



## **Condensed Interim Financial Statements**

**For the six months ended June 30, 2018**

**(expressed in Canadian Dollars)**

**(unaudited)**

**260-2366 Avenue C North  
Saskatoon, SK S7L 5X5**

**TSX.V: CPC**

**Note to Reader**

Notice of no auditor review of condensed interim financial statements.

These condensed interim financial statements for the six months ended June 30, 2018 have been compiled by management. These financial statements, along with the accompanying notes, have been reviewed and approved by the members of the Company's audit committee.

In accordance with Canadian Securities Administrators National Instrument 51-102, the Company discloses that these unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

**Canadian Platinum Corp.**  
**Condensed Interim Statements of Financial Position**  
*(amounts in Canadian dollars)*  
*(unaudited)*



<b>Assets</b>	<b>Notes</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Current assets</b>			
Cash		\$ 141,087	\$ 179,478
GST recoverable		12,845	4,711
<b>Total current assets</b>		<b>153,932</b>	<b>184,189</b>
Exploration and evaluation assets	6	3,546,516	3,079,645
<b>Total assets</b>		<b>\$ 3,700,448</b>	<b>\$ 3,263,834</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 87,158	\$ 173,988
Loans Payable	8	190,000	-
<b>Total current liabilities</b>		<b>277,158</b>	<b>173,988</b>
<b>Total liabilities</b>		<b>277,158</b>	<b>173,988</b>
<b>Shareholders' Equity</b>			
Share capital	7	16,474,350	16,324,350
Warrants	7	294,949	139,949
Contributed surplus		3,919,636	3,659,636
Deficit		(17,265,645)	(17,034,089)
<b>Total shareholders' equity</b>		<b>3,423,290</b>	<b>3,089,846</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 3,700,448</b>	<b>\$ 3,263,834</b>
<b>Going concern</b>			
Commitments	2 6, 10		

See accompanying notes to the condensed interim financial statements.

Approved by the Board:

(Signed) "Gary Billingsley" \_\_\_\_\_, Director

(Signed) "Douglas Billingsley" \_\_\_\_\_, Director

**Canadian Platinum Corp.**  
**Condensed Interim Statements of Loss and Comprehensive Loss**  
**For the Six Months Ended June 30**

*(amounts in Canadian dollars)*  
*(unaudited)*



	Notes	3 months		6 months	
		2018	2017	2018	2017
Expenses					
Advertising and promotion		\$ -	\$ -	\$ -	\$ -
Bank charges		51	86	118	118
Office		12,599	5,393	24,273	7,359
Marketing		34,664	-	57,942	-
Professional fees	8	13,233	9,434	27,953	21,934
Filing fees		2,453	17,700	7,653	17,700
Transfer agent		5,467	4,331	8,650	4,896
Loss from operations		(68,467)	(36,944)	(126,556)	(52,007)
Net loss and comprehensive loss for the period		\$ (68,467)	\$ (36,944)	\$ (126,556)	\$ (52,007)
Basic and diluted loss per share (224,350,529 weighted average common shares)		\$ (0.001)	\$ (0.001)	\$ (0.001)	\$ (0.001)

See accompanying notes to the condensed interim financial statements.

**Canadian Platinum Corp.**  
**Condensed Interim Statements of Changes in Shareholders' Equity**  
**For the Six Months Ended June 30**  
*(amounts in Canadian dollars)*  
*(unaudited)*



	Notes	Number of common shares	Share Capital stated value	Number of Warrants	Warrants stated value	Contributed surplus	Deficit	Total equity
<b>Balance at January 1, 2017</b>		126,124,565	\$15,512,816	-	-	\$3,519,636	\$(16,538,814)	\$2,493,638
Share Issuance		50,000,000				2,500,000		2,500,000
Loss and comprehensive loss		-	-	-	-	-	(52,007)	(52,007)
<b>Balance at June 30, 2017</b>		<b>176,124,565</b>	<b>\$15,512,816</b>	<b>-</b>	<b>-</b>	<b>\$6,019,636</b>	<b>\$(16,590,821)</b>	<b>\$4,941,631</b>
<b>Balance at January 1, 2018</b>		<b>204,450,829</b>	<b>\$16,324,350</b>	<b>19,983,333</b>	<b>\$139,949</b>	<b>\$3,659,636</b>	<b>\$(17,034,089)</b>	<b>\$3,089,846</b>
Share issuance		19,900,000	150,000	12,400,000	155,000	155,000		460,000
Loss and comprehensive loss		-	-	-	-	-	(126,556)	(126,556)
<b>Balance at March 31, 2018</b>		<b>224,350,829</b>	<b>\$16,474,350</b>	<b>32,383,333</b>	<b>\$294,949</b>	<b>\$3,919,636</b>	<b>\$(17,265,645)</b>	<b>\$3,423,290</b>

See accompanying notes to the condensed interim financial statements.

