has not yet been determined.

5. CASH

Cash at June 30, 2017 totaled \$3,464 and consisted of deposits with a Canadian bank in general non-interest-bearing accounts in the amount of \$111 overdraft (2016 – cash \$160,784) and funds held in trust with the Company’s corporate lawyer in the amount of \$3,575 (2016 - \$215,173).

6. ACCOUNTS RECEIVABLE

The Company’s accounts receivable at June 30, 2017 in the amount of \$12,984 (2016 - \$14,064) consists of project costs due from the Company’s 30% owner on the Casa Berardi project of \$Nil (2016 – \$10,391) and rent due from co-tenants of \$12,984 (2016 - \$3,673).

7. GST/HST RECEIVABLE

The Company’s receivable consists of Harmonized Goods and Services Tax (“GST/HST”) due from the Canadian government taxation authorities in the amount of \$13,428 at June 30, 2017 (2016 - \$11,475).

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

8. PREPAID EXPENSES

Prepaid expenses at June 30, 2017 were \$23,120 (2016 - \$23,120). This was comprised of premises rent paid in advance in accordance with the lease terms in the amount of \$23,120 (2016 - \$23,120).

9. LOAN RECEIVABLE

Loan receivable at June 30, 2017 were \$159,000 (2016 - \$Nil). The loan is interest-free and payable on demand. The advance is to Gold Rush Cariboo Limited. (Note 22)

10. CAPITAL ASSETS

	Cost	Computer Equipment	Office Equipment	Total
July 1, 2016		\$ 3,367	\$ -	\$ 3,367
Additions		785	3,148	3,933
June 30, 2017		\$ 4,152	\$ 3,148	\$ 7,300
Accumulated Amortization				
July 1, 2016		\$ 2,945	\$ -	\$ 2,945
Additions		244	315	559
June 30, 2017		\$ 3,189	\$ 315	\$ 3,504
Net Book Value – June 30, 2017		\$ 963	\$ 2,833	\$ 3,796
	Cost	Computer Equipment	Office Equipment	Total
July 1, 2015		\$ 3,367	\$ -	\$ 3,367
Additions		-	-	-
June 30, 2016		\$ 3,367	\$ -	\$ 3,367
Accumulated Amortization				
July 1, 2015		\$ 2,764	\$ -	\$ 2,764
Additions		181	-	181
June 30, 2016		\$ 2,945	\$ -	\$ 2,945
Net Book Value – June 30, 2016		\$ 422	\$ -	\$ 422

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

11. DEFERRED MINERAL RESOURCE ACQUISITION COSTS

DEFERRED MINERAL ACQUISITION COSTS

Deferred mineral acquisition costs of the Company are comprised of the following projects:

	<u>Opening</u> <u>July 1, 2016</u>	<u>Net Additions</u>	<u>Writedown</u>	<u>Ending</u> <u>June 30, 2017</u>
Casa Berardi Project – Quebec, Canada	\$ 170,474	\$ 3,673	\$ -	\$ 174,147
	<u>\$ 170,474</u>	<u>\$ 3,673</u>	<u>\$ -</u>	<u>\$ 174,147</u>
	<u>Opening</u> <u>July 1, 2015</u>	<u>Net</u> <u>Additions</u>	<u>Writedown</u>	<u>Ending</u> <u>June 30, 2016</u>
Casa Berardi Project – Quebec, Canada	\$ 170,474	\$ -	\$ -	\$ 170,474
	<u>\$ 170,474</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,474</u>

12. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents and investments are considered Level 1 in the hierarchy. Accounts receivable, and GST/HST receivable is classified for accounting purposes as loans and receivables, which are measured at amortized cost which approximates fair value. Accounts payable and accrued liabilities, and due to directors and officers are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also approximates fair value. Fair value of accounts payable and accrued liabilities, and due to officers and directors are determined from transaction values which were derived from observable market inputs and fair values are based on level 2 measurements.

The Company has determined the fair value of its financial instruments as follows:

(i) The carrying values of cash, accounts receivable, GST/HST receivable, accounts payable and accrued liabilities, and due to officers and directors approximate their fair values due to the short-term nature of these instruments.

(ii) Other financial assets are carried at amounts based on relevant stock market information.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

12. FINANCIAL INSTRUMENTS (continued)

These fair value estimates are subject to and involve uncertainties and significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(b) Risk Exposure

The Company may be exposed to risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives. The main objective of the Company's risk management processes is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The risks the Company is exposed to are described below:

- Capital risk

The Company manages its capital with the objective of providing adequate capital resources for the Company. The capital structure of the Company consists of shareholders' equity and depends on the ability of the Company to raise capital.

- Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's credit risk is low as it is primarily attributable to funds held in Canadian banks, GST/HST receivable from the Government of Canada,

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms that are acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

- Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk, currency risk, market price risk, and commodity price risk, affect the fair value of financial assets and liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debt. The Company's current policy is to deposit excess cash in non-interest-bearing accounts at its Canadian banking institutions.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar as the majority of its transactions and operations are in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

12. FINANCIAL INSTRUMENTS (continued)

Market price risk

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements.

Commodity price risk

The value of the Company's exploration and evaluation assets are related to the price of gold and other mineral commodities, and the outlook for this mineral. Adverse changes in the price of gold can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

(c) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes that movements at $\pm 10\%$ are "reasonably possible" over a one-year period:

(i) The Company does not hold significant balances in foreign currencies to give rise to significant exposure to foreign exchange risk.

(ii) Price risk is remote since the Company is a non-producing entity.

The Company's other financial assets are subject to fair value fluctuations.

13. CAPITAL MANAGEMENT

In the management of capital, the Company includes capital stock, warrant reserve, share-based payment reserve, deficit, other accumulated comprehensive income, accounts payable and accrued liabilities, due to officers and directors and due to consultants.

The Company's objectives when managing capital are:

- (a) To safeguard the Company's financial capacity and liquidity for future earning in order to continue to provide an appropriate return to shareholders and other stakeholders;
- (b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- (c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt, equity or similar instruments to reduce debt levels, adjust the amount of dividends paid to shareholders, or make adjustments to its capital expenditure program.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

13. CAPITAL MANAGEMENT (continued)

There were no changes in the Company's approach to capital management during the year ended June 30, 2017 and capital management is consistent with the year ended June 30, 2016. The Company is not subject to externally imposed capital requirements.

14. DUE DILIGENCE EXPENSES

During the past year, the Company reviewed several mineral projects which it felt might have merit and represent an opportunity for the Company to participate. As announced subsequent to the year end, it has entered into an agreement to acquire all of the outstanding shares of Gold Rush Cariboo Inc. which has an agreement to acquire mineral properties in central British Columbia (See note 22). This due diligence expenses incurred during the year included expenses on one potential gold copper project in Pakistan. Expenses which totaled \$182,054, included legal fees, an update on a 43-101 report and fees to send representatives overseas to negotiate with local mining authorities. Management subsequently determined that this project was too difficult to conclude an agreement on reasonable terms and with reasonable risk. The Company has suspended future expenditures on this project.

15. RELATED PARTY TRANSACTIONS

	<u>2017</u>	<u>2016</u>
Management fees charged by officers or Corporations controlled by officers for administrative and financial management services	\$ 72,600	\$ 20,000
Rental income (included in General and administrative expense)	\$ 11,350	\$ 2,500

- (a) At June 30, 2017, the amount of \$21,365 (2016 - \$70,506) is due to officers and directors of the Company.
- (b) At June 30, 2017, accounts payable included the amount of \$Nil (2016 - \$3,301) is due to a director of the Company.
- (c) At June 30, 2017, accounts receivable included rent receivable in the amount of \$10,848 (2016 -\$1,412) that is due from a company with common directors.

16. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchase relating to exploration activities and administrative activities.

17. DUE TO CONSULTANTS

The due to consultants are amounts that are interest-free and payable on demand.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

18. EXPLORATION AND EVALUATION EXPENSES

The exploration and evaluation costs reflected in the statement of loss are as follows:

	2017	2016
Casa Berardi Project –Quebec, Canada	\$ 11,421	\$ 19,528

The Casa Berardi exploration and evaluation expenses for the year ended June 30, 2017 are comprised of geological consulting of \$700 (2016 - \$9,800), assay of \$Nil (2016 - \$161), field expenses of \$Nil (2016 - \$7,320), and other of \$10,721 (2016 - \$2,247).

19. INCOME TAXES

- (a) Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes

The Company's actual tax expense for each of the years is made up as follows:

	2017	2016
Statutory rate	26.50%	26.50%
(Loss) before income taxes	\$ (662,993)	\$ (210,808)
Income tax (recovery) at statutory rates	(175,693)	(55,864)
Amortization	148	48
Exploration and evaluation expenses	4,000	5,175
Other	142	109
Share issue cost	(557)	(5,099)
Share-based compensation	42,635	-
	(129,325)	(55,631)
Tax benefit not realized	129,325	55,631
Total current income tax expense (recovery)	\$ -	\$ -

The Company has the following deferred income tax assets and liabilities at the future enacted rates of 26.5 % (2016 – 26.5%):

	June 30, 2017	June 30, 2016
Non-capital losses carry forward	\$ 990,689	\$ 767,705
Capital losses carry forward	29,777	29,777
Resource property pools	138,044	133,608
Share issue costs	2,441	1,374
Capital assets	482	333
Deferred tax asset	1,161,433	932,797
Deferred tax liability	(382,748)	(382,748)
Asset not recognized	(778,685)	(550,049)
Net deferred tax asset/liability	\$ -	\$ -

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

19. INCOME TAXES (continued)

The Company has not recognized the deferred tax assets since the Company does not consider it more likely than not that the deferred tax asset will be realized in the future.

As at June 30, 2017, the Company has Canadian non-capital losses of approximately \$3,738,000 (2016 - \$2,897,000) available for deduction against future Canadian taxable income, the balances of which will expire as follows:

2026	353,000
2027	319,000
2028	288,000
2029	1,198,000
2030	109,000
2031	152,000
2032	15,000
2033	269,000
2034	248,000
2035	89,000
2036	210,000
2037	488,000
	\$ 3,738,000

The Company has Canadian capital losses of approximately \$225,000 as at June 30, 2017 (2016 - \$225,000). These losses do not expire and can be utilized against future taxable gains.

- b) During fiscal 2009, management determined that the Company did not incur sufficient eligible exploration expenses under its flow-thru programs in 2006 and 2007. As at June 30, 2017, the amount of indemnification payable included in accounts payable and accrued liabilities is \$9,282 (2016 - \$9,282).

20. CAPITAL STOCK

(a) Private Placements

On June 30, 2016, the Company completed a private placement of 13,100,000 units at a price of \$0.05 per unit, for aggregate proceeds of \$655,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share on or before June 30, 2018 at an exercise price of \$0.15 per common share. In connection with the financing, the Company incurred share issue costs in the amount of \$6,483. Typically, the valuation of warrants would be allocated using the Black-Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 287%, risk free interest rate of 0.49% and an executed life of 2 years. But based on these assumptions, the warrant valuation yielded an amount greater than \$655,000. Management determined that a reasonable valuation of the warrants would be equal to 2/3 of the \$655,000 proceeds or \$436,667. There was \$150,000 of subscription proceeds that was received during the year ended June 30, 2017. During the year ended June 30, 2017, 530,000 warrants were exercised for total cash proceeds of \$79,500.

On July 25, 2016, the Company completed a private placement of 750,000 units at a price of \$0.20 per unit, for aggregate proceeds of \$150,000. Each unit is comprised of one common share of the

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

20. CAPITAL STOCK (continued)

Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share on or before July 25, 2018 at an exercise price of \$0.40 per common share. The the valuation of warrants was determined to be \$81,838 and was calculated using the Black- Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 292%, risk free interest rate of 0.58% and an executed life of 2 years.

