CONFEDERATION
MINERALS LTD.

Financial Statements

Year Ended June 30, 2017

(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Confederation Minerals Ltd.

We have audited the accompanying financial statements of Confederation Minerals Ltd., which comprise the statements of financial position as at June 30, 2017 and 2016 and July 1, 2015 and the statements of operations and comprehensive loss, cash flows, and changes in equity (deficiency) for the years ended June 30, 2017 and 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Confederation Minerals Ltd. as at June 30, 2017 and 2016 and July 1, 2015 and its financial performance and its cash flows for the years ended June 30, 2017 and 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

"DAVIDSON & COMPANY LLP"

Vancouver, Canada | Chartered Professional Accountants

October 27, 2017

CONFEDERATION MINERALS LTD.
Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	June 30, 2017	June 30, 2016	July 1, 2015 (Restated - Note 18)
		$	$	$
ASSETS				
Current assets				
Cash and cash equivalents		316,133	52,934	7,382
Marketable securities	5	-	33,000	554,000
Receivables	6	30,056	12,222	1,932
Prepaid expenses		3,460	3,460	5,533
Total current assets		349,649	101,616	568,847
Non-current assets				
Exploration and evaluation assets	7	1	1	729,750
Total assets		349,650	101,617	1,298,597
LIABILITIES				
Current liabilities				
Payables and accruals	8	348,651	610,651	366,695
Loan payable	9	5,000	5,000	5,000
Converbile debenture	10	48,625	-	-
Total current liabilities		402,276	615,651	371,695
Non-current liabilities				
Convertible debenture	10	-	44,218	-
Total liabilities		402,276	659,869	371,695
EQUITY (DEFICIENCY)				
Equity (deficiency) attributable to shareholders				
Share capital	12	21,912,449	20,256,196	20,206,196
Reserves		2,545,034	2,535,967	2,535,967
Accumulated deficit		(24,510,109)	(23,207,561)	(21,999,118)
Accumulated other comprehensive income (loss)		-	(142,854)	183,857
Total equity (deficiency)		(52,626)	(558,252)	926,902
Total liabilities and equity (deficiency)		349,650	101,617	1,298,597

Nature of Operations and Continuance of Operations (note 1)
Commitments (note 15)
Events After the Reporting Period (note 19)

These financial statements are authorized for issue by the Board of Directors on October 27, 2017. They are signed on the Company's behalf by:

On behalf of the Board:

"Denise Lok" Director *"David Velisek"* Director
Denise Lok David Velisek

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

CONFEDERATION MINERALS LTD.
Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

For the Year Ended June 30,	Notes	2017	2016 (Restated - Note 18)
		$	$
Expenses			
Bank charges and interest		4,661	-
Consulting and management fees	13	431,506	229,033
Exploration and evaluation expenditures	7	9,588	6,838
Filing fees		19,123	13,270
Insurance		23,578	17,781
Meals and entertainment		26,841	-
Office expenses		18,626	14,324
Professional fees		55,808	46,076
Project investigation		121,803	-
Shareholder information		14,285	5,770
Transfer agent fees		11,866	7,974
Travel and accommodation		51,467	-
		(789,152)	(341,066)
Interest and miscellaneous income		1,374	-
Write-down of exploration and evaluation asset	7	-	(729,749)
Loss from marketable securities	5	-	(141,000)
Loss on settlement of debt	12	(365,316)	-
Discount on convertible debenture	10	-	6,661
Loss on disposition of marketable securities	5	(149,454)	(3,289)
Loss for the year		(1,302,548)	(1,208,443)
Other comprehensive loss			
Unrealized loss/(reversal) on marketable securities	5	142,854	(326,711)
Total comprehensive loss for the year		(1,159,694)	(1,535,154)

Loss per share (note 14)

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

CONFEDERATION MINERALS LTD.
Statements of Cash Flows
(Expressed in Canadian Dollars)