**Canadian Platinum Corp.**  
**Condensed Interim Statements of Cash Flows**  
**For the Six Months Ended June 30**  
*(amounts in Canadian dollars)*  
*(unaudited)*



		3 months		6 months	
	Notes	2018	2017	2018	2017
Cash provided by (used in):					
Operating activities					
Loss and comprehensive loss for the year		\$ (68,467)	\$ (36,944)	\$ (126,556)	\$ (52,007)
Adjustments for:					
Stock-based compensation		-	-	-	-
Changes in non-cash working capital	9	(15,135)	(9,702)	(94,965)	2,284
<b>Net cash used in operating activities</b>		<b>(83,602)</b>	<b>(46,646)</b>	<b>(221,521)</b>	<b>(49,723)</b>
Financing activities					
Advances from related parties	8	190,000	46,000	190,000	52,400
Private placement		310,000		460,000	
Changes in non-cash working capital	9	-	2,500,000	-	2,500,000
<b>Net cash from financing activities</b>		<b>500,000</b>	<b>2,546,000</b>	<b>650,000</b>	<b>2,552,400</b>
Investing activities					
Exploration and evaluation expenditures	6	(292,870)	(2,501,141)	(466,870)	(2,501,141)
Changes in non-cash working capital	9	-	-	-	-
<b>Net cash used in investing activities</b>		<b>(292,870)</b>	<b>(2,501,141)</b>	<b>(466,870)</b>	<b>(2,501,141)</b>
<b>Change in cash</b>		<b>123,528</b>	<b>(1,787)</b>	<b>(38,391)</b>	<b>1,536</b>
Cash, beginning of period		17,559	3,786	179,478	463
<b>Cash, end of period</b>		<b>\$ 141,087</b>	<b>\$ 1,999</b>	<b>\$ 141,087</b>	<b>\$ 1,999</b>

Supplemental cash flow information 10

See accompanying notes to the condensed interim financial statements.

**Canadian Platinum Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended June 30, 2018**  
*(amounts in Canadian dollars)*  
*(unaudited)*



1. Nature of Operations

Canadian Platinum Corporation (the "Corporation") is a public company whose shares are listed on the TSX-V. The Corporation is in the business of acquiring, exploring and developing mining properties. The address of business of the Corporation is Suite 260 – 2366 Avenue C North, Saskatoon, Saskatchewan, Canada, S7L 5X5.

To date, the Corporation has not yet determined whether its properties contain ore reserves that are economically recoverable. Accordingly, costs related to the exploration of minerals have been considered as costs related to the pre-operating stage. Once the Corporation completes preliminary testing and commences field activity, it will be considered to be in the commercial operations phase.

The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable mineral reserves, continued confirmation of the Corporation's interest in the underlying concessions, the ability of the Corporation to obtain necessary financing to complete the development of the properties, and the generation of sufficient income through future production from ore disposition or farm-out of existing mining interests.

These financial statements were approved and authorized for issuance by the Board of Directors on August 29, 2018.

2. Going concern

The Corporation has not yet earned operational revenue as it is still in the exploration phase of its business. The operations of the Corporation are currently being financed from funds which the Corporation raised from past private and public placements of its shares. The Corporation is reliant on the continuing support from its existing directors and future shareholders (Notes 10 and 13). The Corporation incurred a net loss of \$126,556 (2017 - \$52,007) for the period ended June 30, 2018 and has an accumulated deficit of \$17,265,649 (2017 - \$16,590,821) and working capital deficiency of \$123,226 (2017 – \$543,566) at June 30, 2018. These factors create a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern.

The Corporation will need to raise additional equity or incur additional debt to continue operations for the foreseeable future and to meet its liabilities as they fall due. There is no assurance that the Corporation will be successful in completing the raising of additional equity or will be able to obtain additional debt on terms acceptable to the Corporation. The Corporation's ability to continue as a going concern is dependent on its ability to obtain the necessary financing to fund its operations.

These financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenue and expenses and the statement of financial position classification used.

3. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with the standards and interpretations issued by the International Accounting Standards Board ("IASB"). These include International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and the Standing Interpretations Committee ("SIC"), which are effective and applicable to the Corporation as at the end of its current fiscal year.

**Canadian Platinum Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended June 30, 2018**  
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(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value (Note 5(b)).

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

(d) Critical accounting estimates and judgments

The preparation of these financial statements in conformity with IFRS requires management to make judgments and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

*Valuation of exploration and evaluation assets*

The valuation of exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves which in turn is dependent on future mineral prices, future capital expenditures and environmental and regulatory restrictions.

Exploration and evaluation assets are aggregated into cash-generating units ("CGUs") based on their ability to generate largely independent cash flows and are used for impairment testing. The calculation of assets into CGUs requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructure and the way in which management monitors the Corporation's operations. The determination of the Corporation's CGUs is subject to management's judgment.

*Income taxes*

The amounts recorded for deferred income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted. They are also based on estimates of the probability of the Corporation utilizing certain tax pools and assets which, in turn, is dependent on estimates of mineral reserves, production rates, future mineral prices and changes in legislation, tax rates and interpretations by taxation authorities. The availability of tax pools is subject to audit and interpretation by taxation authorities.

*Stock-based compensation and warrants*

The amounts recorded relating to the fair value of stock options and warrants issued are based on estimates of the future volatility of the Corporation's share price, forfeiture rates, expected lives of the underlying security, expected dividends and other relevant assumptions.



4. Significant accounting policies

The accounting policies followed by the Corporation are set out in Note 4 to the audited financial statements for the year ended December 31, 2017, and have been consistently followed in the preparation of these condensed interim financial statements.

Recent accounting pronouncement

The following pronouncement has been issued but is not effective and accordingly, has not been applied in preparing these financial statements.

