



(FORMERLY GOLDEN PEAK MINERALS INC.)

CONDENSED INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED FEBRUARY 28, 2018

(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim financial statements they must be accompanied by a notice indicating that the condensed interim financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

April 27, 2018

BLUEBIRD BATTERY METALS INC.
(formerly Golden Peak Minerals Inc.)
Condensed Interim Statements of Financial Position
(Unaudited – Expressed in Canadian Dollars)

	February 28, 2018	August 31, 2017
ASSETS		
Current		
Cash	\$ 1,359,452	\$ 178,018
Amounts receivable	34,559	63,854
Prepaid expenses	16,179	11,887
	1,410,190	253,759
Deposit (Note 12)	25,000	-
Exploration and evaluation assets (Note 6)	910,369	4,111,404
	\$ 2,345,559	\$ 4,365,163
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 415,279	\$ 191,701
Other liability (Note 8)	-	25,338
	415,279	217,039
Shareholders' Equity		
Share capital (Note 9)	8,176,437	6,644,799
Obligation to issue shares (Note 6)	511,500	-
Contributed surplus	912,273	839,716
Deficit	(7,669,930)	(3,336,391)
	1,930,280	4,148,124
	\$ 2,345,559	\$ 4,365,163

Going Concern (Note 2)
 Commitments (Notes 6 and 8)
 Subsequent Events (Note 12)

Authorized for issuance on behalf of the Board on April 27, 2018:

“Peter Ball” Director

“Dominic Verdejo” Director

BLUEBIRD BATTERY METALS INC.
(formerly Golden Peak Minerals Inc.)
Condensed Interim Statements of Comprehensive Loss
(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended		Six Months Ended	
	February 28, 2018	February 28, 2017	February 28, 2018	February 28, 2017
Expenses				
Consulting fees	\$ 219,917	\$ 90,508	\$ 322,444	\$ 164,008
Management fees (Note 7)	20,000	45,000	35,000	73,250
Office and general	7,120	11,036	14,405	12,120
Professional fees	12,218	-	12,218	1,411
Rent (Note 7)	9,000	6,800	18,000	6,800
Share-based payments (Note 9)	-	-	-	12,550
Shareholder communications and investor relations	910	44,462	9,145	77,505
Transfer agent and filing fees	9,682	19,243	12,234	69,651
Travel	1,452	8,687	1,452	8,687
Loss Before Other Items	(280,299)	(225,736)	(424,898)	(425,982)
Other Items				
Part XII.6 tax and penalties (Note 8)	-	(1,463)	(57)	(1,907)
Loss on settlement of accounts payable (Note 9)	-	-	-	(107,333)
Impairment of exploration and evaluation assets (Note 6)	(3,933,922)	-	(3,933,922)	-
Other income (Note 8)	-	146,120	25,338	146,120
	(3,933,922)	144,657	(3,908,641)	36,880
Net Loss and Comprehensive Loss for the Period	\$ (4,214,221)	\$ (81,079)	\$ (4,333,539)	\$ (389,102)
Loss per Share - Basic and Diluted	\$ (0.23)	\$ (0.01)	\$ (0.24)	\$ (0.04)
Weighted Average Number of Common Shares				
Outstanding	18,246,186	10,767,079	18,246,186	8,942,842

BLUEBIRD BATTERY METALS INC.
(formerly Golden Peak Minerals Inc.)
Condensed Interim Statements of Changes in Equity
(Unaudited – Expressed in Canadian Dollars)