(b) Warrants

The following table provides information about warrants issued and outstanding at June 30, 2017:

Description	Expiry Date	Exercise Price	No. of Warrants	Fair Value
Subscriber Warrants	June 30, 2018	\$ 0.15	12,570,000	\$ 419,000
Subscriber Warrants	July 25, 2018	\$ 0.40	375,000	\$ 81,838
			12,945,000	\$ 500,838

(c) Stock Options

Stock option plan

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares. The following summarizes the employees, directors, officers and consultant stock options that have been granted, exercised, expired, vested or cancelled during the year ended June 30, 2017:

On July 4, 2016, the Company granted 1,500,000 stock options with an exercise price of \$0.10 and a term of five years. These options vested immediately. The total fair value of \$89,848 was estimated using the Black-Scholes option pricing model assuming, a risk-free interest rate of 0.56%, an expected volatility of 314% and an expected life of 5 years. The granting of these options resulted in a share-based payment expense of \$104,956 being recorded during the year ended June 30, 2017. During the year ended June 30, 2017, 350,000 stock options were exercised for cash proceeds of \$35,000.

On March 1, 2017, the Company granted 400,000 stock options with an exercise price of \$0.15 and a term of five years. These options vested immediately. The total fair value of \$55,931 was estimated using the Black-Scholes option pricing model assuming, a risk-free interest rate of 1.15%, an expected volatility of 293% and an expected life of 5 years. The granting of these options resulted in a share-based payment expense of \$55,931 being recorded during the year ended June 30, 2017. During the year ended June 30, 2017, 300,000 stock options were exercised for cash proceeds of \$45,000.

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

20. CAPITAL STOCK (continued)

At June 30, 2017, the Company had 1,250,000 stock options outstanding as follows:

Number Outstanding	Number Vested	Black Scholes Value	Weighted Average Life Remaining	Weighted Average Exercise Price
1,150,000	1,150,000	\$ 83,978	4.01 years	0.10
100,000	100,000	\$ 13,983	4.62 years	0.15
1,250,000	1,250,000	\$ 97,961	4.06 years	0.11

The Company provides compensation to directors, employees and consultants in the form of stock options.

(d) Share-based Payment Reserve

A summary of the changes in the Company's share-based payment reserve is set out below:

	June 30, 2017	June 30, 2016
Balance – Beginning of year	\$ 65,700	\$ 75,400
Exercise of stock options	(62,926)	-
Cancelation of stock options	(65,700)	-
Expiry of stock options	-	(9,700)
Share-based compensation	160,887	-
Balance – End of year	\$ 97,961	\$ 65,700

(e) Warrant Reserve

A summary of the changes in the Company's warrant reserve is set out below:

	June 30, 2017	June 30, 2016
Balance – Beginning of year	\$ 436,667	\$ -
Exercise of warrants	(17,667)	-
Fair market value of warrants issued	81,838	436,667
Balance – End of year	\$ 500,838	\$ 436,667

(f) Contributed Surplus

A summary of the changes in the Company's contributed surplus is set out below:

	June 30, 2017	June 30, 2016
Balance – Beginning of year	\$ 2,145,639	\$ 2,135,939
Expiry of stock options	65,700	9,700
Balance – End of year	\$ 2,211,339	\$ 2,145,639

CAVA RESOURCES INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

21. COMMITMENT

On March 5, 2015, the Company entered into a 4-year office lease agreement for its office premises commencing April 1, 2015 to March 31, 2019. The minimum lease commitments under the lease for the next 2 fiscal years is as follows:

2018	99,111
2019	75,481

The Company has informal month-to-month agreements with certain co-tenants that may generate rental recovery to offset this commitment.

22. EVENTS SUBSEQUENT TO YEAR END

On September 27, 2017, the Company signed a letter of intent agreement to acquire all of the outstanding shares of Gold Rush Cariboo Inc. (“Gold Rush”) by issuing 12,600,000 common shares of the Company. The closing of this transaction is subject to the approval of all the shareholders of Gold Rush and the approval of all regulatory authorities.

Gold Rush is a private Canadian company incorporated in 2012 in the province of Alberta to pursue placer gold opportunities in the Cariboo district of British Columbia. On August 24, 2017, Gold Rush entered into a binding agreement with Goldlands Inc. (“Goldlands”), a Delaware incorporated company with 6 distinct properties in British Columbia. Gold Rush has agreed to acquire the right to mine the Horseshoe Bend property with the option to purchase the property. In addition, Gold Rush has an option to acquire any or all of the other properties subject to agreed consideration as set out in the definitive agreement.

The price to acquire the Horseshoe Bend property is \$2,250,000 plus the purchase of Specialized Mining & Processing Equipment for \$1,297,000. The amount of \$2,250,000 is to be satisfied by the issuance of a convertible promissory note (convertible at \$0.40) which is to be paid annually by way of 50% of net profits commencing after 2 years with a minimum annual payment of \$25,000. In addition, there is a royalty payment of 2.5% of which 1% can be purchased for an agreed amount. Gold Rush has also agreed, if needed, to make an advance deposit of \$300,000 to acquire or lease certain earthmoving equipment and it has also agreed to make minimum annual testing expenditures prior to pursuing production of \$60,000. The payment of the \$1,297,000 must be made with an initial payment of \$500,000 by October 31, 2017 and the balance by March 1, 2018.

Gold Rush has an option for a two-year period to acquire any of the other properties, however, if it exercises its option on 50 % of the other properties, then the option on the remaining properties will be extended for one additional year, and if Gold Rush then exercises its option on 50% of the remaining properties, then its option on the balance of the properties will be extended for one further year. The Company has carried out certain due diligence expenses on these properties including advancing \$159,000 to Gold Rush to have financial projections prepared and to have a 43-101 report updated as well as to fund some of the expenses of negotiating this transaction with Goldlands.

In connection with the closing of this transaction, the Company intends to raise up to \$1,700,000 from the issuance of common shares.

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**Form 51-102F1
Management Discussion and Analysis
For
Cava Resources Inc.
June 30, 2017**

For the Year Ended June 30, 2017 and 2016

This Management's Discussion and Analysis ("MD&A") is prepared as of October 24, 2017, and should be read in conjunction with the financial statements of Cava Resources Inc. ("Cava" or "Company") for the year ended June 30, 2017 and June 30, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information, including the Annual Information Form can be found on SEDAR, www.sedar.com. All amounts are in Canadian dollars.

Forward Looking Information

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results and achievements expressed or implied by such forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are also advised to consider such forward-looking statements while considering the risks set forth below.

Caution Regarding Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of gold; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, “believes”, or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- The Company’s goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic resources;
- The Company’s expected plans regarding the exploration plans for Casa Berardi, and in particular, the availability of skilled labour, timing and the amount of the expected exploration budget;
- Management’s economic outlook regarding future trends;
- The Company’s proposed transaction with Gold Rush Cariboo Inc. which will require raising significant funds to acquire certain claims in British Columbia, Canada (See Proposed Transaction);
- The Company’s ability to meet its working capital needs at the current level in the short term;
- Expectations with respect to raising capital;
- Sensitivity analysis on financial instruments may vary from amounts disclosed; and
- Governmental regulation and environmental liability.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

General

Cava Resources Inc. is a Canadian publicly listed public company whose shares trade on the TMX Venture Exchange under the symbol “CVA”.

Cava is a development stage exploration company with no revenues from mineral producing operations. Activities include acquiring mineral exploration properties and conducting exploration programs. The mineral exploration business is risky and most exploration projects will not result in producing mines. The Company may offer an opportunity to other mining companies to acquire an interest in a property in return for funding all or part of the exploration and development of a particular property. For the funding of property acquisitions and exploration that the company conducts, the Company depends on the issuance of shares from the treasury to investors. These stock issuances depend on a number of factors including a positive mineral exploration environment, positive stock market conditions, a company’s track record and the experience of management.

On January 22, 2016, the Company announced that the articles of the Company had been amended to consolidate the issued and outstanding common shares of the Company on the basis of one post-consolidation Common Share for every ten pre-consolidation Common Shares. All share and per share amounts have been adjusted retroactively to reflect the share consolidation unless otherwise noted.

The Company completed an updated technical report on its Casa Berardi properties in January 2016. Subsequently it has begun planning a new exploration program which it anticipates may begin during the coming winter season.

During the year, management commenced an active search for new opportunities both in Canada, in the United States and in other parts of the world. The Company has incurred certain costs in connection with due diligence work on some of these opportunities. Subsequent to the year, the Company signed an agreement with Gold Rush Cariboo Inc. to acquire all of its outstanding common shares by issuing 12,600,000 common shares of the Company. See Proposed Transactions for further details.

Overall Performance

The net loss for the year ended June 30, 2017 was \$662,993 compared to net loss for the year ended June 30, 2016 of \$210,808. The increase in the 2017 net loss is attributed primarily to management fees increasing to \$72,600 in 2017 from \$20,000 in 2016, consulting expense increasing to \$137,000 in 2017 from \$76,500 in 2016, stock-based compensation expense of \$160,887 in 2017 from \$Nil in 2016, and due diligence expenses increasing to \$182,054 in 2017 from \$Nil in 2016.

During the year ended June 30, 2017 compared to the year ended June 30, 2016, funds were generated primarily from proceeds on the private placement financing net of share issue costs of \$145,975 (2016 - \$498,517), proceeds on the receipt of subscription funds receivable in the amount of \$150,000 (2016 - \$Nil), the exercise of warrants of \$79,500 (2016 - \$Nil), and the exercise of stock options of \$80,000 (2016 - \$Nil). Financing activities also included cash used for the advanced to directors and officers of \$49,141 (2016 – provided by directors and officers - \$31,196). Investing activities included a loan receivable advanced in the amount of \$159,000 (2016 - \$Nil). Overall, operating activities resulted in cash used of \$567,439 in 2017 compared to \$160,986 in 2016. Cash generated during the year were used for outstanding accounts payable and ongoing operating expenses. At June 30, 2017, the Company had a working capital in the amount of \$94,997 compared to working a capital of \$298,675 at June 30, 2016.

Each of the Company's active properties is discussed later in this report.

Results of Operations

The net loss for the year ended June 30, 2017 was \$662,993 (\$0.04 per share) compared to a net loss in 2016 of \$210,808 (\$0.10 per share).

Operating Expenses

For the year ended June 30, the major expenses consisted of:

	<u>2017</u>	<u>2016</u>
Management fees	\$72,600	\$20,000
Consulting fees	\$137,000	\$76,500
Due diligence expenses	\$182,054	\$Nil
Stock-based compensation	\$160,887	\$Nil

(a)Management fees increased to \$72,600 in 2017 from \$20,000 in 2016. The increase resulted from increased fees charged by management because of increased efforts to raise funds and look for opportunities in 2017.

(b)Consulting fees increased to \$137,000 in 2017 from \$76,500 in 2016. The increase is attributed primarily to the Company's addition of a consultant to assist in the day to day activities, operations and opportunities.

(c) Due diligence expensed increased to \$182,054 in 2017 from \$Nil in 2016. During the past year, the Company reviewed several mineral projects which it felt might have merit and represent an opportunity for the Company to participate. As announced subsequent to the year end, it has entered into an agreement to acquire all of the outstanding shares of Gold Rush Cariboo Inc. which has an agreement to acquire mineral properties in central British Columbia.

This due diligence expenses incurred during the year included expenses on one potential gold copper project in Pakistan. Expenses which totaled \$182,054, included legal fees, an update on a 43-101 report and fees to send representatives overseas to negotiate with local mining authorities. Management subsequently determined that this project was too difficult to conclude an agreement on reasonable terms and with reasonable risk. The Company has suspended future expenditures on this project.

(d) Stock-based compensation totaled \$160,887 as a result of options granted in 2017 (2016 - \$Nil)

Liquidity

Financing of operations is achieved by issuing share capital, from the proceeds of property sales and from the sale of securities acquired in certain property sales. The Company ended the year ended June 30, 2017 with cash of \$3,464 (2016 - \$375,957), subscription proceeds receivable of \$Nil (2016 - \$150,000), accounts receivable of \$12,984 (2016 - \$14,064), GST/HST receivable of \$13,428 (2016 - \$11,475), and prepaid expenses of \$23,120 (2016 - \$23,120).

At June 30, 2017, the Company had accounts payable relating to exploration activities and administrative activities in the amount of \$90,416 (2016 - \$155,435), due to officers and directors in the amount of \$21,365 (2016 - \$70,506), and due to consultants of \$5,218 (2016 - \$50,000). The Company had working capital of \$94,997 at June 30, 2017 (2016 - \$298,675).