Pronouncement effective for annual periods beginning on or after January 1, 2019

*IFRS 16 "Leases"*

The IASB has developed a new standard, IFRS 16 "Leases", which supersedes IAS 17 "Leases". IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). Lessee accounting will change substantially under this new standard while there is little change for the lessor. IFRS 16 eliminates the classification of leases as either operating leases or financing leases and, instead, introduces a single lessee accounting model. A lessee will be required to recognize assets and liabilities for all leases with a term of more than 12 months (unless the underlying asset is of low value) and will be required to present depreciation of leased assets separately from interest on lease liabilities in the income statement. A lessor will continue to classify its leases as operating leases or financing leases, and to account for those two types of leases separately.

5. Financial instruments and risk management

(a) *Risk management overview*

The Corporation's activities expose it to a variety of financial risks including credit risk and liquidity risk. This note presents information about the Corporation's exposure to each of the above risks, the Corporation's objectives, policies and processes for measuring and managing risk, and the Corporation's management of capital. Further quantitative disclosures are included throughout these financial statements. The Corporation employs risk management strategies and policies to ensure that any exposure to risk are in compliance with the Corporation's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Corporation's risk management framework, the Corporation's management has the responsibility to administer and monitor these risks.

(b) *Fair value of financial instruments*

The fair values of cash, accounts payable and accrued liabilities and due to related parties approximate their carrying value due to the short-term maturity of those instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly, and are based on valuation models and techniques where the inputs are derived from quoted indices. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Cash is measured at fair value based on a Level 1 designation.

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(c) *Credit risk*

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The financial instrument that potentially subjects the Corporation to a significant concentration of credit risk consists of cash. The Corporation mitigates its exposure to credit loss by placing its cash in a major financial institution.

(d) *Liquidity risk*

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they are due. The Corporation's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due.

At June 30, 2018, the Corporation's accounts payable and accrued liabilities are all due within the next year. The amounts due to related parties have no set terms of repayment.

Subsequent to period ending June 30, 2018 the Corporation received advances from related parties and there was an issuance of private placement for cash to assist in the management of liquidity risk. The Corporation may need to complete further equity issuances, issue debt or postpone/cease certain expenses and/or exploration and evaluation assets expenditures in order to settle all financial liabilities in the next twelve months.

(e) *Capital management*

The Corporation's policy for managing capital is to maintain a strong capital base for the objectives of maintaining financial flexibility and to sustain the future development of the business. The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources available to fund the identification and evaluation of potential mining interests. To secure the additional capital necessary to pursue these plans, the Corporation may adjust spending, raise additional funds through the issuance of equity or by securing strategic partners. The Corporation's officers are responsible for managing the Corporation's capital and the Corporation's Board of Directors is responsible for overseeing this process.

The Corporation includes shareholders' equity and due to related parties in the definition of capital as follows:

	March 31, 2018	December 31, 2017
Shareholders' equity	\$3,423,290	\$3,089,846
Due to related parties	190,000	-
<b>Capital</b>	<b>\$3,233,290</b>	<b>\$2,893,010</b>

The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Corporation may adjust spending, issue new shares or incur debt. The Corporation's ability to raise additional equity or debt financing is impacted by external conditions including the global economic downturn.

Subsequent to the period ended June 30, 2018, the Corporation received advances from related parties to assist in the management of capital. The Corporation will need to raise sufficient capital resources in order to carry its exploration plans and operations for the upcoming year.

**Canadian Platinum Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended June 30, 2018**  
*(amounts in Canadian dollars)*  
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The Corporation is not subject to externally imposed capital requirements.

There were no changes in the Corporation's approach to capital management during the period ended June 30, 2018.

6. Exploration and evaluation assets

Exploration and evaluation ("E&E") assets consist entirely of capitalized exploration and evaluation expenditures. E&E assets include costs incurred in relation to the Corporation's mining claims. These amounts have not been expensed to the statement of loss as exploration expenses because commercial reserves have not yet been established or the determination process has not yet been completed.

The outcome of ongoing exploration and evaluation, and therefore whether the carrying value of E&E assets will ultimately be recovered, is inherently uncertain. Management has assessed the value of the E&E assets and in their opinion, no impairment is necessary at March 31, 2018. This assessment estimates the minimum fair value based on unobservable (level 3) valuation inputs which includes a review of the expiry dates of claims, the likelihood of meeting the annual expenditure requirements to maintain the claims in good standing and management's intention on pursuing the mining claims in the future.

	December 31, 2016	Net Additions	December 31, 2017	Net Additions	June 30, 2018
<b>Peter Lake</b>					
Property acquisition costs	\$ 586,632	\$ -	\$ 586,632	\$ -	\$ 586,632
Geological and consulting	3,962,207	1,141	3,962,207	-	3,962,207
Drilling	5,915,340	-	5,915,340	-	5,915,340
Impairment loss	(7,519,622)	(445,698)	(7,965,320)	-	(7,965,320)
	2,944,557	(444,557)	2,500,000	-	2,500,000
<b>Brabrant Lake</b>					
Acquisition	141,340	-	141,340	-	141,340
Geological and consulting (recovery)	231,776	-	231,776	-	231,776
Disposal of property	-	(38,074)	(38,074)	-	(38,074)
Impairment loss	(335,042)	-	(335,042)	-	(335,042)
	38,074	(38,074)	-	-	-
<b>Cook Gold Project</b>					
Acquisition	-	521,970	521,970	-	521,970
Geological and consulting	-	56,250	56,250	208,010	264,260
	-	578,220	578,220	208,010	786,230
<b>Whiskey Flats Project</b>					
Acquisition	-	-	-	150,000	150,000
Geological and consulting	-	-	-	108,861	108,861
	-	-	-	258,861	258,861
<b>Craig Lake/Flin Flon South</b>					
Property acquisition costs	-	-	-	-	-
Geological and consulting	1,425	-	1,425	-	1,425
Drilling	-	-	-	-	-
Impairment loss	-	-	-	-	-
	1,425	-	1,425	-	1,425
Total exploration and evaluation costs	\$ 2,984,056	\$ 95,589	\$ 3,079,645	\$ 466,871	\$ 3,546,516