	Share Capital		Obligation to Issue Shares	Contributed Surplus	Deficit	Total
	Number of Shares	Share Capital				
Balance, August 31, 2016	1,916,501	\$ 1,487,628	\$ -	\$ 219,332	\$ (1,584,974)	\$ 121,986
Private placements	8,189,656	2,511,498	-	-	-	2,511,498
Share issuance costs	-	(338,534)	-	126,231	-	(212,303)
Shares issued for exploration and evaluation assets	3,600,000	1,502,500	-	-	-	1,502,500
Shares issued for settlement of accounts payable	186,296	81,970	-	75,663	-	157,633
Warrants exercised	37,500	7,500	-	-	-	7,500
Stock options granted	-	-	-	12,550	-	12,550
Net loss and comprehensive loss for the period	-	-	-	-	(389,102)	(389,102)
Balance, February 28, 2017	13,929,953	5,252,562	-	433,776	(1,974,076)	3,712,262
Shares issued for exploration and evaluation assets	3,425,000	1,289,000	-	-	-	1,289,000
Warrants exercised	462,500	92,500	-	-	-	92,500
Stock options exercised	38,000	10,737	-	(3,137)	-	7,600
Stock options granted	-	-	-	409,077	-	409,077
Net loss and comprehensive loss for the period	-	-	-	-	(1,362,315)	(1,362,315)
Balance, August 31, 2017	17,855,453	6,644,799	-	839,716	(3,336,391)	4,148,124
Private placements	14,144,546	1,697,346	-	-	-	1,697,346
Share issuance costs	-	(165,708)	-	72,557	-	(93,151)
Obligation to issue shares	-	-	511,500	-	-	511,500
Net loss and comprehensive loss for the period	-	-	-	-	(4,333,539)	(4,333,539)
Balance, February 28, 2018	31,999,999	\$ 8,176,437	\$ 511,500	\$ 912,273	\$ (7,669,930)	\$ 1,930,280

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

BLUEBIRD BATTERY METALS INC.
(formerly Golden Peak Minerals Inc.)
Condensed Interim Statements of Cash Flows
For the Six Months Ended
(Unaudited – Expressed in Canadian Dollars)

	February 28, 2018	February 28, 2017
Operating Activities		
Net loss for the period	\$ (4,333,539)	\$ (389,102)
Items not involving cash:		
Loss on settlement of accounts payable	-	107,333
Impairment of exploration and evaluation assets	3,933,922	-
Other income	(25,338)	(146,120)
Share-based payments	-	12,550
Changes in non-cash working capital balances:		
Amounts receivable	29,295	(60,735)
Prepaid expenses	(29,292)	(217,308)
Accounts payable and accrued liabilities	131,721	(101,173)
Cash Used in Operating Activities	(293,231)	(794,555)
Investing Activity		
Exploration and evaluation asset expenditures	(129,530)	(922,539)
Cash Used in Investing Activity	(129,530)	(922,539)
Financing Activities		
Shares issued for cash	1,697,346	2,822,448
Share issuance costs	(93,151)	(212,303)
Cash Provided by Financing Activities	1,604,195	2,610,145
Change in Cash	1,181,434	893,051
Cash, Beginning of Period	178,018	170
Cash, End of Period	\$ 1,359,452	\$ 893,221
Non-Cash Transactions and Supplemental Disclosures		
Exploration and evaluation expenditures included in accounts payable (beginning of period)	\$ 89,691	\$ 25,000
Exploration and evaluation expenditures included in accounts payable (end of period)	\$ 181,548	\$ 122,011
Shares issued for exploration and evaluation assets (Notes 6 and 9)	\$ -	\$ 1,502,500
Shares and units issued for accounts payable	\$ -	\$ 157,663
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

BLUEBIRD BATTERY METALS INC.
(formerly Golden Peak Minerals Inc.)
Notes to the Condensed Interim Financial Statements
For the Six Months Ended February 28, 2018
(Unaudited – Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

BlueBird Battery Metals Inc. (formerly Golden Peak Minerals Inc.) (the “Company”) is an exploration stage company incorporated pursuant to the British Columbia *Business Corporations Act* on March 31, 2011. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired. The Company changed its name from Golden Peak Minerals Inc. to BlueBird Battery Metals Inc. on April 17, 2018. The Company’s shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “BATT” and on the OTCQB under the symbol “GPKMF”. The address of the Company’s corporate office and its principal place of business is 1680 – 200 Burrard Street, Vancouver, British Columbia, Canada, V6C 3L6.

2. GOING CONCERN

These condensed interim 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 incurred a net loss of \$4,333,539 for the six months ended February 28, 2018 (2017 - \$389,102) and has an accumulated deficit of \$7,669,930 at February 28, 2018 (August 31, 2017 - \$3,336,391). These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim financial statements.