Cash flows used in investing activities totaled \$166,606 in 2017 compared to \$Nil in cash flows used in 2016. Cash flows generated from financing activities in 2017 totaled \$361,552 compared to \$529,713 cash flows generated from financing activities in 2016. Cash flows used in operating activities totaled \$567,439 in 2017 compared to \$160,986 in cash flows used in operating activities in 2016.

Capital Resources

The Company's primary capital assets are its deferred acquisition costs related to its mineral properties.

The Company's properties are in good standing at this time and the spending commitments needed to maintain these claims in good standing can be funded by the current working capital levels and through future financings and/or property sales.

Summary of Quarterly Results

The following table is a summary of selected unaudited financial information for the eight most recent fiscal quarters.

	<u>Revenue</u>	<u>Income (Loss)</u>	<u>Income (Loss) Per Share*</u>
September 30, 2015	\$ Nil	\$ (38,471)	\$ (0.02)
December 31, 2015	Nil	(22,166)	(0.01)
March 31, 2016	Nil	(40,748)	(0.02)
June 30, 2016	Nil	(109,423)	(0.05)
September 30, 2016	Nil	(336,947)	(0.02)
December 31, 2016	Nil	(104,909)	(0.007)
March 31, 2017	Nil	(91,678)	(0.006)
June 30, 2017	Nil	(129,459)	(0.007)

* adjusted retroactively for 10:1 share consolidation in January 2016

Selected Annual Information

	Year ended June 30,		
	2017	2016	2015
Revenues	\$Nil	\$Nil	\$Nil
Net (loss) and comprehensive loss	\$(662,993)	\$(210,808)	\$(102,587)
Net (loss) per share basic and fully diluted*	\$(0.04)	\$(0.10)	\$(0.05)
Total Assets	\$389,939	\$745,512	\$212,907
Non-current financial liabilities	\$Nil	\$Nil	\$Nil

* adjusted retroactively for 10:1 share consolidation in January 2016

Exploration and Property Update – Mineral Properties

All of the information contained in this MD&A with respect to the Company's mineral properties and results has been reviewed and approved by Bruce Mackie, P.Geol, a qualified person under the definitions established by National Instrument # 43-101.

Casa Berardi, Quebec

Cava currently holds a 70% interest in a total of 114 mining claims in the Casa Berardi area. The claims are located in the townships of Casa Berardi, Collet, Laberge and Estrees. Cava's 30% owner in these claims is Explorers Alliance Corp.

During the fiscal 2012, the Company completed five drill holes as part of the Company's core drilling program with its venture partner. The results indicated that additional drilling should be pursued, which will assist the Company in evaluating this property with respect to determining an ongoing strategy with the joint venture partner. There has been interest from

other arm's length parties who may want to option these claims. Management will continue to pursue its alternatives with regards to the Casa Berardi property over the next several months.

Other Property Interests

Cava has certain other minor property interests which management considers immaterial and which have been written down to \$1.

Transactions with Related Parties

The following related party transactions are reflected in the financial statements:

	2017	2016
Management fees charged by officers or Corporations controlled by officers for administrative and financial management services	<u>\$ 72,600</u>	<u>\$ 20,000</u>
Rental income (included in General and administrative expense)	<u>\$ 11,350</u>	<u>\$ 2,500</u>

- (a) At June 30, 2017, the amount of \$21,365 (2016 - \$70,506) is due to officers and directors of the Company.
- (b) At June 30, 2017, accounts payable included the amount of \$Nil (2016 - \$3,301) is due to a director of the Company.
- (c) At June 30, 2017, accounts receivable included rent receivable in the amount of \$10,848 (2016 - \$1,412) that is due from a company with common directors.

Lease Commitment

On March 5, 2015, the Company entered into a 4-year office lease agreement for its office premises commencing April 1, 2015 to March 31, 2019. The minimum lease commitments under the lease for the next 2 fiscal years is as follows:

2018	99,111
2019	75,481

The Company has informal month-to-month agreements with certain co-tenants that may generate rental recovery to offset this commitment.

The Company has informal agreements with certain co-tenants that may generate annual rental recovery in fiscal 2017 to offset this commitment.

Proposed Transactions

On September 27, 2017, the Company signed a letter of intent agreement to acquire all of the outstanding shares of Gold Rush Cariboo Inc. (“Gold Rush”) by issuing 12,600,000 common shares of the Company. The closing of this transaction is subject to the approval of all the shareholders of Gold Rush and the approval of all regulatory authorities.

Gold Rush is a private Canadian company incorporated in 2012 in the province of Alberta to pursue placer gold opportunities in the Cariboo district of British Columbia. On August 24, 2017, Gold Rush entered into a binding agreement with Goldlands Inc. (“Goldlands”), a Delaware incorporated company with 6 distinct properties in British Columbia. Gold Rush has agreed to acquire the right to mine the Horseshoe Bend property with the option to purchase the property. In addition, Gold Rush has an option to acquire any or all of the other properties subject to agreed consideration as set out in the definitive agreement.

The price to acquire the Horseshoe Bend property is \$2,250,000 plus the purchase of Specialized Mining & Processing Equipment for \$1,297,000. The amount of \$2,250,000 is to be satisfied by the issuance of a convertible promissory note (convertible at \$0.40) which is to be paid annually by way of 50% of net profits commencing after 2 years with a minimum annual payment of \$25,000. In addition, there is a royalty payment of 2.5% of which 1% can be purchased for an agreed amount. Gold Rush has also agreed, if needed, to make an advance deposit of \$300,000 to acquire or lease certain earthmoving equipment and it has also agreed to make minimum annual testing expenditures prior to pursuing production of \$60,000. The payment of the \$1,297,000 must be made with an initial payment of \$500,000 by October 31, 2017 and the balance by March 1, 2018.

Gold Rush has an option for a two-year period to acquire any of the other properties, however, if it exercises its option on 50 % of the other properties, then the option on the remaining properties will be extended for one additional year, and if Gold Rush then exercises its option on 50% of the remaining properties, then its option on the balance of the properties will be extended for one further year. The Company has carried out certain due diligence expenses on these properties including advancing \$159,000 to Gold Rush to have financial projections prepared and to have a 43-101 report updated as well as to fund some of the expenses of negotiating this transaction with Goldlands.

In connection with the closing of this transaction, the Company intends up to \$1,700,000 from the issuance of common shares.

Critical Accounting Policies and Estimates

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of carrying value of mineral properties, carrying value of oil and gas properties, stock-based compensation,

warrant valuation, and deferred tax assets and liabilities. Financial results as determined by actual events could differ from those estimates.

Conversion to IFRS

Statement of Compliance

The Company's financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Reporting Interpretations Committee ("IFRIC").

The policies applied in these financial statements are based on IFRS issued and outstanding as of October 24, 2017, the date the board of directors approved the financial statements.

The Company has adopted IFRS on July 1, 2011 with a transition date of July 1, 2010. Under IFRS 1 'First time Adoption of International Financial Reporting Standards', the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to deficit unless certain exemptions are applied.

These financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value, and have been prepared using the accrual basis of accounting, as explained in the accounting policies set out in Note 4.

These financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economic.

The Company has no significant source of operating cash flow and no revenue from operations. The Company has not determined whether its mineral properties and oil and gas property contain resource reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

The mineral property interests that the company has or has an option to earn an interest in are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks.

The Company is in the business of resource exploration and as such, its prospects are largely dependent on movements in the price of various commodities. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. The mineral and oil and gas exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does not enter into price hedging programs.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company entered into an office lease commitment during 2015 which will require significant annual payments until 2019.

Environmental Risks and Hazards

All phases of Cava's mineral exploration operations are subject to environmental regulations pertaining to the provinces of Ontario, Quebec and Alberta and also Canada. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Cava operations. Environmental hazards may exist on the properties on which Cava holds interests, which are unknown to Cava at present and which may have been caused by previous or existing owners or operators of the properties. Cava may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently and may in the future be required in connection with Cava operations. To the extent such approvals are required and not obtained, Cava may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities which may cause operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The future costs of retiring mining assets include dismantling, remediation, ongoing treatment and monitoring of the site. These are reconciled and recorded as a liability at fair value. The liability is accreted, over time, through periodic charges to earnings. In addition, asset retirement costs are capitalized as part of the asset's carrying value and amortized over the

asset's useful life. As the Company has not yet begun mining or milling operations, the Company currently has no identifiable obligations in relation to the retirement of its assets.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Cava and cause increases in exploration expenses, capital expenditures and production costs. They may also cause a reduction in levels of production at producing properties or they may require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the environment, Cava may become subject to liability for hazards against which it cannot be insured. The Company is subject to all environmental acts and regulations at the federal and provincial levels.

These include, but are not limited to, the following:

Federal Level (Canada)	Provincial Level (Ontario, Quebec)
Canadian Environmental Protection Act	Ontario Environmental Protection Act
Fisheries Act	Ontario Mining Act
Navigable Waters Protection Act and Regulations	Quebec Mining Act

To the Company's knowledge, there are no liabilities to date which relate to environment risks or hazards.

Evaluation of Disclosure Controls

As required by Multilateral Instrument 52-109, management carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2017. These controls continue to be monitored regularly and in the future, an independent party will be engaged to test these controls. Based on the current evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company to satisfy its continuous disclosure obligations, and are effective in ensuring that information required to be disclosed in reports that the Company files is accumulated and communicated to management as appropriate to allow for timely decisions regarding required disclosure. These comments are made within the context that the Company is a small business and as such there is little segregation of duties.

Corporate Governance Matters

Cava has an independent audit committee and a compensation committee that meets periodically as required to review and approve financial statements and to approve management compensation.

Technical Report on Casa Berardi Property

A review and compilation of the exploration history and mineral potential of the Company's Casa Berardi North Property (the "Property") located in northwestern Québec, was undertaken by Bruce Mackie Geological Consulting Services ("Mackie") and Mitchell E. Lavery ("Lavery"). This technical report summarizes the geological setting, deposit model type(s), and work done on the Property and as well makes recommendations for further exploration programs. Mackie and Lavery prepared this report in accordance with the requirements of National Instrument 43-101, Companion Policy 43-101CP, and Form 43-101F.

Share Data

The following sets forth the outstanding securities of the Company as at October 24, 2017:

The authorized capital of the Company consists of an unlimited number of common shares

(a) Common Shares – 17,078,411

(b) Stock Options – 1,250,000

(c) Warrants – 12,945,000

Additional information relating to the Company's operations and activities can be found by accessing the Company's public documents filed on SEDAR at www.sedar.com

Signed

"R. Brian Murray", CEO

"John Hickey", CFO

GOLD RUSH CARIBOO CORP.

(Formerly Cava Resources Inc.)

Audited Consolidated Financial Statements

YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders of
Gold Rush Cariboo Corp. (Formerly Cava Resources Inc.) :**

We have audited the accompanying consolidated financial statements of Gold Rush Cariboo Corp. (Formerly Cava Resources Inc.), which comprise the consolidated statements of financial position as at June 30, 2018 and June 30, 2017, and the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the financial position of Gold Rush Cariboo Corp. (Formerly Cava Resources Inc.) as at June 30, 2018 and June 30, 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 2 in the consolidated financial statements, which discloses conditions that indicate the existence of a material uncertainty that may cast significant doubt about Gold Rush Cariboo Corp.'s (Formerly Cava Resources Inc.) ability to continue as a going concern.

A handwritten signature in black ink that reads "S & W LLP". The letters are stylized and slanted to the right.