#### Peter Lake Platinum Project

The Peter Lake Property, located in northern Saskatchewan, comprises 7 mining claims covering 31,500 hectares. Management has allowed mining claims to expire since 2013. As a result, the Corporation recorded an accumulative impairment loss of \$7,965,320 to December 31, 2017. The active claims require the Corporation to incur annual exploration expenditures of \$25 per hectare in each year after the tenth year following the effective date of staking. Exploration expenditures in excess of the annual requirements are carried forward as assessment credits. During the current period 5 claims covering 7,495 hectares were allowed to lapse and may be restaked at a later date. As at June 30, 2018 the Corporation had \$4,936,234 in assessment credits. The assessment credits are sufficient to keep the current 7 claims in good standing as follows:

- 1 claim covering 5,249 hectares until August 12, 2021;
- 1 claim covering 5,621 hectares until August 12, 2022;
- 2 claims covering 8,039 hectares until August 12, 2024; and
- 2 claims covering 7,528 hectares until August 12, 2034

#### Brabant Lake Graphite Project

The Brabant Lake Property, located in northern Saskatchewan, comprised 1 mining claim. Management has allowed mining claims to expire since 2013 and the Corporation recorded an impairment loss of \$102,134 for the year ended December 31, 2015. The remaining claim covering 703 hectares had \$27,332 in assessment credits which were sufficient to keep the claim in good standing until August 12, 2019. The Corporation entered into a Sale and Purchase Agreement with a related party (the "Purchaser"), a former director of the Corporation, whereby the Corporation agreed to transfer the Brabant Lake Property to the Purchaser in settlement of the full amount of related party debt of \$40,000 owed to the Purchaser.

#### Cook Gold Project

In 2017 the Corporation acquired a 70% working interest in the Cook Gold Project in Humboldt County Nevada. The Seller retained a 30% interest carried to completion of a feasibility study suitable for project financing. The property consists of 88 lode claims covering 7.4 sq km and is located 100km northwest of Winnemucca, Nevada. There are no work commitments, but the Corporation kept the mineral claims in good standing by making the required annual fee payments of US\$13,640 to the Bureau of Land Management. The property is subject to a 2.5% Net Smelter Royalty in favour of arm's length third parties.

The Corporation has engaged Axiom Exploration to design and implement the first phase of exploration on the property.

#### Craig Lake/Flin Flon South

The Craig Lake/Flin Flon South property consists of 1 mining claim covering 2,764 hectares. This claim is subject to a 3% net smelter royalty which may be acquired by the Corporation, at any time, for a cash payment of \$5,000,000. As at June 30, 2018 the Corporation had \$410,883 in assessment credits on the Craig Lake claims. The assessment credits are sufficient to keep the current claim in good standing until April 9, 2026.



Whiskey Flats Project

On February 21, 2018 the Corporation signed a formal option agreement (the "Option") with Silver Reserve Corp ("Optionor") to earn a 50% interest in the Whiskey Flats Copper-Zinc Project, a former-producing copper-zinc property in Mineral County, Nevada. The terms of the acquisition required the Corporation to issue 7,500,000 common shares of the Corporation and will require cash payments totaling US\$200,000 over a 24 month period. The Corporation is required to incur US\$250,000 in exploration expenditures over a 24 month period. The property consists of 12 patented lode claims and 47 unpatented lode claims covering approximately 1,200 acres. The Corporation recorded an additional 30 mineral lode claims during this period.

7. Share capital

The authorized share capital of the Corporation is unlimited number of common shares without par value and an unlimited number of preferred shares, issuable in series, with the rights, privileges, restrictions and conditions designated by the Board of Directors at the time of issuance.

During the year ended December 31, 2017 the Corporation issued 50,000,000 common shares of the Corporation with an estimated fair value of \$500,000 as consideration for the purchase of a 70% working interest in the Cook Gold Project (Note 6).

Also during 2017, the Corporation entered into a Debt Settlement Agreement with a related party pursuant to which the Corporation issued 8,342,931 common shares of the Corporation with an estimated fair value at \$0.02 per share in order to settle an outstanding debt of \$417,147 related to cash advances made to the Company. A gain on debt settlement of \$250,288 was recognized on the transaction (Note 9).

On November 21, 2017, the Company completed a private placement financing offering by issuing a total of 19,983,333 Units at a purchase price of \$0.015 per Unit for gross proceeds of \$299,750. Each Unit consisted of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the Company at \$0.05 per share for 24 months following the closing. Issuance costs associated with the private placement amounted to \$15,126 for net proceeds of \$284,624. The fair value of the Warrants issued pursuant to the offering was estimated using the Black Scholes option – pricing model utilizing the residual value method using the following weighted average assumptions: an expected life of 2 years, risk-free interest rate of 1.86%, expected volatility of 325% and expected dividend rate of \$Nil. As a result, the allocation of the net proceeds from the offering of \$284,624 was allocated \$144,675 to the common shares and \$139,949 to the Warrants.