For the Year Ended June 30,	2017	2016 (Restated - Note 18)
	$	$
Cash provided by (used in):		
Operating activities		
Loss for the year	(1,302,548)	(1,208,443)
Items not involving cash:		
Interest income	(1,374)	-
Write-down of exploration and evaluation asset	-	729,749
Accretion expense on convertible debenture	4,407	879
Loss on settlement of debt	365,316	-
Loss of disposition of marketable securities	149,454	3,289
Unrealized loss on share purchase warrants	-	141,000
Discount on convertible debenture	-	(6,661)
Changes in non-cash working capital:		
Receivables	(17,834)	(10,290)
Prepaid expenses	-	2,073
Payables and accruals	84,089	243,956
	(718,490)	(104,448)
Investing activities:		
Proceeds from sale of marketable securities	26,400	50,000
Interest received	1,374	-
	27,774	50,000
Financing activities:		
Proceeds from shares issued	960,000	50,000
Share issuance costs	(6,085)	-
Issuance of convertible debenture	-	50,000
	953,915	100,000
Net change in cash and cash equivalent	263,199	45,552
Cash and cash equivalent, beginning of year	52,934	7,382
Cash and cash equivalent, end of year	316,133	52,934

Supplementary cash flow information (note 17)

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

CONFEDERATION MINERALS LTD.
Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)

	Share Capital				Accumulated Other Comprehensive Income (Loss)	Total Equity (Deficiency)
	Number of Shares	Amount	Reserves	Deficit		
		$	$	$	$	$
Balance - June 30, 2015 (Restated - Note 18)	6,777,853	20,206,196	2,535,967	(21,999,118)	183,857	926,902
Common shares issued:						
- warrants exercised	100,000	50,000	-	-	-	50,000
Loss for the year	-	-	-	(1,208,443)	-	(1,208,443)
Other comprehensive loss	-	-	-	-	(326,711)	(326,711)
Balance - June 30, 2016 (Restated - Note 18)	6,877,853	20,256,196	2,535,967	(23,207,561)	(142,854)	(558,252)
Private placements	2,526,315	960,000	-	-	-	960,000
Share issuance costs	-	(6,085)	-	-	-	(6,085)
Fair value of finders' warrants issued	-	(9,067)	9,067	-	-	-
Shares for debt	961,358	711,405	-	-	-	711,405
Reversal of other comprehensive loss on sale of marketable securities	-	-	-	-	142,854	142,854
Loss for the year	-	-	-	(1,302,548)	-	(1,302,548)
Balance - June 30, 2017	10,365,526	21,912,449	2,545,034	(24,510,109)	-	(52,626)

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

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

The Company was incorporated on November 3, 2005 under the Business Corporations Act (British Columbia) as "Medina Ventures Inc.", changed its name to "Sienna Minerals Ltd." on April 26, 2006 and changed its name to Confederation Minerals Ltd. on April 11, 2007. The Company's principal business activity is the exploration of exploration and evaluation assets.

The amounts shown as exploration and evaluation assets represent net acquisition costs to date, less any amounts amortized and/or written off, and do not necessarily represent present or future values. The recoverability of these amounts and any additional amounts required to place these assets into commercial production are dependent upon certain factors. These factors include the existence of ore deposits sufficient for commercial production and the Company's ability to obtain the required additional financing necessary to develop these assets.

The Company has working capital deficit as at June 30, 2017 of $52,627 and an accumulated deficit of $24,510,109. These financial statements have been prepared under the assumptions of a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has incurred losses from inception and does not currently have the financial resources to maintain its operations. The Company's continuation as a going concern is dependent upon the successful results from its exploration activities and its ability to attain profitable operations and generate funds from there and/or raise equity capital or borrowings sufficient to meet current and future obligations. These material uncertainties cast significant doubt about the Company's ability to continue as a going concern.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern.

The financial information is presented in Canadian Dollars (CDN$), which is the functional currency of the Company.

The head office and principal address of the Company are located at Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9.

2. BASIS OF PRESENTATION

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which collectively includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (the "IASB"), and all applicable individual International Accounting Standards ("IASs") and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB, effective for the Company's reporting for the year ended June 30, 2017.

2. BASIS OF PRESENTATION (continued)

Basis of measurement

The financial statements have been prepared under the historical cost basis. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. There were no cash equivalents at June 30, 2017 and 2016.

b) Mineral Exploration and Evaluation Expenditures

Pre-exploration costs are expensed in the period in which they are incurred. Once the legal right to explore a mineral property has been acquired, all costs related to the acquisition of mineral properties are capitalized by property. All exploration and evaluation expenditures are expensed until properties are determined to have economically recoverable resources. These direct expenditures include such costs as materials used, surveying costs, geological studies, drilling costs, payments made to contractors and depreciation of plant and equipment during the exploration phase.