October 29, 2018
Toronto, Canada

S & W LLP
Chartered Professional Accountants, Licensed Public Accountants

GOLD RUSH CARIBOO CORP.
(Formerly Cava Resources Inc.)
Consolidated Statements of Financial Position
As at June 30,

	2018	2017
ASSETS		
Current		
Cash (Note 6)	\$ 61,575	\$ 3,464
Accounts receivable (Note 7, Note 18(c))	-	12,984
GST/HST receivable (Note 8)	21,287	13,428
Prepaid expenses and deposits (Note 9)	30,141	23,120
Consulting fee advance (Note 11, 18(a))	69,035	-
Loan receivable (Note 10)	-	159,000
	182,038	211,996
Property, plant & equipment (Note 12)	1,281,922	3,796
Mining property & rights acquisition costs (Note 13)	3,408,889	174,147
	\$ 4,872,849	\$ 389,939
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 18(b), Note 19)	\$ 177,121	\$ 90,416
Due to officers and directors (Note 18(a))	4,224	21,365
Due to consultants (Note 20)	3,244	5,218
Current portion of convertible promissory note payable (Note 14)	175,000	-
	359,589	116,999
CONVERTIBLE PROMISSORY NOTE PAYABLE (Note 14)	1,164,494	-
SHAREHOLDERS' EQUITY		
Capital stock (Note 23)	7,304,472	5,699,962
Equity component of convertible promissory note (Note 14)	984,700	-
Warrant reserve (Note 23(d))	1,265,799	500,838
Share-based payments reserve (Note 23(e))	469,497	97,961
Contributed surplus (Note 23(f))	2,602,005	2,211,339
Deficit	(9,277,707)	(8,237,160)
	3,348,776	272,940
	\$ 4,872,849	\$ 389,939
Going concern (Note 2)		
Commitment (Note 24)		
On behalf of the Board:		
<i>"R. Brian Murray"</i>	Director	
<i>"Chris Hopkins"</i>	Director	

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

GOLD RUSH CARIBOO CORP.
(formerly Cava Resources Inc.)
Consolidated Statements of Loss and Comprehensive Loss
For the year ended June 30,

	2018	2017
Expenses		
Exploration and evaluation expenditures (Note 21)	\$ 37,581	\$ 11,421
Due diligence expenses (Note 17)	-	182,054
Management fees (Note 18)	67,500	72,600
Consulting fees	192,795	137,000
Professional fees	39,731	15,300
Stock-based compensation (Note 23)	376,797	160,887
Investor relations	27,684	19,436
Filing and transfer fees	23,729	16,079
General and administrative	76,573	46,586
Travel and promotion	-	1,071
Interest expense (Note 14)	149,293	-
Amortization (Note 12)	48,864	559
	1,040,547	662,993
 Net loss and comprehensive loss for the year	 \$ (1,040,547)	 \$ (662,993)
 Loss per share (Note 4(q))		
Basic and diluted	\$ (0.04)	\$ (0.04)
 Weighted average number of common shares		
Basic and diluted	26,013,244	16,182,877

GOLD RUSH CARIBOO CORP.
(formerly Cava Resources Inc.)

Consolidated Statements of Changes in Equity

	Number of Shares (Note 1)	Amount	Equity Component of Convertible Promissory Note	Warrants Reserve	Share-based Payments Reserve	Contributed Surplus	Accumulated Deficit	Total
Balance – July 1, 2016	15,148,411	\$ 5,395,732	\$ -	\$ 436,667	\$ 65,700	\$ 2,145,639	\$ (7,574,167)	\$ 469,571
Private placement	750,000	150,000						150,000
Valuation of warrants		(81,838)		81,838				-
Share issue costs		(4,025)						(4,025)
Exercise of warrants	530,000	97,167		(17,667)	(62,926)			79,500
Exercise of stock options	650,000	142,926			(65,700)	65,700		80,000
Cancellation of stock options					160,887			-
Stock based compensation							(662,993)	160,887
Net loss and comprehensive loss for the year								(662,993)
Balance – June 30, 2017	17,078,411	\$ 5,699,962	\$ -	\$ 500,838	\$ 97,961	\$ 2,211,339	\$ (8,237,160)	\$ 272,940
Balance – July 1, 2017	17,078,411	\$ 5,699,962	\$ -	\$ 500,838	\$ 97,961	\$ 2,211,339	\$ (8,237,160)	\$ 272,940
Exercise of warrants	850,000	155,834		(28,334)				127,500
Private placement	8,854,000	1,770,800						1,770,800
Valuation of warrants		(1,170,761)		1,170,761				-
Share issue costs		(130,382)						(130,382)
Finders warrants issued				13,200				13,200
Shares issued on acquisition of subsidiary	12,600,000	971,258						971,258
Exercise of stock options	25,000	7,761	984,700		(5,261)			2,500
Equity component of convertible promissory note								984,700
Expiry of warrants				(390,666)		390,666		-
Stock based compensation					376,797			376,797
Net loss and comprehensive loss for the year							(1,040,547)	(1,040,547)
Balance – June 30, 2018	39,407,411	\$ 7,304,472	\$ 984,700	\$ 1,265,799	\$ 469,497	\$ 2,602,005	\$ (9,277,707)	\$ 3,348,776

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

GOLD RUSH CARIBOO CORP.
(Formerly Cava Resources Inc.)
Consolidated Statements of Cash Flows
For the year ended June 30,

	2018	2017
OPERATING ACTIVITIES		
Net (loss) for the period	\$ (1,040,547)	\$ (662,993)
Non cash items included in net loss		
Stock-based compensation	376,797	160,887
Interest accretion on convertible promissory note	74,194	-
Amortization	48,864	559
	(540,692)	(501,547)
Changes in non cash working capital		
Change in accounts payable and accrued liabilities	86,705	(65,019)
Change in accounts receivable	12,984	1,080
Change in prepaid expenses and deposits	(7,021)	-
Change in GST/HST receivable	(7,859)	(1,953)
Cash (used in) operating activities	(455,883)	(567,439)
INVESTING ACTIVITIES		
Loan receivable advanced	-	(159,000)
Cash acquired on acquisition of subsidiary	1,256	-
Purchase of mining property and rights acquisition costs	-	(3,673)
Purchase of property, plant and equipment	(1,237,990)	(3,933)
Cash (used in) investing activities	(1,236,734)	(166,606)
FINANCING ACTIVITIES		
Common shares issued on private placement (net of share issue costs)	1,653,618	145,975
Warrants exercised	127,500	79,500
Stock options exercised	2,500	80,000
Subscription proceeds received	-	150,000
Advanced to shareholder	(13,775)	-
Advances to consultants	(1,974)	(44,782)
Advances by director and officers	(17,141)	(49,141)
Cash provided by financing activities	1,750,728	361,552
Increase (decrease) in cash during the period	58,111	(372,493)
Cash, beginning of period	3,464	375,957
Cash, end of period	\$ 61,575	\$ 3,464

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

GOLD RUSH CARIBOO CORP.
(Formerly Cava Resources Inc.)
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

1. NATURE OF BUSINESS

Gold Rush Cariboo Corp. (formerly Cava Resources Inc. (“Company”) is principally engaged in the acquisition, exploration, and development of mineral properties in North America. The Company is in the process of exploring its resource properties and has not yet determined whether these properties contain enough mineral deposits, such that their recovery would be economically viable. The Company trades on the TMX Venture Exchange under the symbol GDBO. The address of the Company's corporate office and principal place of business is 65 Queen Street West, Suite 510, Toronto, Ontario, M2H 2M5, Canada.

The Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties; however, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

On June 19, 2018, under Articles of Amendment, the Company changed its name to Gold Rush Cariboo Corp.

2. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations and the Company has incurred significant losses to date resulting in a cumulative deficit of \$9,277,707 as at June 30, 2018 (2017 - \$8,237,160). The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise alternative financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values. The Company is subject to risks and challenges similar to companies in a comparable stage of exploration and development. As a result of these risks, there is significant doubt as to the appropriateness of the going concern assumption. There is no assurance that the Company's funding initiatives will continue to be successful and these audited financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statements of financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material. The Company will have to raise additional funds to advance its exploration and development efforts and, while it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future. As at June 30, 2018, the Company had current assets of \$182,038 (2017 - \$211,996) to cover current liabilities of \$359,589 (2017 - \$116,999). The Company has no proven history of performance, earnings or success. These conditions raise material uncertainties which cast significant doubt as to whether the Company will be able to continue as a going concern over the next 12 months should it not be able to obtain the necessary financing to fund exploration programs and working capital requirements.

3.(a) STATEMENT OF COMPLIANCE

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB (“International Accounting Standards Board”) applicable to the preparation of audited consolidated financial statements, including International Accounting Standard (“IAS”) 34 - Audited Financial Reporting. The accounting policies followed in these audited consolidated financial statements are the same as those applied in the audited financial statements of the Company for the year ended June 30, 2017.

The Company operates in one segment defined as the cash generating unit (“CGU”) which is North America. These audited financial statements were authorized for issue by the Board of Directors on October 29, 2018.

GOLD RUSH CARIBOO CORP.
(formerly Cava Resources Inc.)
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

(b) BASIS OF PRESENTATION

These consolidated financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value and have been prepared using the accrual basis of accounting, as explained in the accounting policies set out in Note 4.

These consolidated financial statements are presented in Canadian Dollars, which is the functional and presentation currency of the Company.

(c) BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of Gold Rush Cariboo Corp. (formerly Cava Resources Inc.) and its wholly-owned subsidiary. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of loss and comprehensive loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-company transactions, balances, income and expenses are eliminated through the consolidation process.

The accounts of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. The Company's wholly-owned subsidiary is Gold Rush Cariboo Inc., a private company incorporated in Alberta.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Mineral Properties

Costs directly related to exploration and evaluation expenditures ("E&E") are recognized and expensed. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs and share based payments to employees and consultants, are also expensed in the period in which they occur.

The acquisitions of mineral property interests are initially measured at cost. Mineral property and right acquisition costs and development expenditures incurred subsequent to the determination of the feasibility of mining operations and approval of development by the Company are capitalized until the property to which they relate is placed into production, sold or allowed to lapse.

Exploration and evaluation costs incurred prior to determination of the feasibility of mining operations are expensed as incurred.

Mineral property and right acquisition costs include the cash consideration and the fair market value of shares issued for mineral property interests pursuant to the terms of the relevant agreements. These costs will be amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse, or when an impairment of value has been determined to have occurred, together with the related exploration and evaluation expenditures.

Management annually assesses carrying values of properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if (1) the property has been abandoned; (2) there are unfavourable changes in the property economics; (3) there are restrictions on development; or (4) when there has been an undue delay in development, which exceeds three years. In the event that estimated discounted cash flows expected from its use or eventual disposition is determined by management to be insufficient to recover the carrying value of the property, the carrying value is written-down to the estimated recoverable amount.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Decommissioning, Restoration and Other Similar Liabilities (Asset retirement obligation – ARO)

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with reclamation of mineral properties and property, plant and equipment, when those obligations result from the acquisition, construction, development, or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related mineral property asset in the case where technical feasibility has been established, and expensed if technical feasibility is yet to be established. Once capitalized, the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the straight-line method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. The Company has determined that there are no such liabilities at June 30, 2018 (2017 - \$Nil).

c) Taxation

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred Income Tax

The Company uses the asset and liabilities method to determine income tax and deferred tax.

Income tax expense is comprised of current and deferred tax expense. Current tax expense is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes, and are presented as non-current liabilities.

Income tax expense is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity. Income taxes are calculated using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for tax losses and other deductions carried forward.

Deferred income tax assets and liabilities are calculated using substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. An asset is recognized on the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. The effect on deferred tax assets and liabilities of changes in tax rates are recognized in income in the period in which the change is substantively enacted.

Deferred taxes are not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position to the extent that it becomes probable that future taxable profit will allow the deferred asset to be recovered.

GOLD RUSH CARIBOO CORP.
(formerly Cava Resources Inc.)
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current assets against current liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

d) Flow-Through Shares

The Company will, from time to time, issue flow-through shares to finance a portion of its exploration programs. Pursuant to the terms of flow-through share agreements, the Company agrees to incur qualifying expenditures and renounce the tax deductions associated with these qualifying expenditures to the flow-through subscribers at an agreed upon date.

Flow-through shares are reported at issue price. If the flow-through shares are issued at a premium to the market price of non-flow through or hard dollar shares at the date of announcement, such premium or excess proceeds is reported as a liability on the statements of financial position. The subsequent renunciation of such qualifying expenditures incurred by the Company in favor of the flow-through subscribers is reported as a reduction in the unrenounced flow-through share premium liability on the statements of financial position and a corresponding reduction in deferred tax expense on the statement of loss and comprehensive loss.

e) Property, plant & equipment

Property, plant & equipment (“pp&e”) are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of pp&e consists of the purchase price, any costs directly attributable to bringing the asset to the location a condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used and any changes arising from the assessments are applied by the Company prospectively. Where an item of pp&e comprises major components with different useful lives, the components are accounted for as separate items. Expenditures incurred to replace a component of pp&e asset is accounted for separately, including major inspection and overhaul expenditures are capitalized.