3. BASIS OF PREPARATION

a) Statement of compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The condensed interim financial statements of the Company should be read in conjunction with the Company’s 2017 annual financial statements that have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

These condensed interim financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on April 27, 2018.

b) Measurement basis

These condensed interim financial statements have been prepared under the historical cost basis, except for financial instruments classified as available-for-sale (“AFS”) and fair value through profit or loss (“FVTPL”). These financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

4. SIGNIFICANT ACCOUNTING POLICIES

The condensed interim financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in Note 4 to the audited financial statements for the year ended August 31, 2017.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 comprehensive income/loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Critical judgments in applying accounting policies

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 condensed interim financial statements within the next financial year are discussed below.

a) Impairment of exploration and evaluation assets

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized 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 an expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

b) Title to mineral property interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

c) Income taxes

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

BLUEBIRD BATTERY METALS INC.
(formerly Golden Peak Minerals Inc.)
Notes to the Condensed Interim Financial Statements
For the Six Months Ended February 28, 2018
(Unaudited – Expressed in Canadian Dollars)

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Critical judgments in applying accounting policies (continued)

c) Income taxes (continued)

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

d) Going concern risk assessment

The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Company decides to terminate its commitments, and to cover its operating costs. The Company may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These condensed interim financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying condensed interim financial statements.

Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the condensed interim financial statements.

a) Decommissioning liabilities

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions, based on the current economic environment, have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs that will reflect the market condition at the time the rehabilitation costs are actually incurred.

The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for. As at February 28, 2018, the Company has no known rehabilitation requirements, and accordingly, no provision has been made.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

Key sources of estimation uncertainty (continued)

b) Fair value of stock options granted

The Company uses the Black-Scholes option pricing model to value the stock options granted during the year. The Black-Scholes model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. The model requires management to make estimates that are subjective and may not be representative of actual results. Changes in assumptions can materially affect estimates of fair values.

BLUEBIRD BATTERY METALS INC.
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Notes to the Condensed Interim Financial Statements
For the Six Months Ended February 28, 2018
(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Total costs incurred on exploration and evaluation asset are summarized as follows:

	Atikwa Lake/Maybrun Properties	Hemlo Property	Grenfell Property	Lac Lapointe Property	Foubert Lake Property	Oyster Property	Total
<u>Acquisition Costs</u>							
Balance, August 31, 2016	\$ 61,209	\$ -	\$ -	\$ 92,750	\$ 155,000	\$ 60,000	\$ 368,959
Acquisition and option payments (cash)	56,480	205,000	50,000	-	-	-	311,480
Acquisition and option payments (shares)	607,000	2,074,500	110,000	-	-	-	2,791,500
Claim costs	1,264	10,522	-	-	-	-	11,786
Impairment	-	-	(160,000)	(92,750)	(155,000)	(60,000)	(467,750)
Balance, August 31, 2017	725,953	2,290,022	-	-	-	-	3,015,975
Option payments (shares)	-	511,500	-	-	-	-	511,500
Claim costs	1,331	1,016	-	-	-	-	2,347
Impairment	(17,000)	(2,802,538)	-	-	-	-	(2,819,538)
Balance, February 28, 2018	\$ 710,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 710,284
<u>Deferred Exploration Expenditures</u>							
Balance, August 31, 2016	\$ -	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ 25,000
Camp and other	72,223	438,161	80,173	-	-	-	590,557
Geological	108,823	346,460	10,500	149,147	-	-	614,930
Geophysics	-	129,762	-	-	-	-	129,762
Impairment	-	-	(90,673)	(174,147)	-	-	(264,820)
Balance, August 31, 2017	181,046	914,383	-	-	-	-	1,095,429
Camp and other	-	15,100	-	-	-	-	15,100
Geological	31,667	13,750	-	-	-	-	45,417
Geophysics	-	158,523	-	-	-	-	158,523
Impairment	(12,628)	(1,101,756)	-	-	-	-	(1,114,384)
Balance, February 28, 2018	\$ 200,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,085
<u>Total Exploration and Evaluation Assets</u>							
Balance, August 31, 2017	\$ 906,999	\$ 3,204,405	\$ -	\$ -	\$ -	\$ -	\$ 4,111,404
Balance, February 28, 2018	\$ 910,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 910,369

6. EXPLORATION AND EVALUATION ASSETS (Continued)

a) Atikwa Lake / Maybrun Properties

On February 4, 2016, the Company entered into an agreement to acquire a 100% undivided interest in 20 mineral claims located in Ontario. As consideration, the Company issued 75,000 common shares of the Company at a value of \$60,000.

In March 2017, an additional 5 claims were acquired for \$6,480.