Mineral property acquisition costs for each mineral property are carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped in full through successful development and exploration of the mineral property or alternatively, by sale; or
- Exploration and evaluation activities in the mineral property have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves; however; active and significant operations in relation to the mineral property are continuing, or planned for the future.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped properties, there may be only inferred resources to allow management to form a basis for the impairment review. The review is based on the Company's intentions for the development of such a property. If a mineral property does not prove viable, all unrecoverable costs associated with the property are charged to profit or loss at the time the determination is made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as "mining assets", within property, plant, and equipment. Exploration and evaluation acquisition costs accumulated are also tested for impairment before they are transferred to development properties.

During the year ended June 30, 2017, on a retroactive basis, the Company changed its accounting policy relating to exploration and evaluation expenditures (note 18).

c) Foreign Currencies Translation and Transaction

The functional currency of the Company is measured using the currency of the primary economic environment in which the entity operates. The financial statement is presented in Canadian dollars.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss.

d) Impairment of Non-Financial Assets

Impairment tests on intangible assets with indefinite useful economic lives are undertaken annually at the financial year-end. Other non-financial assets, including exploration and evaluation assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. The Company performs impairment testing on each cash-generating unit.

An impairment loss is charged to profit or loss, except to the extent it reverses gains previously recognized in accumulated other comprehensive loss/income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments

Financial Assets

Financial assets are classified into one of the following categories based on the purpose for which the asset was acquired. All transactions related to financial instruments are recorded on a trade date basis. The Company's accounting policy for each category into which they currently classify its assets is as follows:

Loans and Receivables

These assets, including receivables, are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Available-for-Sale Financial Assets

Non-derivative financial assets that do not meet the definition of loans and receivables are classified as available-for-sale and comprise principally the Company’s strategic investments in entities not qualifying as subsidiaries or associates. Available-for-sale investments are carried at fair value with changes in fair value recognized in other comprehensive loss. Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognized in other comprehensive loss, is recognized in profit or loss. If there is no quoted market price in an active market and fair value cannot be readily determined, available-for-sale investments are carried at cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On sale or impairment, the cumulative amount recognized in other comprehensive loss is reclassified from accumulated other comprehensive income (loss) to profit or loss.

Marketable securities (common shares) are classified as available for sale.

Fair Value through Profit and Loss

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

Marketable securities (warrants), and cash and cash equivalents and short-term investments are classified as fair value through profit or loss.

Impairment on Financial Assets

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired, if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

Financial Liabilities

Financial liabilities, including payables, accruals and loans payable, are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise payables and accruals. These liabilities are initially recognized at fair value net of any transaction costs directly attributable to the issuance of the instrument and subsequently carried at amortized cost using the effective interest rate method. This ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense in this context includes initial transaction costs and premiums payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

f) 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, if any, the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities include 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 exploration properties. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Additional environment 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.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

g) Income Taxes

Income tax expense comprises current and deferred tax expense. Current tax and deferred tax expense are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity or in other comprehensive loss/income.

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

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. 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, share warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Flow-through Shares

The Company will from time to time, issue flow-through common shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability, and ii) share capital. Upon qualifying expenditures being incurred, the Company derecognizes the liability and recognizes the premium as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Lookback Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

i) Earnings / Loss Per Share

Basic earnings/loss per share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. For the years presented, this calculation proved to be anti-dilutive.

j) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized in profit or loss over the vesting period, described as the period during which all the vesting conditions are to be satisfied.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in profit or loss. Options or warrants granted that relate to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in reserves, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid.

k) Standards, Amendments and Interpretations Not Yet Effective

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for the Company's fiscal years beginning on or after July 1, 2017. The following standards and interpretations are relevant to the Company's financial statements but are not yet effective:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is tentatively effective for the Company’s fiscal period beginning July 1, 2018.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation acquisition expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after the expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in the profit or loss in the period the new information becomes available.

Income Taxes

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

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 12.

(Expressed in Canadian Dollars)

5. MARKETABLE SECURITIES

		Cost	June 30, 2017 Fair Value
		$	$
American Potash Corp.			
- shares	-	-	-
Balance		-	-

		Cost	June 30, 2016 Fair Value
		$	$
American Potash Corp.			
- shares	660,000	175,854	33,000
- share purchase warrants	-	-	-
Balance		175,854	33,000

During the year ended June 30, 2017, the Company sold the 660,000 (2016 – 1,000,000) common shares of American Potash Corp. for proceeds of $26,400 ($2016 - $50,000). The Company recognized a loss on disposition of $149,454 (2016 - $3,289).