Amortization on computer equipment is based on a rate of 30% declining balance, amortization on office equipment is based on a rate of 20% declining balance, amortization on construction vehicles is based on a rate of 30% declining balance and amortization on mining equipment is based on a rate of 10% declining balance.

f) Financial Assets

Fair Value Through Profit or Loss

Financial assets that are held with the intention of generating profits in the near term and derivative contracts that are financial assets, except for a derivative that is a designated and effective hedging instrument, are classified as FVTPL. In addition, any other financial assets can be designated by the Company upon initial recognition as FVTPL. These instruments are subsequently re-measured at fair value with the change in the fair value recognized in income or expense during the period.

Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transactions costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company’s accounts receivable are classified as loans and receivables.

GOLD RUSH CARIBOO CORP.
(formerly Cava Resources Inc.)
Notes to Consolidated Financial Statements
For the years ended June 30, 2018 and 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Assets (continued)

Available-For-Sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Available-for-sale financial assets are measured at fair value. Gains and losses are recognized in other comprehensive income and reported within the available-for-sale reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss recognized in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method is recognized in profit or loss.

Reversals of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities, which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

At June 30, 2018, the Company has not classified any financial assets as available-for-sale.

Held-to-Maturity Assets

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. The Company does not have any assets classified as held-to-maturity investments.

Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

g) Financial Liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as other-financial-liabilities or FVTPL.

Other Financial Liabilities

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method for calculating the amortized cost of a financial liability and allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable and accrued liabilities, due to officers and directors, due to consultants and convertible promissory note payable are classified as other financial liabilities.

Fair Value Through Profit and Loss

Financial liabilities classified at FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive loss. At June 30, 2018, the Company has not classified any liabilities as FVTPL.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Financial Liabilities

Derecognition of Financial Liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

h) Impairment of Financial Assets

The Company assesses at each date of the statement of financial position whether a financial asset is impaired. An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the loss is recognized in profit or loss.

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

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-Sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

i) Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each period the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment of Non-Financial Assets (continued)

inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating units exceed its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (Company of units) on a pro rata basis.

A previously recognized impairment loss may be reversed only if there has been a change in the estimates used to determine the recoverable amount of the asset since the last impairment loss was recognized. If this is the case, the carrying amount of the asset is increased to its recoverable amount and is recognized in the statements of loss and comprehensive loss. The increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset.

j) Cash

Cash in the consolidated statement of financial position is comprised of cash held at Canadian banks.

k) Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

The Company did not have a rehabilitation provision as at June 30, 2018.

Other Provisions

Provisions are recognized when the Company has a future obligation (legal or constructive) that has arisen as a result of a past event and is probable that a future outflow of resources will be required to settle the obligation, provided a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

The Company did not have any other provisions at June 30, 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

m) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make judgments and estimates and form assumptions that affects the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenues and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; capital assets including gold reserves and resources, depreciation and depletion; recoverability of accounts receivable, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. The most significant judgments relate to recoverability of capitalized amounts, recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

n) Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the period-end date, unsettled monetary assets and liabilities are translated to Canadian dollars by the using the exchange rate in effect at the period-end date and the related translation differences are recognized in net income. Exchange gains and losses arising on the retranslation of monetary available-for-sale financial assets are treated as a separate component of the change in fair value and recognized in net income. Exchange gains and losses on non-monetary available-for-sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated.

Non-monetary assets and liabilities that are measured at fair value or a revalue amount are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in net income or other comprehensive loss consistent with where the gain or loss on the underlying non-monetary asset or liability has been recognized.

o) Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments. Incremental costs directly attributable to the new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Loss Per Share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The treasury stock method is used for the assumed proceeds upon exercise of the options and warrants that are used to purchase common shares at the average market price during the period.

q) Share-Based Payments

Share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Under this method, the fair value of the equity-settled share-based payment is measured on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. For options that do not vest immediately, the fair value is measured at the grant date and each tranche is recognized on a graded-vesting basis over the period in which the options vest. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest.

Equity-settled, share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

r) Comprehensive Income (Loss)

Comprehensive income is the change in equity of the Company during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes to equity during a period except those resulting from investments by owners and distributions to owners. Comprehensive income is comprised of net income or loss for the period and other comprehensive income. The standard requires certain gains and losses that would otherwise be recorded as part of net earnings to be presented in “other comprehensive income” until it is considered appropriate to recognize into net earnings

The Company had no comprehensive income or loss transactions, other than its net loss, nor has the Company accumulated other comprehensive income during periods that have been presented.

s) Leased Assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (“finance lease”), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the statement of comprehensive loss over the period of the lease and is so calculated so that it represents a constant portion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (“operating lease”), the total rentals payable under the lease are charged to the statement of comprehensive loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

t) Standards, Amendments and Interpretations not yet Effective

At the date of authorization of these financial statements, the IASB has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods:

i) IFRS 15 - Revenue from Contracts with Customers ("IFRS 15") proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

ii) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB on October 24, 2014 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9; fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative host contracts not within the scope of this standard. The effective date for this standard is for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted.

iii) IFRS 16 - Leases ("IFRS 16") was issued by the IASB on January 13, 2016, and will replace IAS 17, Leases. IFRS 16 will bring most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however, remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier adoption is permitted.

The Company is currently evaluating the impact of these pronouncements on its financial statements.

GOLD RUSH CARIBOO CORP.
(formerly Cava Resources Inc.)
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5. ACQUISITION OF GOLD RUSH CARIBOO INC.

On October 31, 2017, the Company completed the acquisition of all of the issued and outstanding shares of Gold Rush Cariboo Inc. ("Gold Rush Inc"), a private company incorporated in Alberta. Gold Rush Inc. had previously entered into an agreement with Goldlands Inc. ("Goldlands") with respect to the purchase of the alluvial gold and platinum mining rights known as the Horseshoe Bend Project consisting of the rights to mine on one Placer Lease and six Placer Claims. In addition, Gold Rush Inc. has acquired an option to acquire additional adjacent properties held by Goldlands. To acquire 100% of the issued and outstanding Gold Rush Inc., the Company issued 12,600,000 common shares. The common shares were valued at \$971,258 using the fair market value of the net assets acquired.

The transaction was entered into based on normal market conditions at the amount agreed on by the parties. The transaction did not meet the criteria of a business combination since Gold Rush Inc. lacks necessary inputs, process, and outputs of being a business; therefore, it has been accounted for as an acquisition of assets by the Company. The purchase consideration was allocated to the assets acquired based on their fair values at the date of the acquisition net of any associated liabilities. The fair values acquired are as follows:

Cash \$1,256; Due from Goldlands; \$89,000; Due from a shareholder \$55,260; Horseshoe Bend Project mining rights \$3,234,742; Due to Gold Rush Cariboo Corp. \$159,000; and Convertible promissory note payable \$1,265,300. The acquisition premium in the amount of \$984,742 has been allocated to the Horseshoe Bend Project mining rights.

6. CASH

Cash at June 30, 2018 totaled \$61,575 (2017 – \$3,464) and consisted of deposits with Canadian banks in a general non-interest-bearing account in the amount of \$61,575 (2017 - overdraft \$111), and funds held in trust with the Company's corporate lawyer in the amount of \$Nil (2017 - \$3,575).

7. ACCOUNTS RECEIVABLE

The Company's accounts receivable at June 30, 2018 in the amount of \$Nil (2017 - \$12,984) consisted of rent due from co-tenants.

8. GST/HST RECEIVABLE

The Company's receivable consists of Harmonized Goods and Services Tax ("GST/HST") due from the Canadian government taxation authorities in the amount of \$21,287 at June 30, 2018 (2017 - \$13,428).

9. PREPAID EXPENSES AND DEPOSITS

Prepaid expenses at June 30, 2018 were \$30,141 (2017 - \$23,120). This was comprised of premises rent paid in advance in accordance with the lease terms in the amount of \$23,120 (2017 - \$23,120) and prepaid insurance in the amount of \$7,021 (2017 - \$Nil).

10. LOAN RECEIVABLE

Loan receivable at June 30, 2018 was \$Nil (2017 - \$159,000). The loan is interest-free and payable on demand. The advance was to Gold Rush Cariboo Inc. as at June 30, 2017.

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11. CONSULTING FEE ADVANCE

Consulting fee advance at June 30, 2018 was \$69,035 (2017 - \$Nil). The amount is interest-free and payable on demand.

12. PROPERTY, PLANT & EQUIPMENT

	Cost	Computer Equipment	Office Equipment	Automotive Vehicles	Mining Equipment	Total
July 1, 2017		\$ 4,152	\$ 3,148	\$ -	\$ -	\$ 7,300
Additions		-	-	29,990	1,297,000	1,326,990
June 30, 2018		\$ 4,152	\$ 3,148	\$ 29,990	\$ 1,297,000	\$ 1,334,290
Accumulated Amortization						
July 1, 2017		\$ 3,189	\$ 315	\$ -	\$ -	\$ 3,504
Additions		289	566	1,815	46,194	48,864
June 30, 2018		\$ 3,478	\$ 881	\$ 1,815	\$ 46,194	\$ 52,368
Net Book Value – June 30, 2018		\$ 674	\$ 2,267	\$ 28,175	\$ 1,250,806	\$ 1,281,922
	Cost	Computer Equipment	Office Equipment	Construction Vehicles		Total
July 1, 2016		\$ 3,367	\$ -	\$ -	\$ -	\$ 3,367
Additions		785	3,148	-	-	3,933
June 30, 2017		\$ 4,152	\$ 3,148	\$ -	\$ -	\$ 7,300
Accumulated Amortization						
July 1, 2016		\$ 2,945	\$ -	\$ -	\$ -	\$ 2,945
Additions		244	315	-	-	559
June 30, 2017		\$ 3,189	\$ 315	\$ -	\$ -	\$ 3,504
Net Book Value – June 30, 2017		\$ 963	\$ 2,833	\$ -	\$ -	\$ 3,796

13. MINING PROPERTY & RIGHTS ACQUISITION COSTS

Mineral property & right acquisition costs of the Company are comprised of the following projects:

	<u>Opening</u> <u>July 1, 2017</u>	<u>Net Additions</u>	<u>Writedown</u>	<u>Ending</u> <u>June 30, 2018</u>
Casa Berardi Project - Quebec, Canada	\$ 174,147	\$ -	\$ -	\$ 174,147
Horseshoe Bend Project – Mining Rights - British Columbia, Canada	-	3,234,742	-	3,234,742
	\$ 174,147	\$ 3,234,742	\$ -	\$ 3,408,889
	<u>Opening</u> <u>July 1, 2016</u>	<u>Net Additions</u>	<u>Writedown</u>	<u>Ending</u> <u>June 30, 2017</u>
Casa Berardi Project – Quebec, Canada	\$ 170,474	\$ 3,673	\$ -	\$ 174,147
	\$ 170,474	\$ 3,673	\$ -	\$ 174,147

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13. MINING PROPERTY & RIGHTS ACQUISITION COSTS (continued)

Horseshoe Bend Project

On February 13, 2018, (pursuant to a letter of intent dated September 27, 2017), the Company completed the acquisition of all of the issued and outstanding shares of Gold Rush Cariboo Inc. which has previously entered into an agreement with Goldlands Inc. with respect to the purchase of the alluvial gold and platinum mining project rights known as the Horseshoe Bend Project consisting of one Placer Lease and six Placer Claims. In addition, Gold Rush Cariboo Inc. has acquired an option to acquire additional adjacent properties which are held by Goldlands Inc.

The Company is committed to spend \$60,000 per annum on mining operations over the next two years. The Company is also committed to pay a royalty of 2.5% NSR to the vendor.

14. CONVERTIBLE PROMISSORY NOTE

On September 4, 2017, Gold Rush Inc. issued a Convertible Promissory Note (“Note”) in connection with the acquisition of the Horseshoe Bend Project mining rights (Note 5,13). The Note bears interest at the rate of 2% per annum calculated semi-annually. The principal amount of this Note shall be payable as follows: (i) an amount of \$25,000 on March 15 of each year; (ii) a minimum amount of: (A) \$150,000 or (B) 50% of the Net Profits earned during the previous twelve months; (iii) the balance of the Principal together with all accrued interest shall become due and payable on September 2, 2024. The Note has been bifurcated into its debt and equity components. The fair value of the debt portion in the amount of \$1,265,300 was estimated using a discounted cash flow model method based on an expected life of seven years, timing of expected principal payments, and a discount rate of 15%. The residual of \$984,700, was allocated to equity. Interest and accretion related to the debt for the year ended June 30, 2018 was \$149,293 (2017 - \$Nil). The \$25,000 principal payment due March 15, 2018 has been delayed pending the resolution of certain other matters related to the acquisition.