On April 7, 2017, the Company entered into an agreement to acquire a 100% interest in the Maybrun Property located in Ontario. As consideration, the Company issued 1,200,000 common shares at a value of \$600,000 and paid \$40,000 in cash.

The vendors retain a 2% net smelter return royalty (“NSR”) on the property. The Company has the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.

On June 19, 2017, the Company entered into an option agreement to acquire additional claims on the Atikwa Lake Property. Under the terms of the option agreement, the Company could earn a 100% interest by making payments as follows:

- Issuing 25,000 common shares of the Company (issued) and making a cash payment of \$10,000 (paid) upon approval by the TSX-V;
- Issuing 25,000 common shares of the Company and making a cash payment of \$25,000 by June 23, 2018;
- Issuing 50,000 common shares of the Company and making a cash payment of \$35,000 by June 23, 2019; and
- Issuing 85,000 common shares of the Company and making a cash payment of \$60,000 by June 23, 2020.

The Company was also required to incur exploration expenditures on the additional claims as follows:

- \$50,000 on or before June 19, 2018;
- An additional \$75,000 on or before June 19, 2019; and
- An additional \$150,000 on or before June 19, 2020.

The vendors retained a 2% NSR on the property. The Company had the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.

Subsequent to February 28, 2018, the Company provided termination notice to the vendors of the June 19, 2017 option agreement. The Company recorded an impairment of \$26,628 as a result of the termination.

BLUEBIRD BATTERY METALS INC.
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Notes to the Condensed Interim Financial Statements
For the Six Months Ended February 28, 2018
(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Hemlo Properties

Heikki Property

On October 28, 2016, and as amended November 17, 2017, the Company entered into four option agreements to acquire the Esa, Kulta, Seija and Soturi properties, collectively the Heikki Property, located in Ontario. Under the terms of the option agreement, the Company can earn a 100% interest by making payments as follows:

- Issuing 2,600,000 common shares of the Company (issued) and making a cash payment of \$105,000 (paid) upon approval by the TSX-V;
- Issuing 3,100,000 common shares of the Company by January 31, 2018; and
- Issuing 1,750,000 common shares of the Company by November 17, 2018.

The vendors retain a 3% NSR on each of the four properties. The Company has the option to purchase 1% of the 3% NSR (one-third) at a price of \$500,000.

Subsequent to February 28, 2018, the Company provided termination notice to the vendors of the Heikki Property. The Company recorded an obligation to issue shares of \$511,500 in relation to the January 31, 2018 payment. The Company recorded an impairment of \$2,625,499 as a result of the termination.

Hemlo East

On January 27, 2017, the Company entered into an option agreement to acquire the Hemlo East Property, located in Ontario. Under the terms of the option agreement, the Company could earn a 100% interest by making payments as follows:

- Issuing 750,000 common shares of the Company (issued and valued at \$352,500) and making a cash payment of \$100,000 (paid) upon approval by the TSX-V;
- Issuing 500,000 common shares of the Company and making a cash payment of \$100,000 by February 8, 2018;
- Issuing 500,000 common shares of the Company and making a cash payment of \$100,000 by February 8, 2019; and
- Issuing 500,000 common shares of the Company and making a cash payment of \$40,000 by February 8, 2020.

The Company was also required to incur exploration expenditures on the property as follows:

- \$600,000 on or before January 27, 2018;
- An additional \$600,000 on or before January 27, 2019; and
- An additional \$600,000 on or before January 27, 2020.

The vendor retained a 2.5% NSR on the property. The Company had the option to purchase 0.5% of the 2.5% NSR (one-fifth) at a price of US \$1,000,000.

On January 31, 2018, the Company provided termination notice to the vendor of the Hemlo East Property. The Company recorded an impairment of \$591,195 as a result of the termination.

BLUEBIRD BATTERY METALS INC.
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Notes to the Condensed Interim Financial Statements
For the Six Months Ended February 28, 2018
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6. EXPLORATION AND EVALUATION ASSETS (Continued)

b) Hemlo Properties (continued)

Hemlo East Extension and Hemlo West

On May 31, 2017, and as amended December 18, 2017 and January 31, 2018, the Company entered into two agreements to acquire additional claims in the Hemlo area. Under the terms of the agreements, the Company could earn a 100% interest by making payments as follows:

- Issuing 2,200,000 common shares of the Company upon approval by the TSX-V (issued and valued at \$682,000); and
- Issuing 1,000,000 common shares of the Company and making a cash payment of \$500,000 by March 2, 2018.