During the year ended June 30, 2016, the share purchase warrants expired. The Company recorded a loss of $141,000.

6. RECEIVABLES

At June 30, 2017 and June 30, 2016 the Company's receivables consist of GST – value added tax.

7. EXPLORATION AND EVALUATION ASSETS

The exploration and evaluation assets of the Company are comprised of the Newman Todd Project

During the year ended June 30, 2015 the Company completed the option with Redstar Gold Corp. ("Redstar") to earn a further 20% interest, thereby increasing its overall interest to 70% by producing, at its own cost, a preliminary assessment of the Property and issuing a further 50,000 shares to Redstar valued at $35,000. The Property is subject to a two percent net smelter return and a fifteen percent net carried interest. The latter interest does not receive payment until capital expenditures have been recovered with interest.

The Company also owns an effective 35% interest in certain other claims adjacent to the Newman Todd Project.

During the year ended June 30, 2016, the Company decided to impair the mineral property value to $1 given that the Company had not significantly advanced the Newman Todd Project. The Company continues to legally hold 70% interest in the property.

The schedule below outlines the costs incurred in the Newman Todd Project:

(Expressed in Canadian Dollars)

7. EXPLORATION AND EVALUATION ASSETS (continued)

Newman Todd Project

	As at July 1, 2015	Additions/ (Writedowns)	As at June 30, 2016	Additions/ (Writedowns)	As at June 30, 2017
	$	$	$	$	$
Acquisition					
Cash payments	368,750	(368,749)	1	-	1
Share issuance	361,000	(361,000)	-	-	-
	729,750	(729,749)	1	-	1

	Cumulative to July 1, 2015	Expenditures during the year	Cumulative to June 30, 2016	Expenditures during the year	Cumulative to June 30, 2017
Exploration and evaluation expenditures					
Advance payment	-	-	-	-	-
Assays and reports	1,363,866	-	1,363,866	-	1,363,866
Camp construction	115,276	-	115,276	-	115,276
Drilling	4,860,038	-	4,860,038	-	4,860,038
Environmental	291,336	-	291,336	-	291,336
Equipment installation	101,950	-	101,950	-	101,950
Field expenses	1,206,969	-	1,206,969	-	1,206,969
General administration	61,593	8,614	70,207	8,427	78,634
Metallurgy studies	133,482	-	133,482	-	133,482
Geological consulting	2,982,302	(1,844)	2,980,458	1,161	2,981,619
Permitting	4,272	68	4,340	-	4,340
Reclamation	10,000	-	10,000	-	10,000
Resource estimation	33,100	-	33,100	-	33,100
Surveys and geophysics	15,068	-	15,068	-	15,068
Travel and accommodation	480,250	-	480,250	-	480,250
Total exploration and evaluation expenditures	11,659,502	6,838	11,666,340	9,588	11,675,928

Confederation Lake (Mitchell & Belanger) Claims, Ontario

The Company holds certain claims located in the Red Lake Mining District of Ontario. These claims have a nominal carrying value.

Tourmaline Queen and Golden Galena

On June 21, 2017, the Company signed a letter of intent (“LOI”) to acquire 100% of the Torumaline Queen and Golden Galena Projects in Montana. The LOI called for escalating annual payments totaling 320 oz of gold (cash equivalent to be determined based on Au price at time of payments, but would total US$ 400,000 at an average Au price of $1250/oz) over a five year period in order to acquire a 100% interest in the claims within both of the two Project areas, subject to a retained net smelter royalty.

Subsequent to June 30, 2017, the Company terminated the LOI. Due diligence costs incurred during the year ended June 30, 2017 have been expensed as property investigation.

(Expressed in Canadian Dollars)

8. PAYABLES AND ACCRUALS

At June 30,	Note	2017	2016
		$	$
Trade		291,966	323,561
Due to related parties	13	56,675	287,090
		348,641	610,651

9. LOAN PAYABLE

During the year ended June 30, 2015, the Company received a shareholder loan for $5,000 which bears no interest and no set repayment term. The loan is payable upon demand by the lender and remains outstanding as at June 30, 2017.

