



# **ALTO VENTURES LTD.**

*(An Exploration Stage Company)*

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the six months ended December 31, 2017 and 2016**

*(Unaudited – Prepared by Management)*

**Stated in Canadian Funds**

### **NOTICE OF NO REVIEW BY AUDITOR**

The accompanying unaudited interim condensed financial statements of Forum Uranium Corp. ("the Company") have been prepared by management and have not been the subject of a review by the Company's independent auditor.

# Alto Ventures Ltd.

(An Exploration Stage Company)

## Condensed Interim Statements of Financial Position

Canadian Funds

(Unaudited - Prepared by Management)

As at	Note	December 31, 2017	June 30, 2017
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		1,679,364	951,043
Receivables	4	15,648	17,376
Marketable securities	6	422,257	734,813
Prepays and deposits		42,087	53,124
		<u>2,159,355</u>	<u>1,756,356</u>
<b>Non-current assets</b>			
Exploration and evaluation assets	7	2,189,250	2,187,551
		<u>4,348,605</u>	<u>3,943,907</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	5	56,920	49,974
Due to related parties	9	78,894	58,018
		<u>135,815</u>	<u>107,992</u>
<b>Commitment to issue shares</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	8	21,816,510	21,033,116
Allotted but not issued	8	16,800	-
Contributed surplus - options	8	1,498,150	1,498,150
Contributed surplus - warrants	8	1,099,578	1,059,138
Accumulated other comprehensive loss		210,176	27,732
Deficit		(20,428,423)	(19,782,221)
		<u>4,212,791</u>	<u>3,835,914</u>
		<u>4,348,605</u>	<u>3,943,907</u>

Going concern and nature of operations (Note 1)

Subsequent event (Note 11)

Approved and authorized by the Board of Directors on February 28, 2018:

"Richard Mazur", Director

"Gary Zak", Director

The accompanying notes are an integral part of these financial statements

**Alto Ventures Ltd.***(An Exploration Stage Company)***Condensed Interim Statements of Operations and Comprehensive Loss***Canadian Funds**(Unaudited - Prepared by Management)*

	Note	For the three months ended		For the six months ended	
		December 31,		December 31,	
		2017	2016	2017	2016
		\$	\$	\$	\$
<b>General and administrative expenses</b>					
Exploration and evaluation expenditures	7	87,404	31,631	326,245	76,038
Interest expense		-	403	-	839
Investor and shareholder relations		15,487	1,381	15,805	1,743
Legal, accounting and management		52,760	8,941	86,564	16,347
Office administration		18,928	4,322	31,677	7,034
Consulting and wages		30,352	24,740	56,403	45,442
Transfer agent and filing fees		5,029	7,237	7,778	7,772
Travel and promotion		2,535	-	6,638	1,987
<b>Loss before the following</b>		<b>212,493</b>	<b>78,655</b>	<b>531,109</b>	<b>157,202</b>
Loss (gain) on sale of marketable securities		159,218		159,218	
		159,218	-	159,218	-
<b>Net (income) loss for the year before income taxes</b>		<b>371,711</b>	<b>78,655</b>	<b>690,327</b>	<b>157,202</b>
Future income tax recovery		(44,125)		(44,125)	
<b>Loss for the period</b>		<b>327,586</b>	<b>78,655</b>	<b>646,202</b>	<b>157,202</b>
Unrealized loss (gain) on available for sale securities		(188,549)	35,756	(182,443)	(55,595)
<b>Comprehensive loss for the period</b>		<b>139,037</b>	<b>114,411</b>	<b>463,758</b>	<b>101,607</b>
<b>Loss per share</b>					
- Basic		\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.01
- Diluted		\$ 0.01	\$ 0.00	\$ 0.01	\$ 0.01
<b>Weighted average number of common shares outstanding</b>					
		(#)	(#)		
- Basic		49,799,554	34,416,214	47,346,850	24,116,214
- Diluted		49,799,554	34,416,214	47,346,850	24,116,214

The accompanying notes are an integral part of these financial statements

## Alto Ventures Ltd.

(An Exploration Stage Company)