The vendors retained a 2% NSR on each property. The Company had the option to purchase 1% of each 2% NSR (one-half) at a price of \$1,000,000 each.

Subsequent to February 28, 2018, the Company provided termination notice to the vendors of the Hemlo East Extension Property and Hemlo West Property. The Company recorded an impairment of \$687,600 as a result of the terminations.

c) Grenfell Property

On October 13, 2016, the Company entered into an option agreement to acquire the Grenfell Property located in Ontario. Under the terms of the option agreement, the Company could earn a 100% interest by making payments as follows:

- Issuing 250,000 common shares of the Company (issued) and making a cash payment of \$50,000 (paid) upon approval by the TSX-V;
- Issuing 250,000 common shares of the Company and making a cash payment of \$50,000 by October 26, 2017;
- Issuing 250,000 common shares of the Company and making a cash payment of \$50,000 by October 26, 2018; and
- Issuing 250,000 common shares of the Company and making a cash payment of \$50,000 by October 26, 2019.

In the event of a minimum discovery of 1,000,000 ounces of gold or gold equivalent resource, the Company would pay a bonus of \$1,000,000 to the optionor upon completion of a National Instrument 43-101 *Standards of Disclosure for Mineral Projects* compliant report.

The original vendor retained a 2% NSR on the property. The Company had the option to purchase 1% of the 2% NSR (one-half) at a price of \$1,000,000.

The Company determined it would not make the payment of 250,000 common shares and \$50,000 due on October 26, 2017. The property was written down to \$nil on August 31, 2017.

d) Lac Lapointe Property

On February 15, 2016, the Company entered into an option agreement to acquire a 100% undivided interest in 20 mineral claims located in Quebec. Under the terms of the option agreement, the Company could earn a 100% interest by making payments as follows:

- Issuing 132,500 common shares of the Company upon approval by the TSX-V (issued);
- Cash payment of \$40,000 on or before August 15, 2017; and
- Cash payment of \$100,000 on or before February 15, 2019.

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Notes to the Condensed Interim Financial Statements
For the Six Months Ended February 28, 2018
(Unaudited – Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (Continued)

d) Lac Lapointe Property (continued)

The vendor retained a 2% gross overriding royalty return (“GORR”) on the property. The Company had the option to purchase 1% of the 2% GORR (one-half return) at a price of \$1,000,000.

The Company did not make the payment of \$40,000 due on August 15, 2017. Accordingly, the property was written down to \$nil.

e) Foubert Lake Property

On June 26, 2015, the Company entered into an agreement to acquire a 100% undivided interest in 11 mineral claims located in Quebec. As consideration, the Company paid a total of \$11,000 in cash and issued a total of 240,000 common shares of the Company at a value of \$144,000.

The vendor retains a 1% NSR on the property. The Company has the option to purchase the NSR at a price of \$500,000.

At August 31, 2017, the Company determined that the value of the property was impaired, and it was written down to \$nil.

f) Oyster Property

On September 23, 2015, the Company entered into an agreement to acquire a 100% undivided interest in 4 mineral claims located in Manitoba. As consideration, the Company issued 100,000 common shares of the Company at a value of \$60,000.

The vendor retains a 3% GORR on the property. The Company has the option to purchase 1% of the 3% GORR (one-third) at a price of \$1,000,000.

At August 31, 2017, the Company determined that the value of the property was impaired, and it was written down to \$nil.

7. RELATED PARTY BALANCES AND TRANSACTIONS

These amounts of key management compensation are included in exploration and evaluation assets and the amounts shown on the condensed interim statements of comprehensive loss:

	Six Months Ended February 28, 2018	Six Months Ended February 28, 2017
Management fees	\$ 35,000	\$ 73,250
Geological	\$ 87,500	\$ -

Key management includes directors and officers of the Company, including the Chief Executive Officer and Chief Financial Officer.

During the six months ended February 28, 2018, the Company paid or accrued \$nil (2017 - \$37,000) for consulting fees to companies controlled by directors and \$18,000 (2017 - \$nil) in rent to a company in which an officer of the Company is an officer and director.