10. CONVERTIBLE DEBENTURE

On April 14, 2016, the Company completed a non-brokered private placement of $50,000 aggregate principal amount of unsecured convertible debentures. The debentures bear nil interest. The debt will mature on October 15, 2017 and is convertible, at the election of the holder, into units of the Company at the market price at the date of conversion subject to a $0.10 minimum. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire an additional common share at a price set at a 50% premium to the conversion price, which is based on the higher of: $0.10 or market price at the date of conversion, until April 15, 2019.

For accounting purposes, the convertible debenture is considered a liability since the conversion feature is not a "fixed for fixed" conversion, it is considered an embedded derivative. However, the value of the embedded derivative liability has no value as the conversion price is set at the market price on the date of conversion. The fair value of the liability component was calculated as $43,339 being the present value of the convertible note's price discounted at the Company's estimated incremental borrowing rate of 10% for the period from April 14, 2016 to the expected remaining life of the note. The difference of $6,661 was recorded as a discount on convertible debenture.

The carrying value of the liability portion will be accreted to its redemption principle value of $50,000 over a period from the date of issuance to the estimated maturity and conversion date.

Interest accretion was recorded in the statements of operations and comprehensive loss in the amount of $4,407 for the period ended June 30, 2017 (2016 - $879).

Subsequent to June 30, 2017, the Company repaid the principal amount of $50,000 to the debenture holder.

(Expressed in Canadian Dollars)

11. INCOME TAXES

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

		2017		2016
Loss for the year	$	(1,302,548)	$	(1,208,443)
Expected income tax (recovery)	$	(339,000)	$	(314,000)
Change in statutory, foreign tax, foreign exchange rates and other		(13,000)		(18,000)
Permanent Difference		-		21,000
Adjustment to prior years provision versus statutory tax returns anc		1,000		(5,000)
Change in unrecognized deductible temporary differences		351,000		316,000
Total income tax expense (recovery)	**$**	**-**	**$**	**-**

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

	2017	Expiry Date Range	2016	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	$10,899,000	No expiry date	$10,899,000	No expiry date
Investment tax credit	361,000	2033 to 2034	362,000	2033 to 2034
Canadian eligible capital (CEC)	79,000	No expiry date	79,000	No expiry date
Share issue costs	16,000	2018 to 2022	11,000	2018
Allowable capital losses	460,000	No expiry date	384,000	No expiry date
Non-capital losses available for future period	8,871,000	2018 to 2037	7,562,000	2017 to 2036

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

12. SHARE CAPITAL

a) Authorized:

Unlimited common shares with no par value

b) Issued Share Capital:

At June 30, 2017, there were 10,365,526 common shares issued and outstanding (June 30, 2016 – 6,877,853).

c) Common Shares:

Fiscal 2017

On October 28, 2016, the Company closed a non-brokered private placement and raised $960,000 through the issuance of 2,526,315 units at a price of $0.38 per unit for gross proceeds of $960,000. Each unit consists of one common share and one share purchase warrant and each warrant entitles the holder to purchase one further common share of the Company at a price of $0.56 per share for a period of two years. The Company paid finders' fees of $6,085 and issued 16,012 finders' warrants. Apart from being non-transferable, the finders' warrants are subject to the same terms as the warrants issued with the units. The fair value of the finders' warrants is $9,087 using the Black-Scholes option pricing model with an expected volatility of 227%, expected term of 2 years, a risk-free interest rate of 0.57% and a dividend yield of 0%.

On November 2, 2016, the Company issued 961,358 common shares at a deemed price of $0.36 per share to settle outstanding debts of $346,089. The shares were issued to five creditors. The fair value of the shares when issued was $0.74 resulting in the Company recognizing a $365,316 loss at the time of issuance.

Fiscal 2016

Effective June 30, 2016, the Company consolidated its issued and outstanding share capital on the basis of one (1) post consolidation share for each ten (10) pre-consolidation common shares. All references to shares and per share amounts have been retroactively restated to give effect to the consolidation.

The Company issued 100,000 shares pursuant to warrants being exercised for proceeds of $50,000.

(Expressed in Canadian Dollars)

12. SHARE CAPITAL (continued)

d) Share-based Payments

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option will not be less than the discounted market price of the common shares as permitted by the TSX Venture Exchange policies. The options can be granted for a maximum term of 5 years.

During year ended June 30, 2017, the Company granted nil (2016 – nil) stock options.