### Condensed Interim Statements of Cash Flows

Canadian Funds

	For the six months ended	
	December 31,	
	2017	2016
	\$	\$
<b>Cash resources provided by (used in)</b>		
<b>Operating activities</b>		
Gain (loss) for the period	(646,202)	(157,201)
Items not affecting cash:		
Future income tax recovery	(44,125)	-
Loss on sale of marketable securities	159,218	-
(Increase) decrease in accounts receivables	1,728	(476)
Decrease in prepaids and deposits	11,037	(10,000)
(Decrease) increase in accounts payable and accrued liabilities	6,946	1,485
(Decrease) increase in amounts due to related parties	20,876	87,924
Decrease in Quebec exploration tax credit receivable	-	-
<b>Cash used in operating activities</b>	<b>(490,521)</b>	<b>(78,268)</b>
<b>Investing activities</b>		
Acquisition of exploration and evaluation assets	(1,700)	(6,826)
Sale of marketable securities	335,783	-
<b>Cash (used in) provided by investing activities</b>	<b>334,083</b>	<b>(6,826)</b>
<b>Financing activities</b>		
Proceeds from private placements	931,900	465,000
Funds received on shares allotted but not issued	16,800	-
Share issuance costs	(63,941)	(32,550)
<b>Cash provided by financing activities</b>	<b>884,759</b>	<b>432,450</b>
<b>Net increase (decrease) in cash</b>	<b>728,320</b>	<b>347,356</b>
Cash - Beginning of period	951,043	117,550
<b>Cash - End of period</b>	<b>1,679,364</b>	<b>464,906</b>
<b>Supplementary Disclosure</b>		
Fair value (gain) loss on marketable securities	(182,443)	35,756
Fair value of warrants issued from private placement	40,440	(41,082)
Paid for taxes	-	-
Paid for interest	-	-

The accompanying notes are an integral part of these financial statements

## Alto Ventures Ltd.

(An Exploration Stage Company)

### Condensed Interim Statements of Shareholders' Equity

Canadian Funds

(Unaudited - Prepared by Management)

	Share Capital		Contributed Surplus		Accumulated Other Comprehensive		Deficit (\$)	Total (\$)
	Number (#)	Amount (\$)	Allotted but not Issued (\$)	Options (\$)	Warrants (\$)	Loss (\$)		
<b>June 30, 2016</b>	<b>25,116,214</b>	<b>19,970,716</b>		<b>1,429,894</b>	<b>1,016,625</b>	-	<b>(20,078,057)</b>	<b>2,339,178</b>
Shares issued for cash	9,300,000	465,000	-	-	-	-	-	465,000
Share issuance costs	-	(73,632)	-	-	-	-	-	(73,632)
Warrants issued on financing	-	-	-	-	41,082	-	-	41,082
Other comprehensive loss - unrealized loss on marketable securities	-	-	-	-	-	55,595	-	55,595
Loss for the period	-	-	-	-	-	-	(157,201)	(157,201)
<b>December 31, 2016</b>	<b>34,416,214</b>	<b>20,362,084</b>		<b>1,429,894</b>	<b>1,057,707</b>	<b>55,595</b>	<b>(20,235,258)</b>	<b>2,670,022</b>
Share-based compensation	-	-	-	68,256	-	-	-	68,256
Shares issued for cash	8,670,867	685,410	-	-	-	-	-	685,410
Share issuance costs	-	(14,378)	-	-	-	-	-	(14,378)
Warrants issued on financing	-	-	-	-	1,431	-	-	1,431
Other comprehensive loss - unrealized loss on marketable securities	-	-	-	-	-	(27,863)	-	(27,863)
Loss for the period	-	-	-	-	-	-	453,037	453,037
<b>June 30, 2017</b>	<b>43,087,081</b>	<b>21,033,116</b>		<b>1,498,150</b>	<b>1,059,138</b>	<b>27,732</b>	<b>(19,782,221)</b>	<b>3,835,915</b>
Share-based compensation	-	-	-	-	-	-	-	-
Shares issued for cash	12,593,214	931,900	-	-	-	-	-	931,900
Share issuance costs	-	(104,381)	-	-	-	-	-	(104,381)
Flow-through premium	-	(44,125)	-	-	-	-	-	(44,125)
Warrants issued on financing	-	-	-	-	40,440	-	-	40,440
Shares allotted but not issued	-	-	16,800	-	-	-	-	16,800
Other comprehensive loss - unrealized loss on marketable securities	-	-	-	-	-	182,443	-	182,443
Loss for the period	-	-	-	-	-	-	(646,202)	(646,202)
<b>December 31, 2017</b>	<b>55,680,295</b>	<b>21,816,510</b>	<b>16,800</b>	<b>1,498,150</b>	<b>1,099,578</b>	<b>210,176</b>	<b>(20,428,423)</b>	<b>4,212,791</b>