The movement in the debt portion of the Notes during the year comprised the following:

	2018	2017
Face value of convertible promissory note	\$ 2,250,000	\$ -
Equity component of convertible promissory note	<u>(984,700)</u>	-
Liability component of convertible promissory note	1,265,300	-
Interest accretion on convertible feature	<u>74,194</u>	-
	1,339,494	-
Current portion of convertible promissory note	<u>175,000</u>	-
	<u>\$ 1,164,494</u>	<u>\$ -</u>

15. FINANCIAL INSTRUMENTS

(a) Fair value of financial instruments

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and cash equivalents are considered Level 1 in the hierarchy. Accounts receivable,

GST/HST receivable and loan receivable are classified for accounting purposes as loans and receivables, which are measured at amortized cost which approximates fair value. Accounts payable and accrued liabilities, due to consultants, due to directors and officers and promissory note payables are classified for accounting purposes as other financial liabilities, which are measured at amortized cost which also approximates fair value. Fair value of accounts payable and accrued liabilities, due to consultants and due to officers and directors are determined from transaction values which were derived from observable market inputs and fair values are based on level 2 measurements.

The Company has determined the fair value of its financial instruments as follows:

(i) The carrying values of cash, accounts receivable, loan receivable, accounts payable and accrued liabilities, due to consultants and due to officers and directors approximate their fair values due to the short-term nature of these instruments. The fair value of the convertible promissory note approximates \$2,250,000.

(ii) Other financial assets are carried at amounts based on relevant stock market information.

These fair value estimates are subject to and involve uncertainties and significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(b) Risk Exposure

The Company may be exposed to risks of varying degrees of significance, which could affect its ability to achieve its strategic objectives. The main objective of the Company's risk management processes is to ensure that the risks are properly identified and that the capital base is adequate in relation to those risks. The risks the Company is exposed to are described below:

- Capital risk

The Company manages its capital with the objective of providing adequate capital resources for the Company. The capital structure of the Company consists of shareholders' equity and depends on the ability of the Company to raise capital.

- Credit risk

Credit risk is the risk that a client or vendor will be unable to pay or receive any amounts owed or owing by the Company. Management's assessment of the Company's credit risk is low as it is primarily attributable to funds held in Canadian banks.

15. FINANCIAL INSTRUMENTS (continued)

- Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. There can be no assurance that the Company will be able to obtain adequate financing in the future. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms that are acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

- Market risk

Market risk incorporates a range of risks. Movements in risk factors, such as interest rate risk, currency risk, market price risk, and commodity price risk, affect the fair value of financial assets and liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk is minimal as there are no outstanding loans or interest-bearing debt. The Company's current policy is to deposit excess cash in non-interest-bearing accounts at its Canadian banking institutions.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar as the majority of its transactions and operations are in Canada. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

Market price risk

The prices of metals and minerals fluctuate widely and are affected by many factors outside of the Company's control. The prices of metals and minerals and future expectation of such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. This in turn may impact the Company's ability to raise equity financing for its long term working capital requirements.

Company's exploration and evaluation assets are related to the price of gold and other mineral commodities, and the outlook for this mineral. Adverse changes in the price of gold can also significantly impair the economic viability of the Company's projects, along with the ability to obtain future financing.

(c) Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes that movements at $\pm 10\%$ are "reasonably possible" over a one-year period:

- (i) The Company does not hold significant balances in foreign currencies to give rise to significant exposure to foreign exchange risk.
- (ii) Price risk is remote since the Company is a non-producing entity.

The Company's other financial assets are subject to fair value fluctuations.

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16. CAPITAL MANAGEMENT

In the management of capital, the Company includes capital stock, warrant reserve, share-based payment reserve, deficit, other accumulated comprehensive income, accounts payable and accrued liabilities, due to officers and directors and due to consultants.

The Company's objectives when managing capital are:

- (a) To safeguard the Company's financial capacity and liquidity for future earning in order to continue to provide an appropriate return to shareholders and other stakeholders;
- (b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and
- (c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt, equity or similar instruments to reduce debt levels, adjust the amount of dividends paid to shareholders, or make adjustments to its capital expenditure program.

There were no changes in the Company's approach to capital management during the year ended June 30, 2018 and capital management is consistent with the year ended June 30, 2017. The Company is not subject to externally imposed capital requirements.

17. DUE DILIGENCE EXPENSES

During fiscal 2017, the Company reviewed several mineral projects which it felt might have merit and represent an opportunity for the Company to participate. The Company incurred such expenses on one potential gold and copper project in Pakistan and this amounted to \$Nil during the year ended June 30, 2018 (2017 - \$182,054). It included legal fees, an update on a 43-101 report and fees to send representatives overseas to negotiate with local mining authorities. Management subsequently determined that this project was too difficult to conclude an agreement on reasonable terms and with reasonable risk. The Company has suspended future expenditures on this project.

18. RELATED PARTY TRANSACTIONS

	2018	2017
Management fees charged by officers or Corporations controlled by officers for administrative and financial management services	\$ 67,500	\$ 72,600
Rental income received by a company with common directors	\$ 16,000	\$ 11,350

- (a) At June 30, 2018, the amount of \$4,224 (2017 - \$21,365) is due to an officer and director of the Company.
- (b) At June 30, 2018, accounts payable included the amount of \$834 (2017 - \$Nil) is due to certain directors of the Company for out-of-pocket business expenses.
- (c) At June 30, 2018, accounts receivable included rent receivable in the amount of \$Nil (2017 -\$10,848) that is due from a company with common directors.

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18. RELATED PARTY TRANSACTIONS (continued)

- (d) At June 30, 2018, accounts payable included rent paid in advance in the amount of \$8,000 (2017 - \$Nil) that is due from a company with common directors.

19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchase relating to accrued interest, exploration activities and administrative activities.

20. DUE TO CONSULTANTS

The due to consultants are amounts that are interest-free and payable on demand.

21. EXPLORATION AND EVALUATION EXPENSES

The exploration and evaluation costs reflected in the statement of loss are as follows:

	2018	2017
Casa Berardi Project –Quebec, Canada	\$ 8,156	\$ 11,421
Horseshoe Bend Project, British Columbia, Canada	29,425	-
	<u>\$ 37,581</u>	<u>\$ 11,421</u>

The Casa Berardi exploration and evaluation expenses for the year ended June 30, 2018 are comprised of claim renewal costs of \$8,156 (2017 - \$Nil), geological consulting of \$Nil (2017 - \$700) and other costs of \$Nil (2017 - \$10,721). The Horseshoe Bend Project exploration and evaluation expenses for the year ended June 30, 2018 are comprised of field expenses of \$29,425 (2017- \$Nil).

22. INCOME TAXES

- (a) Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for tax purposes

The Company's actual tax expense for each of the years is made up as follows:

	2018	2017
Statutory rate	26.50%	26.50%
(Loss) before income taxes	<u>\$ (1,040,547)</u>	<u>\$ (662,993)</u>
Income tax (recovery) at statutory rates	(275,745)	(175,693)
Amortization	12,949	148
Exploration and evaluation expenses	9,959	4,000
Other	-	142
Share issue cost	(6,768)	(557)
Share-based compensation	99,851	42,635
Accretion	19,661	-
	<u>(140,093)</u>	<u>(129,325)</u>
Tax benefit not realized	140,093	129,325
Total current income tax expense (recovery)	<u>\$ -</u>	<u>\$ -</u>

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22. INCOME TAXES (continued)

The Company has the following deferred income tax assets and liabilities at the future enacted rates of 26.5 % (2017 – 26.5%):

	2018	2017
Non-capital losses carry forward	\$ 1,135,711	\$ 990,689
Capital losses carry forward	29,777	29,777
Resource property pools	148,003	138,044
Share issue costs	26,170	2,441
Capital assets	13,430	482
Deferred tax asset	1,353,091	1,161,433
Deferred tax liability – flow through shares	(382,748)	(382,748)
Deferred tax liability – fair market value increment	(260,957)	-
Asset not recognized	(709,386)	(778,685)
Net deferred tax asset/liability	\$ -	\$ -

The Company has not recognized the deferred tax assets since the Company does not consider it more likely than not that the deferred tax asset will be realized in the future.

As at June 30, 2018, the Company has Canadian non-capital losses of approximately \$4,267,000 (2017 - \$3,738,000) available for deduction against future Canadian taxable income, the balances of which will expire as follows:

2026	353,000
2027	319,000
2028	288,000
2029	1,198,000
2030	109,000
2031	152,000
2032	15,000
2033	269,000
2034	248,000
2035	89,000
2036	210,000
2037	488,000
2038	529,000
	<u>\$ 4,267,000</u>

The Company has Canadian capital losses of approximately \$225,000 as at June 30, 2018 (2017 - \$225,000). These losses do not expire and can be utilized against future taxable gains.

- b) During fiscal 2009, management determined that the Company did not incur sufficient eligible exploration expenses under its flow-thru programs in 2006 and 2007. As at June 30, 2018, the amount of indemnification payable included in accounts payable and accrued liabilities is \$9,282 (2017 - \$9,282).

23. CAPITAL STOCK

(a) Private Placements

On June 30, 2016, the Company completed a private placement of 13,100,000 units at a price of \$0.05 per unit, for aggregate proceeds of \$655,000. Each unit is comprised of one common share of the Company and one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share on or before June 30, 2018 at an exercise price of \$0.15 per common share. In connection with the financing, the Company incurred share issue costs in the amount of \$6,483. Typically, the valuation of warrants would be allocated using the Black-Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 287%, risk free interest rate of 0.49% and an executed life of 2 years. But based on these assumptions, the warrant valuation yielded an amount greater than \$655,000. Management determined that a reasonable valuation of the warrants would be equal to 2/3 of the \$655,000 proceeds or \$436,667. There was \$150,000 of subscription proceeds that was received during the year ended June 30, 2017. During the year ended June 30, 2018, 850,000 warrants were exercised for total cash proceeds of \$127,500.

On July 25, 2016, the Company completed a private placement of 750,000 units at a price of \$0.20 per unit, for aggregate proceeds of \$150,000. Each unit is comprised of one common share of the Company and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share on or before July 25, 2018 at an exercise price of \$0.40 per common share. The the valuation of warrants was determined to be \$100,000 and was calculated using the Black- Scholes pricing model based on the following assumptions: dividend yield rate of 0%, volatility of 292%, risk free interest rate of 0.58% and an executed life of 2 years.

On February 9, 2018, completed a private placement of 8,854,000 units at an issue price of \$0.20 per unit for total gross proceeds of \$1,770,800. Each unit consists of one common share and one-half of one share purchase warrant, with each warrant entitling the holder to purchase one common share at \$0.50 per share until the close of business on the day which is 36 months from the date of issue of the warrant. The total fair value of \$1,170,761 was estimated as a value for the warrants using the Black-Scholes option pricing model assuming, a risk-free interest rates ranging from 1.92% to 1.96%, an expected volatility of 234% and an expected life of 3 years. In addition, 115,500 finder's warrants were issued entitling the holder to purchase one common share at \$0.20 per share until the close of business on the day which is 18 months from the date of issue of the warrant. The total fair value of \$13,200 was estimated as a value for the finder's warrants using the Black-Scholes option pricing model assuming, a risk-free interest rate of 1.78%, an expected volatility of 128% and an expected life of 1.5 years. The Company incurred a total of \$37,548 in cash finder's fees in connection with the private placement.