The continuity of stock options for the year ended June 30, 2017 is as follows:

	Number of Options Outstanding	Weighted Average Exercise Price ($)
Balance June 30, 2015	415,000	5.31
Forfeited	(200,000)	4.68
Balance June 30, 2016	215,000	5.89
Forfeited	(215,000)	5.89
Balance June 30, 2017	-	-

There are no options outstanding and exercisable at June 30, 2017.

e) Warrants

The continuity of the warrants during the year ended June 30, 2017 is as follows:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance June 30, 2015	100,000	0.50
Exercised	(100,000)	0.50
Balance June 30, 2016	-	-
Granted	2,542,327	0.56
Balance June 30, 2017	2,542,327	0.56

The outstanding warrants at June 30, 2017 expire on October 28, 2018

(Expressed in Canadian Dollars)

13. RELATED PARTY TRANSACTIONS

The aggregate value of transactions recorded as consulting fees relating to key management personnel and entities which they have control or significant influence were as follows:

		Year Ended June 30,	
Services provided by:	Notes	2017	2016
		$	$
David Velisek	(a)	15,000	15,000
Baron Global Financial Canada Ltd.	(b)	120,000	120,000
Carl Hering	(c)	20,000	-
Denise Lok	(d)	4,000	-
Savio Chiu	(e)	4,000	-
Mike Collins	(f)	28,458	-

(a) David Velisek, the Director of the Company provided business development consulting fees.
(b) Pursuant to a management and advisory agreement with Baron Global Financial Canada Ltd. (“Baron”), Baron agreed to act as corporate advisor and Chief Financial Officer of the Company in return for a monthly fee.
(c) Carl Hering, the CEO, President of the Company received consulting fees.
(d) Denise Lok, the Director of the Company provided financial consulting fees.
(e) Savio Chiu, the Director of the Company provided financial consulting fees.
(f) Mike Collins, VP Exploration and Development of the Company provided consulting services.

The following table outlines the Company’s related party payables:

At June 30,	2017	2016
	$	$
Lawrence Dick	-	50,019
Carl Hering	50,452	-
David Velisek	-	16,469
Baron Global Financial Canada Ltd.	-	220,602
Mike Collins	6,223	-

On November 2, 2016, the Company settled debts owing to Baron Global Financial Canada, Lawrence Dick (former CEO and Director), Primarius Capital (Kenneth Holmes, a former Director) in the amount of $126,051, $50,019, $50,019 by issuing 350,141, 138,942, and 138,942 shares, respectively at a combined value of $464,738.

(Expressed in Canadian Dollars)

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share for the year ended June 30, 2017 and 2016 was as follows:

Year Ended June 30,	2017	2016
Loss for the year:	($1,302,548)	($1,208,443)
Weighted average number of common shares outstanding	9,208,359	6,795,113
Basic and diluted loss per share	($0.14)	($0.18)

15. COMMITMENTS

In April 2016 the Company entered into agreements with two different arms-length parties to provide business consulting services. Each of the two consultants will be paid a monthly fee of $7,000 for an indefinite term. If any of the consulting agreements are terminated without cause, the parties will each receive $168,000.

16. SEGMENT INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets within Canada.

17. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS:

Supplementary disclosure of non-cash investing and financing activities during the year ended June 30, 2017 and 2016 were as follows:

For the Year Ended June 30,	2017	2016
	$	$
Shares issued for debt settlement	711,405	-
Finders fee warrants	9,067	-

18. CHANGE IN ACCOUNTING POLICY

Exploration and evaluation assets – change of accounting policy

The Company has adopted a new accounting policy with respect to exploration and evaluation expenditures. In prior years, the Company's policy was to capitalize all costs directly related to the exploration and evaluation of mineral properties classified as exploration and evaluation assets. The Company has changed this accounting policy to expense exploration and evaluation expenditures as incurred, effective with the presentation of these financial statements on a retrospective basis. The Company has determined that this change in accounting policy enhances the reliability and relevance of the financial statements for users.

The accounting policies in note 2 have been applied in the financial statements for year ended June 30, 2017, the comparative information for the year ended June 30, 2016, and the preparation of an opening statement of financial position on July 1, 2015.

(Expressed in Canadian Dollars)

18. CHANGE IN ACCOUNTING POLICY (continued)

In preparing its opening statement of financial position, the Company has adjusted amounts reported previously in the financial statements. An explanation of how the transition from the amounts previously reported has affected the Company's financial position, financial performance and cash flows is set out below.