The accompanying notes are an integral part of these financial statements

## **1. Going concern and nature of operations**

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

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

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation projects. The Company’s ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete the exploration of its mineral interests by the issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its mineral interests. These material uncertainties may cast significant doubt about the Company’s ability to continue as a going concern. During the period ended December 31, 2017, the Company incurred a loss of \$646,202, had working capital of \$2,023,540 and an accumulated deficit of \$20,428,423.

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

## **2. Basis of preparation**

### *Statement of Compliance*

These interim financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting and interpretations of the IFRS Interpretations Committee (“IFRIC”). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements. Except as noted below under Changes in Accounting Policies, these condensed interim financial statements follow the same accounting policies and methods of application as the annual financial statements of the Company for the year ended June 30, 2016. These condensed interim financial statements do not contain all disclosures required by International Financial Reporting Standards (“IFRS”) and accordingly should be read in conjunction with the annual financial statements for the year ended June 30, 2017 and the notes thereto.

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The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed interim financial statements are disclosed in the notes of the annual financial statements for the year ended June 30, 2017.

*Changes in accounting policies*

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

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

### **3. Management of financial risk**

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

*Interest rate risk*

The Company has no material exposure at December 31, 2017 to interest rate risk through its financial instruments.

*Sensitivity analysis*

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period. Sensitivity to a plus or minus 1% change in cash interest rates would affect net loss by \$16,794 annually. The Company does not hold any balances in foreign currencies to give rise to exposure to foreign exchange risk.

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*Currency risk*

As at December 31, 2017, all of the Company's cash was held in Canadian dollars, the Company's reporting currency. The Company has no operations in foreign jurisdictions at this time and as such has no currency risk associated with its operations.

*Credit risk*

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

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

*Liquidity risk*

The Company manages liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at December 31, 2017, the Company had a cash balance of \$1,679,364 (June 30, 2017: \$951,043) to settle current liabilities of \$135,815 (June 30, 2017: \$107,992).

**4. Receivables**

Current accounts receivable balance includes \$15,648 (June 30, 2017: \$16,837) in GST due from the Federal Government, \$Nil (June 30, 2017: \$539) in QST from the Government of Quebec.

**5. Accounts payable and accrued liabilities**

The Company's accounts payable and accrued liabilities consist of \$56,920 (June 30, 2017: \$16,348) in accounts payable and \$Nil (June 30, 2017: \$33,626) in accrued liabilities.

**6. Marketable securities**

<b>Company</b>	<b>December 31, 2017</b>		
	<b>Shares (#)</b>	<b>Cost (\$)</b>	<b>Market Value (\$)</b>
Trakopolis IOT Corp. (TRAK: TSX-V)	7,500	41,000	5,999
Canoe Mining Ventures Corp. (CLV: TSX-V)	1,342,700	1,304,961	268,540
Wescan Goldfields Inc (WGF: TSX-V)	305,000	262,000	18,300
New Age Metals Inc. (NAM: TSX-V)	16,667	33,875	1,917
Razore Rock Resources Inc. (RZR: CNX) <sup>(1)</sup>	40,000	21,000	10,000
Beaufield Resources Inc. (BFD: TSX-V)	500,000	110,000	57,500
Sanatana Resources Inc. (STA: TSX-V)	1,000,000	40,000	60,000
		<b>1,812,836</b>	<b>422,257</b>

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

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



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

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

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

<sup>(3)</sup> Received June 5, 2017 in respect of the Alcudia property (Note 7)

<sup>(4)</sup> Received June 16, 2017 in respect of the Empress property (Note 7)

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

## 7. Exploration and evaluation assets

The Company has investigated ownership of its mineral interests as at December 31, 2017 and, to the best of its knowledge, ownership of its interests is in good standing.