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7. RELATED PARTY BALANCES AND TRANSACTIONS (Continued)

As at February 28, 2018, included in accounts payable and accrued liabilities is \$32,958 (August 31, 2017 - \$3,216) due to a company controlled by an officer of the Company and \$nil (August 31, 2017 - \$47,032) due to a company in which an officer of the Company is an officer and director for shared administrative costs. These amounts are unsecured, non-interest-bearing and have no fixed terms of repayment.

8. OTHER LIABILITY AND FLOW-THROUGH COMMITMENT

Other Liability

Other liability consists of the liability portion of the flow-through shares issued.

During the year ended August 31, 2017, the Company issued 2,022,998 flow-through shares at a price of \$0.65 per share. The premium paid by investors was calculated as \$0.15 per share. Accordingly, \$303,450 was recorded as other liability. As at February 28, 2018, the balance of other liability has been reduced to \$nil as a result of qualifying expenditures incurred by the Company. This resulted in other income of \$25,338 for the six months ended February 28, 2018.

Flow-Through Commitment

At February 28, 2018, the Company had no remaining commitment to incur exploration expenditures in relation to its December 2016 flow-through share financing.

Included in accounts payable and accrued liabilities at February 28, 2018 is a provision for Part XII.6 tax of \$nil (August 31, 2017 - \$1,949). During the six months ended February 28, 2018, the Company incurred \$57 for Part XII.6 tax and other provincial taxes in relation to its December 2016 flow-through share financing (2017 - \$1,339 in relation to its December 2015 flow-through share financing).

9. SHARE CAPITAL

a) Authorized

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and outstanding

Six Months Ended February 28, 2018

- On February 23, 2018, the Company completed a non-brokered private placement for gross proceeds of \$1,697,346. The Company issued 14,144,546 units at a price of \$0.12 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.15 for a period of two years.

The Company incurred finder's fees of \$83,914 and other share issue costs of \$9,237. The Company also issued 339,285 finder's warrants valued at \$72,557 (Note 9(c)) and entitling the holder to acquire one non-flow-through common share of the Company at an exercise price of \$0.15 for a period of two years.

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9. SHARE CAPITAL (Continued)

b) Issued and outstanding (continued)

Year Ended August 31, 2017

- On September 26, 2016, the Company completed a non-brokered private placement for gross proceeds of \$499,999. The Company issued 4,166,658 units at a price of \$0.12 per unit. Each unit consisted of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.20 for a period of two years. The Company incurred share issue costs of \$3,483.
- On October 26, 2016, the Company settled accounts payable and accrued liabilities of \$50,300 by issuing 9,259 common shares and 177,037 units, each unit consisted of one common share and one non-transferable warrant of the Company. Each warrant entitles the holder to acquire one common share of the Company at an exercise price of \$0.36 for a period of four years. The fair value of the common shares issued was \$4,074 and the fair value of the units issued was \$153,559. Accordingly, the Company realized a loss on settlement of accounts payable of \$107,333.
- On October 26, 2016, the Company issued 250,000 common shares valued at \$110,000 for the acquisition of the Grenfell Property (Note 6(c)).
- On November 17, 2016, the Company issued 2,600,000 common shares valued at \$1,040,000 for the acquisition of the Heikki Property (Note 6(b)).
- On December 20, 2016, the Company completed a non-brokered private placement for gross proceeds of \$2,314,949. The Company issued 2,000,000 non-flow-through common shares of the Company at a price of \$0.50 per share and 2,022,998 flow-through common shares of the Company at a price of \$0.65 per share. The premium paid by investors on the flow-through units was calculated as \$0.15 per share. Accordingly, \$303,450 was recorded as other liability.

The Company incurred finder's fees of \$196,495 and other share issue costs of \$12,325. The Company also issued 332,300 finder's warrants valued at \$126,231 (Note 9(c)) and entitling the holder to acquire one non-flow-through common share of the Company at an exercise price of \$0.50 for a period of two years.

- On February 9, 2017, the Company issued 750,000 common shares valued at \$352,500 for the acquisition of the Hemlo East Property (Note 6(b)).
- On April 13, 2017, the Company issued 1,200,000 common shares valued at \$600,000 for the acquisition of the Maybrun Property (Note 6(a)).
- On June 19, 2017, the Company issued 2,200,000 common shares valued at \$682,000 for the acquisition of the Hemlo East Extension and the Hemlo West (Note 6(b)).
- On June 19, 2017, the Company issued 25,000 common shares valued at \$7,000 for the acquisition of the Atikwa Lake Property (Note 6(a)).
- During the year ended August 31, 2017, the Company received \$100,000 pursuant to the exercise of 500,000 warrants and \$7,600 on the exercise of 38,000 stock options. The Company transferred \$3,137, the previously recorded fair value of the stock options, from contributed surplus to share capital upon exercise of the stock options.