Statement of Financial Position as at July 1, 2015

	As previously reported	Effect of change in accounting policy	As restated under new accounting policy
Non-current assets			
Exploration and evaluation assets	$ 12,389,252	$ (11,659,502)	$ 729,750
Equity (deficiency)			
Accumulated deficit	$ (10,339,616)	$ (11,659,502)	$ (21,999,118)

Exploration and evaluation assets decreased by $11,659,502, representing $11,659,502 of net exploration and evaluation expenditures previously capitalized which have been charged to deficit. The remaining balance represents the cost incurred to acquire the Newman Todd Project.

Statement of Operations and Comprehensive Loss for the year ended June 30, 2016

	As previously reported	Effect of change in accounting policy	As restated under new accounting policy
Expenses			
Exploration and evaluation expenditures	$ -	$ 6,838	$ 6,838
Write-down of exploration and exploration and evaluation assets	$ 12,396,089	$ (11,666,340)	$ 729,749
Total loss for the year	$ (12,867,945)	$ 11,659,502	$ (1,208,443)
Basic and diluted comprehensive loss per common share	$ (1.89)		$ (0.18)

Exploration and evaluation expenditures increased by $6,838, previously capitalized to exploration and evaluation assets. The Company wrote-down the Newman Todd Project, costs incurred to acquire the property remain capitalized.

The change in the accounting policy had no effect on the Company's statement of financial position, or statement of changes in equity (deficiency), other than the changes to deficit, as already shown and described above. Accordingly, these statements are not shown.

(Expressed in Canadian Dollars)

18. CHANGE IN ACCOUNTING POLICY (continued)

Statement of Cash Flows for the year ended June 30, 2016

	As previously reported	Effect of change in accounting policy	As restated under new accounting policy
Cash provided by (used in):			
Operating activities			
Net loss	$ (12,867,945)	$ 11,659,502	$ (1,208,443)
Items not affecting cash:			
Write-down of exploration and evaluation assets	(12,396,089)	$ 11,666,340	(729,749)
	(25,264,034)	23,325,842	(1,938,192)
Investing activities			
Exploration and evaluation assets	(31,012)	31,012	-
	(6,087,703)	31,012	(6,056,691)
Change in cash, end of year	$ (5,452,977)	$ 23,356,854	$ 17,903,877

Net cash used in operating activities decreased by $23,325,842 as net loss decreased $11,659,502 for the amounts previously capitalized as exploration and evaluation assets. Also write-down of exploration and evaluation assets decreased by $11,666,340 as these amounts had been previously capitalized to exploration and evaluation assets.

Net cash used in investing activities decreased by $31,012 as amounts previously capitalized to exploration and evaluation assets were expensed.

19. EVENTS AFTER THE REPORTING PERIOD

The Company signed letters of intent (“LOI’s”) to earn up to 100% interest to two additional exploration projects. The Bull and PCM Projects are both located near the Arizona-California-Nevada border in Mojave Co., Arizona. The Company issued 50,000 shares for the initial signing of the PCM project along with 16,655 finder’s shares. The Company issued 150,000 shares for the initial signing of the Bull Project. On September 15th, 2017, the Company decided to not pursue the Bull and PCM Project and provided termination notices to the vendors.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Interest Rate Risk

The Company's interest rate risk mainly arises from changes in the interest rates on cash. Cash generates interest based on market interest rates. At June 30, 2017, the Company was not subject to significant interest rate risk.

Foreign Exchange Rate Risk

The Company is not subject to significant foreign exchange risk as all of the Company's operations are located in Canada.

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's credit risk arises primarily with respect to cash held on deposit.

The Company manages its credit risk by investing only in high quality financial institutions.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and receivables.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash balances. If necessary, the Company may raise funds through the issuance of debt, equity or sale of non-core assets. The Company ensures that there is sufficient capital to meet its obligations by continuously monitoring and reviewing actual and forecasted cash flows, and match the maturity profile of financial assets to development, capital and operating needs.

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

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

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Cash and shares of Potash are measured at fair value using Level 1. Potash warrants were measured at fair value using Level 2. The carrying value of receivables, payables and accruals, convertible debenture and loan payable approximates their fair value due to the current nature of those financial instruments.

21. CAPITAL MANAGEMENT

The Company manages its capital, being the components of shareholders' equity (deficiency), and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company has historically relied on the equity markets to fund its activities. In order to carry out planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital restrictions.