During the period ended March 31, 2018, the Corporation issued 7,500,000 common shares of the Corporation as consideration for the purchase of a 50% working interest in the Whiskey Flats Copper-Zinc Project. These shares had an estimated fair value of \$0.02 per share for a total non-cash consideration of \$150,000.

On June 7, 2018 the Corporation closed a private placement of flow-through ("FT") financing offering which resulted in the issuance 12,400,000 Units at a purchase price of \$0.025 per Unit for gross proceeds of \$310,000. Each FT Unit consists on one FT common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the company at \$0.05 per share for 24 months following the closing. The fair value of the Warrants issued pursuant to the offering was estimated using the Black Scholes option – pricing model utilizing the residual value method using the following weighted average assumptions: an expected life of 2 years, risk-free interest rate of 1.51%, expected volatility of 267% and expected dividend rate of \$Nil. As a result, the allocation of the net proceeds from the partial funding was allocated \$155,000 to the common shares and \$155,000 to the Warrants.

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Subsequent to the current period ended June 30, 2018 the Corporation closed a private placement financing offering which resulted in the issuance 12,626,000 Units at a purchase price of \$0.025 per Unit for gross proceeds of \$315,650. Each Unit consisted on one common share and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder thereof to acquire one common share of the company at \$0.05 per share for 24 months following the closing. Issuance costs associated with the private placement amounted to \$1,500 for net proceeds of \$314,150.

Subsequent to the current period ended June 30, 2018, the Corporation closed a private placement financing offering which resulted in the issuance of 4,280,000 Units at a purchase price of \$0.025 per Unit for gross proceeds of \$107,000. Each Unit consisted on one common share and one common share purchase warrant (“Warrant”). Each Warrant entitles the holder thereof to acquire one common share of the company at \$0.05 per share for 24 months following the closing. Issuance costs associated with the private placement amounted to \$1,650 for net proceeds of \$105,350

At June 30, 2018 there were 224,350,529, common shares outstanding and 10,300,000 stock options outstanding in the capital of the Corporation. At the date hereof, there were 228,856,529, common shares outstanding and 10,300,000 stock options outstanding in the capital of the Corporation.

**Stock options**

The Corporation has established a share based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors and contractors of the Corporation as well as persons providing ongoing services to the Corporation. The aggregate number of shares issuable under the plan shall not exceed 10% of the issued and outstanding common shares of the Corporation. Unless otherwise determined by the Board of Directors of the Corporation, the exercise price of options equals the closing price of the common shares on the day prior to the date of the grant. Stock options vest in accordance with the determination of the Board at the time of the grant and may be granted for up to a ten year term.

On August 28, 2017 the Company granted 7,000,000 stock options to directors and management which vested on December 28, 2017 with an exercise price of \$0.05 per share. During the year ended December 31, 2017 \$140,000 was expensed (2016 - \$28,197).

The following weighted average assumptions were used to estimate the weighted fair value of options granted:

	2017	2018
Expected stock price volatility	325%	-
Expected life of options	10	-
Risk free interest rate	1.86%	-
Expected dividend yield	0%	-
Forfeiture rate	0%	-
Weighted average fair value per option granted in the period	\$0.02	-

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*(unaudited)*



A summary of the status of the Corporation's incentive stock option plan as at June , 2018 and 2017 is as follows:

	2018		2017	
	Number of options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	17,300,000	\$ 0.09	10,300,000	\$ 0.12
Granted	-	-	-	-
Outstanding, end of period	17,300,000	\$ 0.09	10,300,000	\$ 0.12
Exercisable, end of period	17,300,000	\$ 0.09	10,300,000	\$ 0.12

17,300,000 stock options outstanding and exercisable at June 30, 2018 have a weighted average remaining contractual life of 7.59 years.

Stock purchase warrants

A summary of the status of the Corporation's stock purchase warrants as at June 30, 2018 and 2017 is as follows:

	2018		2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	-	\$ -	-	\$ -
Private placement	32,383,333	0.05	-	-
Expired	-	-	-	-
Outstanding, end of year	32,383,333	\$ 0.05	-	\$ -

19,983,333 outstanding stock warrants are exercisable for a period of 24 months, expiring on November 21, 2019 and 12,400,000 are exercisable for a period of 24 months, expiring on June 7, 2020.

8. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that this consists of corporate officers, executive and non-executive members of the Corporation's Board of Directors and companies owned by these individuals. During the period, the Corporation was charged \$12,500 (2017 - \$12,500) by key management personnel for management fees which is included in professional fees. Included in accounts payable and accrued liabilities, including amounts relating to prior years charges, is \$74,375 (2017 - \$78,750) payable under normal trade terms.

**Canadian Platinum Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended June 30, 2018**  
*(amounts in Canadian dollars)*  
*(unaudited)*



In addition, funds have been advanced by directors of the Corporation to fund general and administrative and exploration and evaluation assets expenditures. These advances are non-interest bearing, unsecured and have no set terms of repayment. The outstanding balance as at June 30, 2018 for advances from related parties is \$90,000 (2017 - \$451,771).