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9. SHARE CAPITAL (Continued)

c) Warrants

Warrant transactions and the number of warrants outstanding for the six months ended February 28, 2018 and the year ended August 31, 2017 are summarized as follows:

	Six Months Ended February 28, 2018		Year Ended August 31, 2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	4,188,566	\$ 0.23	258,002	\$ 1.37
Issued	14,543,831	\$ 0.15	4,675,995	\$ 0.23
Exercised	-	-	(500,000)	\$ 0.20
Expired	-	-	(245,431)	\$ 1.40
Outstanding, end of period	18,732,397	\$ 0.17	4,188,566	\$ 0.23

The following warrants were outstanding and exercisable at February 28, 2018:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Warrants
September 26, 2018	0.58	\$ 0.20	3,666,658
December 20, 2018	0.81	\$ 0.50	332,300
December 24, 2018	0.82	\$ 0.70	12,571
February 23, 2020	1.99	\$ 0.15	14,543,831
October 26, 2020	2.66	\$ 0.36	177,037
	1.69		18,732,397

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its finder's warrants granted. The fair value of each finder's warrant grant was calculated using the following weighted average assumptions:

	Six Months Ended February 28, 2018	Year Ended August 31, 2017
Expected life (years)	2.00	3.00
Risk-free interest rate	1.78%	0.50%
Expected annualized volatility	104%	235%
Dividend yield	N/A	N/A
Stock price at grant date	\$ 0.27	\$ 0.60
Exercise price	\$ 0.15	\$ 0.70
Weighted average grant date fair value	\$ 0.18	\$ 0.57

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

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9. SHARE CAPITAL (Continued)

d) Stock options

The Company adopted a Stock Option Plan (the “Plan”) to grant incentive stock options to directors, officers, employees and consultants. Under the plan, the aggregate number of common shares that may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date, including options granted prior to the adoption of the Plan. Options granted may not exceed a term of 10 years, and the term will be reduced to one year following the date of death of the optionee. All options vest when granted unless they are otherwise specified by the Board of Directors or if they are granted for investor relations activities. Options granted for investor relations activities vest over a 12-month period with no more than 25% of the options vesting in any three-month period.

The following is a summary of option transactions under the Company's stock option plan for the six months ended February 28, 2018 and the year ended August 31, 2017:

	Six Months Ended February 28, 2018		Year Ended August 31, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,389,000	\$ 0.42	16,000	\$ 1.50
Expired	(114,000)	\$ 0.20	(25,000)	\$ 0.40
Exercised	-	-	(38,000)	\$ 0.20
Forfeited	-	-	(16,000)	\$ 1.50
Granted	-	-	1,452,000	\$ 0.38
Outstanding, end of period	1,275,000	\$ 0.40	1,389,000	\$ 0.42

The following options were outstanding and exercisable at February 28, 2018:

Expiry Date	Weighted Average Remaining Contractual Life in Years	Exercise Price	Outstanding	Exercisable
April 11, 2020	2.12	\$ 0.40	1,275,000	1,275,000

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9. SHARE CAPITAL (Continued)

d) Stock options (continued)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. The fair value of each stock option grant was calculated using the following weighted average assumptions:

	Six Months Ended February 28, 2018	Year Ended August 31, 2017
Expected life (years)	N/A	3.00
Risk-free interest rate	N/A	0.83%
Expected annualized volatility	N/A	136%
Dividend yield	N/A	N/A
Stock price at grant date	N/A	\$ 0.41
Exercise price	N/A	\$ 0.40
Weighted average grant date fair value	N/A	\$ 0.29

Option pricing models require the input of highly subjective assumptions regarding volatility. The Company has used historical volatility to estimate the volatility of the share price.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments include cash, amounts receivable and accounts payable. Cash is classified as FVTPL. Amounts receivable is classified as loans and receivables. Accounts payable is classified as other financial liabilities. The carrying values of these instruments approximate their fair values due to the relatively short periods to maturity of these instruments.

