SKARB EXPLORATION CORP.

FINANCIAL STATEMENTS

FOR THE PERIOD

MARCH 6, 2018
(Date of Incorporation)

to

JUNE 30, 2018

January 25, 2019

Independent Auditor's Report

To the Shareholders of
Skarb Exploration Corp.

We have audited the accompanying financial statements of Skarb Exploration Corp., which comprise the statement of financial position as at June 30, 2018 and the statements of loss and comprehensive loss, changes in equity and cash flows for the period from March 6, 2018 (date of incorporation) to June 30, 2018, and the related notes, which comprise 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 as issued by the International Accounting Standards Board (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Skarb Exploration Corp. as at June 30, 2018 and its financial performance and its cash flows for the period from March 6, 2018 (date of incorporation) to June 30, 2018 in accordance with IFRS.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

SKARB EXPLORATION CORP.
STATEMENT OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	As at June 30, 2018
ASSETS		
Current		
Cash		$351,969
GST Receivable		375
		352,344
Non-Current		
Exploration & evaluation assets	4	32,500
TOTAL ASSETS		**$384,844**
LIABILITIES		
Current		
Accounts payable and accrued liabilities		$53,100
TOTAL LIABILITIES		**$53,100**
EQUITY		
Share capital	5	$385,000
Deficit		(53,256)
TOTAL EQUITY		**$331,744**
TOTAL LIABILITIES AND EQUITY		**$384,844**

These financial statements were authorized for issue by the Board of Directors on January 25, 2019

/s/ "Craig Parry"
CRAIG PARRY, Chief Executive Officer

/s/ "Ota Hally"
OTA HALLY, Chief Financial Officer

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

SKARB EXPLORATION CORP.
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	Note	From March 6, 2018 (Date of Incorporation) to June 30, 2018
Expenses		
Bank Fees		$156
Professional Fees		53,100
Loss and comprehensive loss		**$53,256**
Loss per common share – basic and diluted		($0.00)
Weighted average number of common shares outstanding – basic and diluted		10,850,000

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

SKARB EXPLORATION CORP.
STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Deficit	Total
Balance as at March 6, 2018 (date of incorporation)		-	-	-	-
Shares issued	5	21,350,000	$385,000	-	$385,000
Loss for the period		-	-	($53,256)	(53,256)
Balance as at June 30, 2018		**21,350,000**	**$385,000**	**($53,256)**	**$331,744**

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

SKARB EXPLORATION CORP.
STATEMENT OF CASH FLOWS
(Expressed in Canadian Dollars)

	Note	From March 6, 2018 (Date of Incorporation) to June 30, 2018
Cash flows from (used in) operating activities		
Net loss for the period		($53,256)
Changes in non-cash working capital		
GST Receivable		(375)
Accounts payable and accrued liabilities		53,100
		($531)
Cash flows used in investing activities		
Additions of exploration and evaluation asset	4	($32,500)
		($32,500)
Cash flows provided by financing activities		
Issuance of common shares	5	$385,000
		$385,000
Change in cash		**$351,969**
Cash, beginning of period		-
Cash, end of period		**$351,969**

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

1. NATURE OF OPERATIONS

Skarb Exploration Corp. ("Skarb" or the "Company") was incorporated pursuant to the provisions of the Business Corporations Act of Ontario on March 6, 2018. The Company's head office is located at Suite 970 – 1055 West Hastings St Vancouver BC V6E 2E9 and the Company's registered office is located at 4 Brule Gardens, Toronto, Ontario M6S 4J2.

The Company's principal business activities include the acquisition and exploration of mineral property assets. On March 14, 2018, the Company entered into an Option Agreement to obtain the sole and exclusive right and option to acquire a 100% right, title and interest in the RDR Gold Property located in the Province of Quebec. Please refer to Note 4 for details on RDR Gold Property.