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23. CAPITAL STOCK (continued)

(b) Warrants

The following table provides information about warrants issued and outstanding at June 30, 2018:

Description	Expiry Date	Weighted Average Exercise Price	No. of Warrants	Fair Value
Subscriber Warrants	July 25, 2018	\$ 0.40	375,000	\$ 81,838
Subscriber Warrants	February 9, 2021	\$ 0.50	8,854,000	\$ 1,170,761
Finders Warrants	August 9, 2019	\$ 0.20	115,500	\$ 13,200
		\$ 0.49	9,344,500	\$ 1,265,799

(c) Stock Options

Stock option plan

The Company has a stock option plan to provide employees, directors, officers and consultants with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of option is five years. The maximum number of shares which may be issued under the program shall not exceed 10% of the issued and outstanding shares. The following summarizes the employees, directors, officers and consultant stock options that have been granted, exercised, expired, vested or cancelled during the year ended June 30, 2018:

(i) On July 4, 2016, the Company granted 1,500,000 stock options with an exercise price of \$0.10 and a term of five years. These options vested immediately. The total fair value of \$89,848 was estimated using the Black-Scholes option pricing model assuming, a risk-free interest rate of 0.56%, an expected volatility of 314% and an expected life of 5 years. The granting of these options resulted in a share-based payment expense of \$104,956 being recorded during the year ended June 30, 2017. During the year ended June 30, 2018, 25,000 stock options were exercised for cash proceeds of \$2,500. During the year ended June 30, 2017, 350,000 stock options were exercised for cash proceeds of \$35,000.

(ii) On March 1, 2017, the Company granted 400,000 stock options with an exercise price of \$0.15 and a term of five years. These options vested immediately. The total fair value of \$55,931 was estimated using the Black-Scholes option pricing model assuming, a risk-free interest rate of 1.15%, an expected volatility of 293% and an expected life of 5 years. The granting of these options resulted in a share-based payment expense of \$55,931 being recorded during the year ended June 30, 2017. During the year ended June 30, 2017, 300,000 stock options were exercised for cash proceeds of \$45,000.

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23. CAPITAL STOCK (continued)

(iii) On June 14, 2018, the Company granted 2,700,000 stock options with an exercise price of \$0.22 and a term of three years. These options vested immediately. The total fair value of \$376,797 was estimated using the Black-Scholes option pricing model assuming, a risk-free interest rate of 2.01%, an expected volatility of 218% and an expected life of 3 years. The granting of these options resulted in a share-based payment expense of \$376,797 being recorded during the year ended June 30, 2018.

At June 30, 2018, the Company had 3,925,000 stock options outstanding as follows:

Number Outstanding	Number Vested	Black Scholes Value	Weighted Average Life Remaining	Weighted Average Exercise Price
1,125,000	1,125,000	\$ 78,717	3.01 years	\$ 0.10
100,000	100,000	13,983	3.62 years	0.15
2,700,000	2,700,000	376,797	4.96 years	0.22
3,925,000	3,925,000	\$ 469,497	4.37 years	\$ 0.19

The Company provides compensation to directors, employees and consultants in the form of stock options.

(d) Warrant Reserve

A summary of the changes in the Company's warrant reserve is set out below:

	2018	2017
Balance – Beginning of year	\$ 500,838	\$ 436,667
Valuation of warrants issued	1,170,761	81,838
Finder's warrants issued	13,200	-
Exercise of warrants	(28,334)	(17,667)
Expiry of warrants	(390,666)	-
Balance – End of year	\$ 1,265,799	\$ 500,838

(e) Share-based Payment Reserves

A summary of the changes in the Company's share-based payment reserve is set out below:

	2018	2017
Balance – Beginning of year	\$ 97,961	\$ 65,700
Exercise of stock options	(5,261)	(62,926)
Cancelation of stock options	-	(65,700)
Share-based compensation	376,797	160,887
Balance – End of year	\$ 469,497	\$ 97,961

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23. CAPITAL STOCK (continued)

(f) Contributed Surplus

A summary of the changes in the Company's contributed surplus is set out below:

	2018	2017
Balance – Beginning of year	\$ 2,211,339	\$ 2,145,639
Cancellation of stock options	-	65,700
Expiry of warrants	390,666	-
Balance – End of year	\$ 2,602,005	\$ 2,211,339

24. COMMITMENT

On March 5, 2015, the Company entered into a 4-year office lease agreement for its office premises commencing April 1, 2015 to March 31, 2019. The minimum lease commitments under the lease for the next fiscal year is as follows:

2019	75,481
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The Company has informal month-to-month agreements with certain co-tenants that may generate rental recovery to offset this commitment.

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Form 51-102F1
Management Discussion and Analysis
For
Gold Rush Cariboo Corp.
June 30, 2018

For the Year Ended June 30, 2018 and 2017

This Management's Discussion and Analysis ("MD&A") is prepared as of October 29, 2018, and should be read in conjunction with the financial statements of Gold Rush Cariboo Corp. (or "Company") for the year ended June 30, 2018 and June 30, 2017, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information, including the Annual Information Form can be found on SEDAR, www.sedar.com. All amounts are in Canadian dollars.

Forward Looking Information

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from actual future results and achievements expressed or implied by such forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are also advised to consider such forward-looking statements while considering the risks set forth below.

Caution Regarding Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; the future price of gold; success of exploration activities; cost and timing of future exploration and development; the estimation of mineral reserves and mineral resources; conclusions of economic evaluations; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, “believes”, or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- The Company’s goal of creating shareholder value by concentrating on the acquisition and development of properties that have the potential to contain economic resources;
- The Company’s expected plans regarding the exploration plans for Casa Berardi, and in particular, the availability of skilled labour, timing and the amount of the expected exploration budget;
- Management’s economic outlook regarding future trends;
- The Company’s acquisition of Gold Rush Cariboo Inc. which required raising significant funds to acquire mining rights and mining equipment in British Columbia, Canada and will require significant funds to meet related debt obligations and planned exploration and evaluation activities;
- The Company’s ability to meet its working capital needs at the current level in the short term;
- Expectations with respect to raising capital;
- Sensitivity analysis on financial instruments may vary from amounts disclosed; and
- Governmental regulation and environmental liability.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Introduction

Gold Rush Cariboo Corp. (“Company”) is a Canadian publicly listed public company whose shares trade on the TMX Venture Exchange under the symbol “**GDBO**”.

On June 19, 2018, under Articles of Amendment, the Company changed its name to Gold Rush Cariboo Corp. from Cava Resources Inc.

Gold Rush Cariboo Corp. is a development stage exploration company with no revenues from mineral producing operations. Activities include acquiring mineral exploration properties and conducting exploration programs. The mineral exploration business is risky and most exploration projects will not result in producing mines. The Company may offer an opportunity to other mining companies to acquire an interest in a property in return for funding all or part of the exploration and development of a particular property. For the funding of property acquisitions and exploration that the company conducts, the Company depends on the issuance of shares from the treasury to investors. These stock issuances depend on a number of factors including a positive mineral exploration environment, positive stock market conditions, a company’s track record and the experience of management.

On January 22, 2016, the Company announced that the articles of the Company had been amended to consolidate the issued and outstanding common shares of the Company on the basis of one post-consolidation Common Share for every ten pre-consolidation Common Shares. All share and per share amounts have been adjusted retroactively to reflect the share consolidation unless otherwise noted.

The Company completed an updated technical report on its Casa Berardi properties in January 2016. See **Technical Report of Casa Berardi Property** for further details

During fiscal 2017, management commenced an active search for new opportunities both in Canada, in the United States and in other parts of the world. The Company has incurred certain costs in connection with due diligence work on some of these opportunities. In February 2018, the Company completed an agreement with Gold Rush Cariboo Inc. to acquire all of its outstanding common shares by issuing 12,600,000 common shares of the Company. See **Horseshoe Bend Project (Gold Rush Cariboo Inc. Acquisition)** for further details. Following the closing of the acquisition, the Company carried out some sampling programs and are currently awaiting the assay results.

Overall Performance

The net loss for the year ended June 30, 2018 was \$1,040,547 compared to net loss for the year ended June 30, 2017 of \$662,993. The increase in the 2018 net loss is attributed primarily to interest expense increasing to \$149,293 in 2018 from \$Nil in 2017, consulting expense increasing to \$192,795 in 2018 from \$137,000 in 2017, stock-based compensation expense increasing to \$376,797 in 2018 from \$160,887 in 2017. These increases were offset by due diligence expenses decreasing to \$Nil in 2018 from \$182,054 in 2017.

During the year ended June 30, 2018 compared to the year ended June 30, 2017 cash provided by financing activities included the proceeds on the private placement financing net of share issue costs of \$1,653,618 (2017 - \$145,975), subscription proceeds received of \$Nil (2017 - \$150,000), proceeds from the exercise of warrants of \$127,500 (2017 - \$79,500), and the proceeds from the exercise of stock options of \$2,500 (2017 - \$80,000). These proceeds were offset by cash used for advances to directors and officers of \$17,141 (2017 - \$49,141), advances to a consultant of \$1,974 (2017 - \$44,782) and advances to a shareholder of \$13,775 (2017 - \$Nil). Investing activities included cash acquired on the acquisition of Gold Rush Cariboo Inc. of \$1,256 (2017 - \$Nil). Cash used in investing activities included property, plant and equipment purchases of \$1,237,990 (2017 - \$3,933), and exploration and evaluation asset purchases of \$Nil (2017 - \$3,673). Overall, operating activities resulted in cash used of \$455,883 in 2018 compared to \$567,439 in 2017. Cash generated during the year were used for outstanding accounts payable and ongoing operating expenses. At June 30, 2018, the Company had a working capital deficiency in the amount of \$177,551 compared to working capital of \$94,997 at June 30, 2017.

Each of the Company's active properties is discussed later in this report.

Results of Operations

The net loss for the year ended June 30, 2018 was \$1,040,547 (\$0.04 per share) compared to a net loss for the year ended June 30, 2017 of \$662,993 (\$0.04 per share).

Operating Expenses

For the year ended June 30, the major expenses consisted of:

	<u>2018</u>	<u>2017</u>
Management fees	\$67,500	\$72,600
Consulting fees	\$192,795	\$137,000
Due diligence expenses	\$Nil	\$182,054
Stock-based compensation	\$376,797	\$160,887
Interest expense	\$149,293	\$Nil

(a) Management fees in 2018 in the amount of \$67,500 were reasonably in line with 2017 amount of \$72,600.

(b) Consulting fees increased to \$192,795 in 2018 from \$137,000 as a result of additional fees related to acquisition and financing activities.

(c) During the June 2017 year, the Company reviewed several mineral projects which it felt might have merit and represent an opportunity for the Company to participate. This due diligence expenses incurred during the year ended June 30, 2017 included expenses on one potential gold copper project in Pakistan. Expenses which totaled \$182,054, included legal fees, an update on a 43-101 report and fees to send representatives overseas to negotiate with local mining authorities. Management subsequently determined that this project was too difficult to conclude an agreement on reasonable terms and with reasonable risk. The Company has suspended future expenditures on this project.

(d) Stock-based compensation totaled \$376,797 in 2018 compared to \$160,887 in 2017 as a result of 2,700,000 stock options granted in 2018 and 1,900,000 stock options granted in 2017.

(e) During the year ended June 30, 2018, Gold Rush Cariboo Inc. issued a convertible promissory note to Goldlands in connection with the acquisition of the Horseshoe Bend Project rights and incurred \$149,293 in interest expense (2017- \$Nil).

Liquidity

Financing of operations is achieved by issuing share capital and from the proceeds from the exercise of warrants and stock options. The Company ended the year ended June 30, 2018 with cash of \$61,575 (2017 – \$3,464), accounts receivable of \$Nil (2017 - \$12,984), GST/HST receivable of \$21,287 (2017 - \$13,428), prepaid expenses of \$30,141 (2017 - \$23,120), a loan receivable of \$Nil (2017 - \$159,000) and consulting fee advance of \$69,035 (2017 - \$Nil).

At June 30, 2018, the Company had accounts payable relating to exploration activities and administrative activities in the amount of \$177,121 (2017 - \$90,416), due to officers and directors in the amount of \$4,224 (2017 - \$21,365), due to consultants of \$3,244 (2017 - \$5,218) and current portion of convertible promissory note payable of \$175,000 (2017 - \$Nil). The Company had a working capital deficiency of \$177,551 at June 30, 2018 (2017 – working capital of \$94,997).