During the current period the Corporation received a loan of \$100,000 from a third party. The debt is unsecured with an interest rate of 5% and is payable on demand. In addition the Corporation has agreed to issue to the debtor bonus shares in an amount equal to 20% of the value of the Note divided by the market price of the Corporation's common shares on the TSX Venture Exchange.

9. Supplemental cash flows information

Changes in non-cash working capital for the periods ended June 30, 2018 and 2017 is comprised of:

	3 months		6 months	
	2018	2017	2018	2017
Provided by (used in):				
GST recoverable	\$ (9,221)	\$ (2,852)	\$ (8,134)	\$ 86
Prepaid expenses	-	-	-	-
Accounts payable and accrued liabilities	(5,913)	(6,850)	(86,830)	2,198
Share Issuance	-	2,500,000	-	2,500,000
	<u>\$ (15,135)</u>	<u>\$ 2,490,298</u>	<u>\$ (94,965)</u>	<u>\$ 2,502,284</u>
Changes in non-cash working capital related to:				
Operating activities	\$ (15,135)	\$ (9,702)	\$ (94,965)	\$ 2,284
Financing activities	-	2,500,000	-	2,500,000
Investing activities	-	-	-	-
	<u>\$ (15,135)</u>	<u>\$ 2,490,298</u>	<u>\$ (94,965)</u>	<u>\$ 2,502,284</u>

There was no interest or income taxes paid during the periods ended June 30, 2018 or 2017.

10. Commitments

The Corporation entered into a one year lease agreement for its office premises with monthly payments of \$1,295, which expired on October 31, 2018.



**Canadian Platinum Corp.**  
**Notes to the Condensed Interim Financial Statements**  
**For the six months ended June 30, 2018**  
*(amounts in Canadian dollars)*  
*(unaudited)*



11. Subsequent events

Subsequent to period end on July 17, 2018 the Corporation closed a private placement financing offering resulting in the issuance of 12,626,000 Units at a purchase price of \$0.025 per Unit for gross proceeds of \$315,650, of which \$310,000 was received during the current period. Each Unit consisted on one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the company at \$0.05 per share for 24 months following the closing. Issuance costs associated with the private placement amounted to \$1,500 for net proceeds of \$314,150.

Also subsequent to the current period on August 6, 2018 the Corporation closed a private placement financing offering which resulted in the issuance of 4,280,000 Units at a purchase price of \$0.025 per Unit for gross proceeds of \$107,000. Each Unit consisted on one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the company at \$0.05 per share for 24 months following the closing. Issuance costs associated with the private placement amounted to \$1,650 for net proceeds of \$105,350

On August 7<sup>th</sup>, 2018, the Corporation announced it had signed a Letter of Intent to, subject to due diligence and all required regulatory approvals, acquire a private company with substantial gas reserves in the United States. The purpose of the acquisition is to generate near-term cash-flow to reduce the reliance of the Corporation on equity financing.

This Management Discussion and Analysis ("MD&A") of the financial condition and results of operations for Canadian Platinum Corp. ("Canadian Platinum" or the "Corporation") is dated August 29, 2018 and should be read in conjunction with the Company's unaudited condensed interim financial statements for the period ended June 30, 2018, together with the accompanying notes thereto.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's Board of Directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Additional information relating to Canadian Platinum can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-looking Statements**

This MD&A may contain certain forward-looking statements with respect to the Corporation. These forward-looking statements are subject to both known and unknown risks and uncertainties which may cause actual results, performances or achievements to be materially different from those contemplated by such forward-looking statements. The Corporation considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but caution the reader that these assumptions regarding future events, many of which are beyond the control of management, may ultimately prove to be incorrect. The Corporation does not, except as required by law, undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Overview**

Canadian Platinum Corp. is a Canadian-based, publicly listed company that resulted from the amalgamation of McGregor Capital Corp. and Canadian Platinum Corp. on November 2, 2011. The Corporation trades on the TSX.V under the symbol "CPC".

The Corporation has incorporated a US subsidiary called Desert Strike Resources (US) Inc.

The Corporation is an exploration stage company and has no revenues other than interest from funds on deposit. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, the ability of the Corporation to obtain the necessary approval and financing to complete the development, and future profitable production from the properties or proceeds from disposition. The Corporation has, in the past, been dependent on raising cash through the sale of its common shares, either by way of private placement or through the exercise of warrants or options. The Corporation fully anticipates undertaking further private placements or public offerings in the future in order to finance business opportunities as they may arise.

Ownership in mineral interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Corporation has investigated ownership of its mineral interests and, to the best of its knowledge, such ownership interests are in good standing.

### **Performance Summary**

The Corporation has written down the value of its properties to the current assessed value of the projects and will continue to focus on developing its project portfolio to achieve near-term and longer-term goals. The Corporation has acquired a 70% working interest in the Cook Gold Project in Humboldt County, Nevada as well as an option to earn a 50% working interest in the Whiskey Flats Project in Mineral County, Nevada. Management continues to actively seek out and evaluate other projects that would be a good corporate fit and could be of interest to potential investors.

Subject to the availability of capital, the Corporation will continue to carry out exploration and development work on its projects as warranted. The Corporation may also seek out joint ventures and other opportunities to enhance shareholder value.