The Company had a deficit of $53,256 as at June 30, 2018, which has been funded by the issuance of equity. The Company's ability to continue its operations and exploration is dependent upon obtaining additional financing.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The accounting policies followed by the Company as set out below have been consistently followed in the preparation of these financial statements.

b) Statement of Compliance

These financial statements for the period ended June 30, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee.

c) Basis of Presentation

These financial statements have been prepared on a historical cost basis. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information. All monetary references expressed in these notes are references to Canadian dollar amounts ("$").

d) Functional and Presentation Currency

These financial statements have been prepared in Canadian dollars, which is the Company's functional and presentation currency.

e) Cash

Cash includes cash on hand with a Canadian chartered bank.

f) Exploration and evaluation assets

All costs related to the acquisition, exploration and evaluation of mineral properties are capitalized as incurred and deferred until management establishes technical feasibility and economic feasibility of a property. When technical feasibility and commercial viability of a property is demonstrated, exploration and evaluation assets will be reclassified into property.

The recoverability of mineral properties and exploration and development costs is dependent on the existence of economically recoverable reserves, the ability to obtain the necessary financing to complete the development of the reserves, and the profitability of future operations. The Company has not yet determined whether or not any of its future mineral properties contain economically recoverable reserves.

Amounts capitalized to mineral properties as exploration costs do not necessarily reflect present or future values.

When properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

Exploration and evaluation assets are assessed for impairment when facts or circumstances suggest that the carrying value of an exploration and evaluation asset may exceed its recoverable amount. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The estimated recoverable amount is determined on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the recoverable amount is estimated at the cash generating unit level. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the Company will measure, present and disclose any resulting impairment loss.

g) **Share-based payment transaction**

Equity-settled share-based payments are measured at fair value at the relevant grant date. The fair value of share options granted to employees and others providing similar services is recognized as an expense over the vesting period with a corresponding increase in equity. The Company measures the goods or services provided, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless the fair value cannot be estimated reliably, in which case, the Company measures their value and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

h) **Loss per Share**

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share, where applicable, is determined by adjusting the loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all warrants and options outstanding that may add to the total number of common shares.

i) **Financial Assets**

All financials instruments are classified in the following categories on initial recognition: amortised cost, fair value through other comprehensive income or fair value through profit or loss ("FVTPL"). Cash is classified and measured at amortised cost.

j) **Financial liabilities**

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

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

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

k) **Income taxes**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the period end date, and any adjustment to tax payable in respect of previous year.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. As at June 30, 2018, no deferred tax asset has been recognized, as it is not considered probable that future taxable profit will be generated.

l) **Provisions**

Provisions are only recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

m) **Future Accounting Pronouncements**

The following standard have not been adopted by the Company and are being evaluated:

IFRS 16 – Leases

The standard was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The mandatory adoption date of the standard is January 1, 2019. The Company does not currently expect the standard to have a material impact on its financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(Expressed in Canadian Dollars)

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

Significant accounting judgments

i. the consideration of whether impairment indicators exist for exploration and evaluation assets; and
ii. the determination that tax losses are currently not probable to be utilized against taxable profit.

4. EXPLORATION AND EVALUATION ASSET

	Acquisition Costs	**Exploration Costs**	**Total**
	$	$	$
Opening balance	-	-	-
Acquisition and exploration costs	25,000	7,500	32,500
Balance, June 30, 2018	**25,000**	**7,500**	**32,500**

RDR Gold Property

Pursuant to an option agreement (the "Agreement") dated March 14, 2018 (the "Effective Date"), the Company was granted an option to acquire a 100% right, title and interest in and to the RDR Gold Property (the "Property") located in the Province of Quebec.

In accordance with the Agreement, the Company has the option to acquire a 100% right, title and interest in and to the Property by issuing a total of 1,550,000 common shares of the Company to the optionor, making cash payments totaling $50,000, and incurring a total of $1,000,000 in exploration expenditures as follows:

	Common Shares	**Cash**	**Exploration Expenditures**
		$	$
Upon execution of the Agreement (paid)	-	25,000	-
Upon listing of the Company's common shares on the Canadian Securities Exchange (the "Listing")	300,000	-	-
On or before 14 months after the Effective Date	500,000	-	250,000
On or before 28 months after the Effective Date	750,000	25,000	750,000

The optionor retains a 1% Gross Overriding Royalty ("GORR") on the Property. The Company has the right to purchase the first ½% of the GORR for $1,000,000 at any time.

In addition, as the Listing Date is later than September 1, 2018, the Company paid optionor an additional $25,000 in cash. The Company made this payment on September 18, 2018.

(Expressed in Canadian Dollars)

5. SHARE CAPITAL

Authorized Capital: Unlimited number of common shares with no par value.