At June 30, 2018 the Company's long-term liabilities consisted of a long-term portion of convertible promissory note payable in the amount of \$1,164,494 (2017 - \$Nil)

Cash flows used in investing activities totaled \$1,236,734 in 2018 compared to \$166,606 in cash flows used in 2017. Cash flows generated from financing activities in 2018 totaled \$1,750,728 compared to \$361,552 cash flows generated from financing activities in 2017. Cash flows used in operating activities totaled \$455,883 in 2018 compared to \$567,439 in cash flows used in operating activities in 2017.

Capital Resources

The Company's primary capital assets are its deferred acquisition costs related to its mining properties and rights.

The Company's mining properties and rights are in good standing at this time and the spending commitments needed to maintain these claims in good standing can be funded by the current working capital levels and through future financings and/or property sales.

Summary of Quarterly Results

The following table is a summary of selected unaudited financial information for the eight most recent fiscal quarters.

	<u>Revenue</u>	<u>Income (Loss)</u>	<u>Income (Loss) Per Share</u>
September 30, 2016	\$ Nil	\$ (336,947)	\$ (0.02)
December 31, 2016	Nil	(104,909)	(0.01)
March 31, 2017	Nil	(91,678)	(0.00)
June 30, 2017	Nil	(129,459)	(0.01)
September 30, 2017	Nil	(55,432)	(0.00)
December 31, 2017	Nil	(53,324)	(0.00)
March 31, 2018	Nil	(247,959)	(0.01)
June 30, 2018	Nil	(683,832)	(0.03)

Selected Annual Information

	Year ended June 30,		
	2018	2017	2016
Revenues	\$Nil	\$Nil	\$Nil
Net (loss) and comprehensive loss	\$(1,040,547)	\$(662,993)	\$(210,808)
Net (loss) per share basic and fully diluted*	\$(0.04)	\$(0.04)	\$(0.10)
Total Assets	\$4,872,849	\$389,939	\$745,512
Non-current financial liabilities	\$1,164,494	\$Nil	\$Nil

* adjusted retroactively for 10:1 share consolidation in January 2016

Exploration and Property Update – Mining Properties & Rights

All of the information contained in this MD&A with respect to the Company's mineral properties and results has been reviewed and approved by Bruce Mackie, P.Geo, a qualified person under the definitions established by National Instrument # 43-101.

Casa Berardi, Quebec

The Company currently holds a 70% interest in a total of 114 mining claims in the Casa Berardi area. The claims are located in the townships of Casa Berardi, Collet, Laberge and Estrees. The Company's 30% owner in these claims is Explorers Alliance Corp.

During the fiscal 2012, the Company completed five drill holes as part of the Company's core drilling program with its venture partner. The results indicated that additional drilling should

be pursued, which will assist the Company in evaluating this property with respect to determining an ongoing strategy with the joint venture partner. There has been interest from other arm's length parties who may want to option these claims. Management will continue to pursue its alternatives with regards to the Casa Berardi property over the next several months.

Other Property Interests

The Company has certain other minor property interests which management considers immaterial and which have been written down to \$1.

Technical Report on Casa Berardi Property

A review and compilation of the exploration history and mineral potential of the Company's Casa Berardi North Property (the "Property") located in northwestern Québec, was undertaken by Bruce Mackie Geological Consulting Services ("Mackie") and Mitchell E. Lavery ("Lavery"). This technical report summarizes the geological setting, deposit model type(s), and work done on the Property and as well makes recommendations for further exploration programs. Mackie and Lavery prepared this report dated January 27, 2016 as defined in "National Instrument 43-101, Standards of Disclosure for Mineral Projects". The 43-101 Report can be found on www.sedar.com

While the Company still considers the property to be a property of merit, it is currently contemplating a sale or optioning of the property and is engaged in talks with interested parties

Horseshoe Bend Project Mining Rights (Gold Rush Cariboo Inc. Acquisition)

On October 31, 2017, (pursuant to a letter of intent dated September 27, 2017), the Company entered into an agreement for the acquisition of all of the issued and outstanding shares of Gold Rush Cariboo Inc. which has previously entered into an agreement with Goldlands Inc. ("Goldlands") with respect to the purchase of the alluvial gold and platinum mining rights known as the Horseshoe Bend Project consisting of the rights to mine on one Placer Lease and six Placer Claims totaling 254.9 acres. As consideration for the exercise of the option to purchase the Horseshoe Bend Project Rights, Gold Rush Cariboo Inc. issued a promissory note to Goldlands in the amount of \$2,250,000, which is convertible into common shares of Gold Rush Cariboo Corp. at a conversion price of \$0.40 per share for a total of 5,625,000 common shares if fully converted. In addition, Gold Rush Cariboo Inc. has acquired an option to acquire an additional 16 adjacent properties totaling approximately 8,000 acres which are held by Goldlands.

As consideration for the acquisition of all of the issued and outstanding shares of Gold Rush Cariboo Inc., the Company has issued 12,600,000 common shares of the Company to the shareholders of Gold Rush Cariboo Inc. valued at \$971,258 based on value of the net assets acquired.

The transaction was entered into based on normal market conditions at the amount agreed on by the parties. The transaction did not meet the criteria of a business combination since Gold

Rush Cariboo Inc. lacks necessary inputs, process, and outputs of being a business; therefore, it has been accounted for as an acquisition of assets by the Company. The purchase consideration was allocated to the assets acquired based on their fair values at the date of the acquisition net of any associated liabilities. The fair values acquired are as follows: Cash \$1,256; Due from Goldlands \$89,000; Due from a Shareholder \$55,260; Horseshoe Bend Project Mining Rights Asset \$3,234,742; Due to Gold Rush Cariboo Corp. \$159,000; Convertible Promissory Note Payable \$2,250,000. The acquisition premium in the amount of \$984,742 has been allocated to the Horseshoe Bend Project Mining Rights.

Technical Report on Horseshoe Bend Project

The Company based its decision to proceed with the acquisition of the Horseshoe Bend Project following a detailed study of the 43-101 report prepared by Tim Henneberry of Mammoth Geological Limited, dated August 17, 2017. Mr. Henneberry, is a Qualified Person as defined in “National Instrument 43-101, Standards of Disclosure for Mineral Projects”

During the summer of 2018, the Company engaged a work crew to conduct a sampling program on the property. Numerous samples were sent to an independent laboratory and the Company is currently awaiting assay results.

Financing – February 2018

The completion of the Gold Rush Cariboo Inc. transaction follows the closing of the Company’s financing which was announced on February 9, 2018. The Company issued 8,854,000 units at an issue price of \$0.20 per unit for total gross proceeds of \$1,770,800. Each unit consists of one common share and one-half of one share purchase warrant, with each warrant entitling the holder to purchase one common share at \$0.50 per share until the close of business on the day which is 36 months from the date of issue of the warrant. In addition, 115,500 finder’s warrants were issued entitling the holder to purchase one common share at \$0.20 per share until the close of business on the day which is 18 months from the date of issue of the warrant. In connection with the financing, \$37,548 in finder’s fees were paid.

Transactions with Related Parties

	2018	2017
Management fees charged by officers or Corporations controlled by officers for administrative and financial management services	\$ 67,500	\$ 72,600
Rental income received by a company with common directors	\$ 16,000	\$ 11,350

- (a) At June 30, 2018, the amount of \$4,224 (2017 - \$21,365) is due to an officer and director of the Company.
- (b) At June 30, 2018, accounts payable included the amount of \$834 (2017 - \$Nil) is due to certain directors of the Company for out-of-pocket business expenses.
- (c) At June 30, 2018, accounts receivable included rent receivable in the amount of \$Nil (2017 - \$10,848) that is due from a company with common directors.

Lease Commitment

On March 5, 2015, the Company entered into a 4-year months office lease agreement for its office premises commencing April 1, 2015 to March 31, 2019. The minimum lease commitments under the lease for the next fiscal year is as follows:

2019	\$75,481
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The Company has informal month-to-month agreements with certain co-tenants that may generate rental recovery to offset this commitment.

The Company has informal agreements with certain co-tenants that may generate annual rental recovery in fiscal 2019 to offset this commitment.

Critical Accounting Policies and Estimates

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of carrying value of mining property and right acquisition costs, stock-based compensation, convertible promissory note bifurcation, warrant valuation, and deferred tax assets and liabilities. Financial results as determined by actual events could differ from those estimates.

Conversion to IFRS

Statement of Compliance

The Company's condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Reporting Interpretations Committee ("IFRIC").

The policies applied in these financial statements are based on IFRS issued and outstanding as of October 29, 2018, the date the board of directors approved the financial statements.

The Company has adopted IFRS on July 1, 2011 with a transition date of July 1, 2010. Under IFRS 1 'First time Adoption of International Financial Reporting Standards', the IFRS are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under GAAP taken to deficit unless certain exemptions are applied.

These financial statements have been prepared on a going concern basis, under the historical cost convention, except fair value through profit and loss assets which are carried at fair value,

and have been prepared using the accrual basis of accounting, as explained in the accounting policies set out in Note 4.

These condensed interim consolidated financial statements are presented in Canadian Dollars, which is the functional currency of the Company.

Risks and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, metal prices, political and economic.

The Company has no significant source of operating cash flow and no revenue from operations. The Company has not determined whether its mining property and rights contain resource reserves that are economically recoverable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish reserves.

The mining property and rights interests that the company has or has an option to earn an interest in are in the exploration stages only, are without known bodies of commercial mineralization and have no ongoing mining operations. Mineral exploration involves a high degree of risk and few properties, which are explored, are ultimately developed into producing mines. Exploration of the Company's mineral properties may not result in any discoveries of commercial bodies of mineralization. If the Company's efforts do not result in any discovery of commercial mineralization, the Company will be forced to look for other exploration projects or cease operations.

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks.

The Company is in the business of resource exploration and as such, its prospects are largely dependent on movements in the price of various commodities. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. The mineral exploration industry in general is a competitive market and there is no assurance that, even if commercial quantities of proven and probable reserves are discovered, a profitable market may exist. Due to the current grassroots nature of its operations, the Company does not enter into price hedging programs.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

The Company entered into an office lease commitment during 2015 which will require significant annual payments until 2019.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulations pertaining to the province of Ontario and also Canada. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests, which are unknown to the Company at present and which may have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently and may in the future be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities which may cause operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

The future costs of retiring mining assets include dismantling, remediation, ongoing treatment and monitoring of the site. These are reconciled and recorded as a liability at fair value. The liability is accreted, over time, through periodic charges to earnings. In addition, asset retirement costs are capitalized as part of the asset's carrying value and amortized over the asset's useful life. As the Company has not yet begun mining or milling operations, the Company currently has no identifiable obligations in relation to the retirement of its assets.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures and production costs. They may also cause a reduction in levels of production at producing properties or they may require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the environment, the Company may become subject to liability for hazards against which it cannot be insured. The Company is subject to all environmental acts and regulations at the federal and provincial levels.

These include, but are not limited to, the following:

Federal Level (Canada)

Canadian Environmental Protection Act
Fisheries Act
Navigable Waters Protection Act and Regulations

Provincial Level

Ontario Environmental Protection Act
Ontario, Quebec and BC Mining Act

To the Company's knowledge there are no liabilities to date which relate to environment risks or hazards.

Evaluation of Disclosure Controls

As required by Multilateral Instrument 52-109, management carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2018. These controls continue to be monitored regularly and, in the future, an independent party will be engaged to test these controls. Based on the current evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company to satisfy its continuous disclosure obligations, and are effective in ensuring that information required to be disclosed in reports that the Company files is accumulated and communicated to management as appropriate to allow for timely decisions regarding required disclosure. These comments are made within the context that the Company is a small business and as such there is little segregation of duties.

Corporate Governance Matters

The Company has an independent audit committee and a compensation committee that meets periodically as required to review and approve financial statements and to approve management compensation.

Share Data

The following sets forth the outstanding securities of the Company as at October 29, 2018:

- The authorized capital of the Company consists of an unlimited number of common shares
- (a) Common Shares – 39,407,411
 - (b) Stock Options – 3,925,000
 - (c) Warrants – 9,344,500
 - (d) Convertible Promissory Note – Face value \$2,250,000

Additional information relating to the Company's operations and activities can be found by accessing the Company's public documents filed on SEDAR at www.sedar.com and the Company's web site www.goldrushcariboo.com

Signed

"R. Brian Murray", CEO

"Chris Hopkins", CFO