The following table shows the activity by property for the period ended December 31, 2017 and the year ended June 30, 2017:

	June 30, 2017 (\$)	Acquisition cost (\$)	Disposition cost (\$)	December 31, 2017 (\$)
Quebec				
Destiny	809,100	-	-	809,100
Ontario				
Greenoaks	450,000	-	-	450,000
Miner Lake	7,868	1,700	-	9,567
Mud Lake	40,163	-	-	40,163
Three Towers	36,900	-	-	36,900
Manitoba				
Oxford	843,520	-	-	843,520
<b>Total resource properties</b>	<b>2,187,551</b>	<b>1,700</b>	<b>-</b>	<b>2,189,250</b>

	June 30, 2016 (\$)	Acquisition cost (\$)	Disposition cost (\$)	June 30, 2017 (\$)
Quebec				
Alcudia	5,000	-	(5,000)	-
Destiny	809,100	-	-	809,100
Ontario				
Greenoaks	450,000	-	-	450,000
Miner Lake	1,041	6,827	-	7,868
Mud Lake	40,163	-	-	40,163
Three Towers	36,900	-	-	36,900
Manitoba				
Oxford	824,000	19,520	-	843,520
Saskatchewan				
Fisher	21,250	-	(21,250)	-
GEFA	45,000	-	(45,000)	-
<b>Total resource properties</b>	<b>2,232,454</b>	<b>26,347</b>	<b>(71,250)</b>	<b>2,187,551</b>

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The following tables show the property acquisition and exploration activity during the period ended December 31, 2017 and the year ended June 30, 2017:

	Six Months Ended December 31, 2017							Year ended June 30, 2017	
	Quebec	Ontario				Manitoba		Total	Total
	Destiny (\$)	Greenoaks (\$)	Miner Lake (\$)	Mud Lake (\$)	Three Towers (\$)	Oxford (\$)	General (\$)	(\$)	(\$)
Opening balance	809,100	450,000	7,868	40,163	36,900	843,520	-	2,187,550	2,232,454
Acquisition costs									
Expenditures	-	-	1,700	-	-	-	-	1,700	26,347
Recovered	-	-	-	-	-	-	-	-	-
Disposition/Written off	-	-	-	-	-	-	-	-	(71,250)
Net acquisition costs	809,100	450,000	9,568	40,163	36,900	843,520	-	2,189,250	2,187,551
Exploration expenditures									
Assays	(1,616)	-	-	-	-	5,538	-	3,922	24,904
Mapping	-	-	510	-	-	270,361	-	270,871	182,660
Computer/Digitization	-	-	120	-	-	1,840	-	1,960	13,452
Drilling	-	-	-	-	-	7,260	-	7,260	160,886
Report Filing	-	-	-	-	-	-	-	-	27,495
Management	-	-	1,980	-	-	32,021	660	34,661	19,359
License/Permit	2,243	1,248	-	-	-	(1,756)	-	1,735	6,357
Geophysics	-	-	-	-	-	1,750	-	1,750	600
Travel	-	-	-	-	-	4,086	-	4,086	1,800
Deficiency Deposits	-	-	-	-	-	-	-	-	3,669
Exploration expenditures reimbursed	-	-	-	-	-	-	-	-	(20,000)
	627	1,248	2,610	-	-	321,100	660	326,245	421,183
Exploration expenditures expensed	(627)	(1,248)	(2,610)	-	-	(321,100)	(660)	(326,245)	(421,183)
Ending balance	809,100	450,000	9,568	40,163	36,900	843,520	-	2,189,250	2,187,551

The following reflects the Company's ownership of or interest in its exploration and evaluation assets, and any additional terms or underlying Net Smelter Return Royalties ("NSR"), as at December 31, 2017:

Property	Claims (#)	Ownership (%)	
Quebec			
Destiny	101	100	subject to underlying NSR
Ontario			
Empress	12	100	subject to underlying NSR; under option to Sanatana Resources Inc.
Greenoaks	15	100	subject to underlying NSR
Miner Lake	25	100	subject to underlying NSR
Mud Lake	20	100	subject to underlying NSR
Three Towers	5	100	subject to underlying NSR
Manitoba			
Oxford	17	100	subject to underlying NSR
Oxford MELs	3	100	Nil

a) Fisher, Saskatchewan

During the year ended June 30, 2014, the Company entered into an agreement to acquire six mining claims in Saskatchewan, which agreement was amended during the year ended June 30, 2015 to include two additional claims. During the year ended June 30, 2016, pursuant to certain payments and issuance of shares, the Company became 100% owner of the claims, and granted to the vendor a 2% NSR, of which 1% could be bought back for \$1,000,000. During the year ended June 30, 2017, the Company elected to allow the claims comprising the Fisher property to expire. As such, all acquisition and holding costs on the property were written off prior to June 30, 2017.

b) GEFA Option, Saskatchewan

Pursuant to an agreement entered into during the year ended June 30, 2015, as amended in January 2016 (the "GEFA Option Agreement") the Company had the option to acquire a 60%

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

c) **Empress, Ontario**

The Company has a 100% interest in the Empress property. On February 3, 2017, the Company entered into an option agreement (the "Option Agreement") to option 100% of its interest in the Empress project to Sanatana Resources Inc. ("Sanatana"), pursuant to which Sanatana is required to make cash payments totaling \$125,000 (\$50,000 received prior to June 30, 2017) and issue in stages a total of 3,000,000 shares in the capital of Sanatana to the Company over a 12 month period (1,000,000 shares received prior to June 30, 2017; fair valued at \$40,000), incur expenditures totaling \$150,000 on the property over a 24-month period, and, upon closing, reimburse \$20,000 (reimbursed) to the Company in respect of previous exploration expenditures incurred by the Company. The Option Agreement also provides that Sanatana will pay the Company a 1% NSR royalty on the claims comprising the property and a 0.33% NSR royalty on any claims staked, during the term of the Option Agreement, within an area of interest provided for in the Option Agreement.

d) **Alcudia, Québec**

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

**8. Share capital and contributed surplus**

*Authorized share capital:* Unlimited Common shares without par value

Shares issued:

**Period ended December 31, 2017:**

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

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

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

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

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

- Prior to December 31, 2017, the Company received \$16,800 on the exercise of warrants, pursuant to which the Company issued 336,000 shares in January 2018. (Note 11)

**Year ended June 30, 2017:**

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

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

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

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

- On February 2, 2017, the Company announced a non-brokered private placement ("Offering") of up to \$150,000 through the issuance of units ("Units") at a price of \$0.07 per Unit. Each Unit

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comprised one common share and one share purchase warrant ("Warrant"). Each Warrant is exercisable to purchase one additional common share of the Company at a price of \$0.12 per share for a period of eighteen months from the date of closing of the financing. The Offering closed as follows:

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

- On June 5, 2017, concurrent with the Beaufield Agreement (Note 7), the Company closed a private placement to raise gross proceeds of \$350,000, pursuant to which it issued 2,916,667 shares at \$0.12 per share to Beaufield.

Warrants:

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

The following is a summary of the Company's warrants outstanding as at December 31, 2017, which outstanding warrants have a weighted average life of 1.13 years at December 31, 2017:

Warrants	Grant Date	Warrants Issued (#)	Price per Share (\$)	Expiry Date
Warrants	December 30, 2016	5,000,000	0.10	June 30, 2018
Warrants	January 31, 2017	3,144,200	0.10	July 31, 2018
Warrants	February 20, 2017	2,385,000	0.12	August 20, 2018
Warrants	October 19, 2017	1,775,000	0.12	April 19, 2020
Warrants	December 4, 2017	2,002,857	0.12	June 4, 2020
Warrants	December 27, 2017	1,268,750	0.12	June 27, 2020
Finders' fees warrants	December 30, 2016	651,000	0.05	December 30, 2017
Finders' fees warrants	January 31, 2017	42,000	0.05	January 31, 2018
Finders' fees warrants	July 31, 2017	166,250	0.08	July 31, 2018
Finders' fees warrants	October 19, 2017	224,000	0.12	April 19, 2020
Finders' fees warrants	December 4, 2017	175,450	0.12	June 4, 2020
Finders' fees warrants	December 27, 2017	177,625	0.08	December 27, 2018
		<b>17,012,132</b>		