Issued:

	Number of common shares	Nominal value of common shares
		$
March 6, 2018 (date of incorporation) at $0.005 per share (see Note 10 for subsequent event)	5,400,000	27,000
May 10, 2018 at $0.02 per share	6,900,000	138,000
May 25, 2018 at $0.02 per share	7,750,000	155,000
June 29, 2018 at $0.05 per share	1,300,000	65,000
Balance, June 30, 2018	**21,350,000**	**385,000**

6. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

During the period ended June 30, 2018, 19,075,000 common shares were issued to related parties (Note 5).

Remuneration attributed to key management personnel for the period ended June 30, 2018 was $Nil. On July 5, 2018, the Company implemented a share option plan (Note 10) and on July 9, 2018 the Company granted share options to an officer and a director of the Company.

The Company repurchased shares from related parties subsequent to June 30, 2018, see Note 10 for subsequent event.

7. CAPITAL MANAGEMENT

The Company's capital consists of share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support exploration. The Board of Directors does not impose quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business.

In the management of capital, the Company considers all types of equity and is dependent on third party financing, whether through debt, equity, or other means. Although the Company has been successful in raising funds to date, there is no assurance that the Company will be successful in obtaining required financing in the future or that such financing will be available on terms acceptable to the Company.

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

8. FINANCIAL INSTRUMENTS

a) Fair Value

The fair value of the Company's financial instruments approximates their carrying value as at June 30, 2018 because of the demand nature or short-term maturity of these instruments.

b) Financial Risk Management Objectives and Policies

The Company's financial instruments consist of cash and accounts payable. The risks associated with these financial instruments and the policies on how the Company mitigates these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at June 30, 2018, the Company has cash on deposit with a large Canadian bank. Management believes the risk of loss to be remote.

ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet its obligations under financial instruments. 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 to meet short-term obligations. As at June 30, 2018, the Company had a working capital of $299,244 (including GST receivable), including cash of $351,969.

iii) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices. The Company does not expect exchange rates, and commodity and equity prices to have a material impact to the Company.

iv) Rate Risk

Interest rate risk is the risk that the future cash flows from a financial instrument will fluctuate due to changes in market interest rates. The Company holds its cash in bank accounts that earn variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair value of the Company's cash and cash equivalent balances as of June 30, 2018.

9. COMMITMENTS

The Company has no capital or operating commitments as at June 30, 2018. Note 4 summarizes the terms of the Company's option agreement for the Property.

10. SUBSEQUENT EVENTS

On July 5, 2018, the Company implemented a share option plan (the "Plan") and on July 9, the Company granted (a) 100,000 options to acquire Common Shares to an Officer of the Company and (b) 75,000 options to acquire Common Shares to a director of the Company. The options granted have an exercise price of $0.10 and expire 10 years from the grant date.

On July 30, 2018, the Company closed an offering of 1,401,500 special warrants (each, a "Special Warrant") for a net proceeds of $140,150. 2,000 Special Warrants were purchased by persons who are considered related parties of the Company. The Company's directors passed a resolution on July 12, 2018 for the Company to complete an Initial Public Offering on the Canadian Securities Exchange. On August 1, 2018, the Company filed a preliminary long form prospectus (the "Prospectus") for purposes of completing an initial public offering (the "Offering") of 1,401,500 Common Shares upon the automatic conversion of the Special Warrants of the Company. In accordance with the terms of the Special Warrants, each Special Warrant will automatically convert into a Common Share on the earlier of: (a) the third business day following the day on which a receipt for a final prospectus filed in connection with the Offering has been issued; and (b) four months and a day from July 30, 2018. The Company's directors' and officers' shares will be held in escrow under the terms of an escrow agreement to be entered into following the closing of the Offering. These shares will be released through automatic timed release, in accordance with the Canadian Securities Exchange policies.

On December 1, 2018, 1,401,500 Common Shares were issued upon the automatic conversion of the Special Warrants of the Company.

On December 10, 2018, the Company repurchased 5,400,000 Common Shares, which were issued on March 6, 2018, from related parties of the Company in exchange for the issuance of two promissory notes. Each promissory note has a principal amount equal to $13,500 (the original subscription price for the Common Shares), payable on demand with interest calculated at the rate of 3% per annum. The Company also has the right to repay any portion of the notes payable at its discretion.