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

February 28, 2018	Level 1	Level 2	Level 3	Total
Cash	\$ 1,359,452	\$ -	\$ -	\$ 1,359,452
August 31, 2017	Level 1	Level 2	Level 3	Total
Cash	\$ 178,018	\$ -	\$ -	\$ 178,018

Financial risk management objectives and policies

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

a) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. To minimize the credit risk on cash, the Company places its cash with a major Canadian financial institution.

10. FINANCIAL INSTRUMENTS (Continued)

Financial risk management objectives and policies (continued)

b) Liquidity risk

The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at February 28, 2018, the Company had cash of \$1,359,452 (August 31, 2017 - \$178,018) to settle accounts payable and accrued liabilities of \$415,279 (August 31, 2017 - \$191,701), which fall due for payment within 30 days of February 28, 2018. All of the liabilities presented as accounts payable are due within 30 days of the reporting date.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital.

- i) Currency risk* – The Company's expenses are denominated in Canadian dollars. The Company's corporate office is based in Canada and current exposure to exchange rate fluctuations is minimal. The Company does not have any significant foreign currency denominated monetary assets or liabilities.
- ii) Interest rate risk* – The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant, as the deposits are short-term. The Company has not entered into any derivative instruments to manage interest rate fluctuations. The Company has no interest-bearing financial liabilities.
- iii) Other price risk* - Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company does not have significant exposure to this risk.

11. MANAGEMENT OF CAPITAL

The Company considers its capital to be comprised of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

Management reviews the capital structure on a regular basis to ensure that the above objectives are met. There have been no changes to the Company's approach to capital management during the six months ended February 28, 2018. The Company is not subject to externally imposed capital requirements.

12. SUBSEQUENT EVENTS

- a) Subsequent to February 28, 2018, the Company granted 2,200,000 stock options to officers, directors and consultants of the Company. The options are exercisable at prices ranging from \$0.20 to \$0.285 per share and expire on dates ranging from March 8, 2021 to April 17, 2021. All the options granted vested immediately.
- b) Subsequent to February 28, 2018, the Company issued 300,000 common shares for proceeds of \$60,000 on the exercise of 300,000 share purchase warrants.
- c) Subsequent to February 28, 2018, 125,000 options expired unexercised.
- d) On March 15, 2018, the Company entered into an option agreement with Trafalgar Resources Pty. Ltd. (“Trafalgar”) to acquire a 100% interest in the Canegrass Property, located in the Mount Magnet region of Western Australia.

In consideration, the Company must make payments as follows:

- Cash payment of \$25,000 (paid) and issuance of 3,000,000 common shares of the Company (issued) upon approval by the TSX-V (approval received on March 31, 2018);
- Issuance of an additional 1,875,000 common shares of the Company on or before March 21, 2019; and
- Issuance of an additional 1,875,000 common shares of the Company on or before March 21, 2020.

The Company must also incur exploration expenditures as follows:

- \$500,000 on or before March 21, 2019;
- An additional \$1,000,000 on or before March 21, 2020; and
- An additional \$1,500,000 on or before March 21, 2021.

A finder’s fee of 261,058 shares was paid in relation to the agreement. Subject to further TSX-V approval, a discovery bonus of 1,500,000 common shares of the Company will be issued in the event of discovery of a copper/cobalt resource of 250,000 ounces or greater on the Canegrass Property.

The Company also paid a \$25,000 deposit to Trafalgar during the six months ended February 28, 2018.

- e) On March 26, 2018, the Company entered into an option agreement with Strategic Metals Ltd. (“Strategic”) to acquire a 80% interest in the Batt Property, located in the Yukon Territory.

In consideration, the Company paid cash of \$25,000 and issued 250,000 common shares of the Company.

The Company must also incur exploration expenditures as follows:

- \$50,000 on or before March 31, 2019;
- An additional \$150,000 on or before March 31, 2020; and
- An additional \$300,000 on or before March 31, 2021.

Strategic retains a 1% NSR on the property. In the case the option agreement terms are met, a joint venture (“JV”) will be formed between the Company and Strategic. Should Strategic’s JV participation drop below 10%, the NSR will increase to 2%. At that time, the Company may repurchase 1% (one-half) of the NSR for \$1,000,000, subject to further TSX-V approval.