### **Assets of the Corporation**

In addition to cash, prepaid expenses, and GST recoverable, the Corporation's major asset is its investment in mineral properties. As of June 30, 2018, the Corporation's investment in mineral properties totaled \$3,546,516 as compared to \$5,485,197 at June 30, 2017.

### **Exploration Properties**

The Corporation has written down the value of its mineral properties and will continue to focus on strengthening its portfolio of exploration projects through strategic acquisitions and dispositions. The portfolio currently consists of the Cook Gold Project in Nevada, USA; the Whiskey Flats Copper-Zinc Project in Nevada, USA; the Peter Lake Cu-Ni-PGE-Co Project in northern Saskatchewan; and the Craig Lake Base Metal Project in northern Saskatchewan. Management continues to actively seek out and evaluate other projects that would be a good corporate fit and could be of interest to potential investors in the Corporation.

#### ***Peter Lake Cu-Ni-PGE-Co Project***

The Peter Lake Property, located in northern Saskatchewan, approximately 110km south of Points North Landing, consists of 7 active mineral dispositions totaling 31,500 hectares. Additional mineral claims were allowed to expire since 2013. The Corporation recorded an accumulated impairment loss of \$7,965,320 to December 31, 2017.

The claims cover a significant portion of the Peter Lake Domain, which hosts the Swan River Complex, the largest mafic/ultramafic complex in North America next to the Duluth Complex (Hulbert, 1988). Previous work has established the existence of significant platinum group element ("PGE") mineralization together with significant copper and nickel values. The Swan River Complex is considered to be prospective for magmatic breccia type PGE deposits similar to Lac des Iles in Ontario (from the NI 43-101-compliant technical report prepared by Roscoe Postle Associates Inc. entitled "Technical Report on the Peter Lake Project, Northern Saskatchewan, Canada" effective July 12, 2012, hereinafter the "RPA Report").

Between 2009 and 2011 the Corporation completed extensive geophysical surveys including 10,878 line-km of airborne ZTEM, VTEM, and Magnetometer surveys, and 35 line-km of Horizontal Loop and Pulse EM ground surveys. As a result of these surveys, correlations were made with known PGE mineralization and many similar anomalies were identified, in particular from the VTEM results, in the Swan Lake area of the Swan River Complex. Based on a combination of known mineralization and geophysical results drill testing was also completed over a number of areas in the same 2009-2011 time period. A total of 59 diamond drill holes totaling 16,174 metres were completed with 47 of those drill holes, totaling 13,928 metres, concentrated on the Swan Lake Zone. The Swan Lake Zone was historically known to host PGE

and Ni-Cu mineralization and correlates with a VTEM anomaly. In the RPA Report it is noted that there are 16 additional VTEM targets in the Swan Lake area similar to that of the Swan Lake Zone.

The work to date including surface prospecting, geochemistry, geophysics and drilling has proven the Peter Lake project area hosts significant Cu-Ni-PGE mineralization and that there are a large number of highly prospective targets identified, in addition to the Swan Lake Zone, requiring follow-up exploration. The Corporation has already started the process of compiling all the existing geophysical data with the goal of prioritizing the most prospective targets for Cu-Ni-PGE mineralization. A consultant with expertise in interpreting geophysics, in particular VTEM and ZTEM, in mafic/ultramafic environments will be engaged to assist in that effort. As part of the re-evaluation of historic work, management determined that the Peter Lake project contains significant cobalt mineralization associated with Ni values. With the recent dramatic rise in cobalt prices, recovery of cobalt could positively impact project economics.

### ***Cook Gold Project***

The Corporation has acquired a 70% working interest in the Cook Gold Project in Humboldt County Nevada. Consideration for the purchase was 50 million common shares of the Corporation with an estimated fair value of \$500,000. At the date of closing the Seller was a non-arm's length party who owned more than 10% of the issued and outstanding shares of the Corporation. The Seller will retain a 30% interest carried to completion of a feasibility study suitable for project financing. There are no finder's fees associated with the transaction. The property consists of 88 lode claims covering 7.4 sq km and is located 100km northwest of Winnemucca, Nevada. There are no work commitments, but the Corporation does commit to keep the mineral claims in good standing by making the required annual fee payments of US\$13,640 to the Bureau of Land Management. The property is subject to a 2.5% Net Smelter Royalty in favour of arm's length third parties. Subsequent to the end of the period, the Corporation engaged Axiom Exploration, of Saskatoon, SK, to commence the first phase of exploration work on the project. Work completed by the date of this report includes an airborne magnetometer survey, an airborne hyperspectral survey, orthomosaic photogrammetry, initial geologic mapping and surface sampling. Assay results from the surface sampling confirmed high-grade gold and copper mineralization on the property (see news release dated June 21, 2018).

### ***Brabant Lake Graphite Project***

The Brabant Lake Property is a grassroots prospect consisting of 1 mineral claim covering 703 hectares near Peter Lake in northern Saskatchewan. Three (3) additional claims were allowed to expire since 2013 and the Corporation recorded an impairment loss of \$232,908 for the year ending December 31, 2013, and \$102,134 for the year ending December 31, 2015.

Extensive surface sampling and ground geophysics, including VLF-EM and magnetics, has identified 3 separate zones of large-flake graphite mineralization on the property.

The most promising showing, the Ben showing, produced assay results from 6.4% graphitic carbon ("Cgr") to 48.4% Cgr. Samples from each showing indicated that 82% to 86% of the graphite reported to the +80 mesh (+0.18mm) size fraction and 70% to 79% reported to the +50 mesh (+0.30mm) size fraction.