For the period ended December 31, 2017 and the year ended June 30, 2017, warrant transactions were as follows:

	Number of warrants (#)	Weighted Average Exercise Price (\$)
<b>Balance – June 30, 2016</b>	-	-
Issued	11,222,200	0.10
<b>Balance – June 30, 2017</b>	<b>11,222,200</b>	<b>0.10</b>
Issued	5,789,932	0.12
<b>Balance – December 31, 2017</b>	<b>17,012,132</b>	<b>0.11</b>

Stock options:

The Company has established a share purchase option plan whereby the Board of Directors may, from time to time, grant options to directors, officers, employees or consultants to a maximum of 10% of the issued and outstanding share capital amount. Options granted must be exercised no later than five

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years from date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option is not less than the closing price on the TSX-Venture Exchange (the "Exchange") on the last trading day preceding the grant date. The options vest immediately, except for investor relations employees which vest quarterly over a one year period, and share-based compensation is expensed based upon the relative fair values and vesting conditions of the options granted. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

During the period ended December 31, 2017, options allowing for the acquisition of up to, in the aggregate, 1,315,000 shares in the capital of the Company at prices varying between \$0.05 and \$0.10 per share expired.

For the period ended December 31, 2017 and the year ended June 30, 2017, stock option transactions were as follows:

	Number of options (#)	Weighted Average Exercise Price (\$)
<b>Balance – June 30, 2016</b>	<b>2,390,000</b>	<b>0.08</b>
Expired	-	-
Granted	1,000,000	0.10
<b>Balance – June 30, 2017</b>	<b>3,390,000</b>	<b>0.08</b>
Expired	(1,315,000)	0.09
<b>Balance – September 30, 2017</b>	<b>2,075,000</b>	<b>0.08</b>

The following is a summary of the Company's options outstanding as at December 31, 2017, which outstanding options have a weighted average life of 3.29 years at December 31, 2017:

Date of Grant	Options Issued (#)	Price per Share (\$)	Expiry Date	Options Exercisable (#)
June 19, 2014	750,000	0.06	June 19, 2019	750,000
December 10, 2015	325,000	0.05	December 10, 2020	350,000
March 27, 2017	1,000,000	0.10	March 27, 2022	1,000,000
	<b>2,075,000</b>			<b>2,100,000</b>

## 9. Related party transactions

- a) During the periods ended December 31, 2017 and 2016, the Company incurred the following net charges, all recorded based on fair value, in respect of services received from related parties:

	Six months ended December 31,	
	2017 (\$)	2016 (\$)
Mike Koziol - services (Officer and company with Director in common)	78,000	78,000
Mirador Management – management fees (company with an officer in common)	21,000	-
J Collins Consulting - Corporate Secretary services	18,000	150
Venturex Consulting - CFO services	21,000	5,000
McMillan LLP – legal fees (Legal firm with a partner and Company Director in common)	21,750	10,544
Gary Zak - consulting services (Director and Former Officer in common)	1,000	-
<b>Total</b>	<b>160,750</b>	<b>93,694</b>

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In respect of services provided to and expenses incurred on behalf of the Company, the Company owed various related parties the following at December 31, 2017 and June 30, 2017:

	December 31, 2017	June 30, 2017
	(\$)	(\$)
In respect of services provided to the Company		
owed to Companies with directors and officers in common	41,984	49,496
owed to a Director and Officer	18,000	-
In respect of expenses incurred on behalf of the Company		
owed to Directors and Officers	18,910	8,522
	<b>78,894</b>	<b>58,018</b>

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

- b) Compensation of key management personnel  
During the periods ended December 31, 2017 and 2016, the Company incurred the following fees from key management personnel:

	Six months ended December 31,	
	2017	2016
	(\$)	(\$)
Management fees, directors and audit committee fees	160,750	93,694
Share-based compensation	-	-
	<b>160,750</b>	<b>93,694</b>

## 10. Segmented information

*(a) Operating Segment*

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

*(b) Geographic information*

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

## 11. Subsequent event

Further to the receipt of \$16,800 prior to December 31, 2017, the Company received an additional \$17,850 on the exercise of warrants, and issued a total of 693,000 shares.