The Corporation entered into a Sale and Purchase Agreement with a related party (the "Purchaser"), a former director of the Corporation, whereby the Corporation agreed to transfer the Brabant Lake Property to the Purchaser in settlement of the full amount of related party debt of \$40,000 owed to the Purchaser.

***Whiskey Flats Copper-Zinc Project***

On February 21, 2018 the Corporation signed a formal option agreement (the “Option”) with Silver Reserve Corp (“Optionor”) to earn a 50% interest in the Whiskey Flats Copper-Zinc Project, a former-producing copper-zinc property in Mineral County, Nevada. The terms of the acquisition required the Corporation to issue 7,500,000 common shares of the Corporation and will require cash payments totaling US\$200,000 over a 24 month period. The Corporation is required to incur US\$250,000 in exploration expenditures over a 24 month period. The property consists of 12 patented lode claims and 47 unpatented lode claims covering approximately 1,200 acres. During the period, the Corporation recorded an additional 30 mineral lode claims.

***Craig Lake/Flin Flon South***

The Craig Lake/Flin Flon South property consists of 1 mining claim covering 2,764 hectares. This claim is subject to a 3% net smelter royalty which may be acquired by the Corporation, at any time, for a cash payment of \$5,000,000. Management did not actively explore this property in 2014 and the Corporation recorded an impairment loss of \$1,257,144 for the year ending December 31, 2014. Due to interest from a third party in carrying out additional work on the property, the Corporation re-evaluated previous work and concluded that 2 DPEM targets warranted drilling. As a result permits to drill 2 diamond drill holes were applied for and received. Part of the financing, described below under “Share Capital” and completed subsequent to the period end, will be used to drill-test the DPEM targets in late 2018.

**Results of Operations**

The Corporation has no material revenues, and is dependent upon both satisfactory results from exploration and access to capital on reasonable terms in order to advance its projects.

**Selected Annual Financial Information**

	<b>2018*</b>	<b>2017</b>	<b>2016</b>
Net comprehensive loss	(\$126,556)	\$97,672	(\$3,123,805)
Basic and diluted loss per share	(\$0.00)	\$0.00	(\$0.02)
Total assets	\$3,700,448	\$3,653,282	\$2,987,974

\*2018 includes only Q1 and Q2 results

**Selected Quarterly Financial Information**

The following quarterly financial data is derived from the financial statements of the Corporation for the three-month periods ended on the dates indicated below:

	<b>Jun 30/18</b>	<b>Mar 31/18</b>	<b>Dec 31/17</b>	<b>Sep 30/17</b>
Total assets	\$3,700,448	\$3,274,829	\$3,263,834	\$5,474,815
Exploration and evaluation assets	\$3,546,516	\$3,253,646	\$3,079,645	\$5,466,094
Working capital deficiency	(\$123,226)	(\$71,888)	\$10,201	(\$168,530)
Shareholders' equity	\$3,423,290	\$3,181,757	\$3,089,846	\$5,297,563
Net comprehensive loss	(\$126,556)	(\$58,089)	(\$382,053)	(\$61,214)
Loss per share (basic and diluted)	\$(0.00)	\$(0.00)	\$(0.00)	\$(0.00)
	<b>Jun 30/17</b>	<b>Mar 31/17</b>	<b>Dec 31/16</b>	<b>Sep 30/16</b>
Total assets	\$5,490,565	\$2,988,359	\$2,987,974	\$5,962,530
Exploration and evaluation assets	\$5,485,197	\$2,984,056	\$2,984,056	\$5,957,319
Working capital deficiency	(\$543,566)	(\$505,481)	(\$490,418)	(\$445,301)
Shareholders' equity	\$4,941,631	\$2,478,575	\$2,493,638	\$5,512,018
Net comprehensive loss	(\$36,944)	(\$15,063)	(\$3,018,531)	(\$28,477)
Loss per share (basic and diluted)	\$(0.00)	\$(0.00)	\$(0.02)	\$(0.00)

**Comparison of the Three Months Results**

During the quarter ended June 30, 2018, the Company reported a net loss of \$68,467 (\$36,944 in 2017).

The following is a comparison of significant items from operations: office expenses of \$14,599 (\$5,393 in 2017), marketing expenses of \$34,664 (\$Nil in 2017), professional fees of \$13,233 (\$9,434 in 2017), filing fees of \$2,453 (\$17,700 in 2017), and transfer agent fees of \$5,467 (\$4,331 in 2017).

**Comparison of the Six Months Results**

During the six month period ended June 30, 2018 the Company reported a net loss of \$126,556 (\$52,007 in 2017).

The following is a comparison of significant items from operations: office expenses of \$24,253 (\$7,359 in 2017), marketing expenses of \$57,942 (\$Nil in 2017), professional fees of \$27,453 (\$21,934 in 2017), filing fees of \$7,653 (\$17,700 in 2017) and transfer agent fees of \$8,650 (\$4,897 in 2017).

**Capital Expenditures**

The Corporation used its cash on hand for the acquisition and development of mineral properties and related equipment. During the period ended June 30, 2018, the Corporation incurred \$466,870 in capital

expenditures as compared to \$Nil for the same period in 2017, of this amount \$150,000 was a non-cash transaction through the issuance of 7,500,000 common shares as described under share capital.

### **Financial Condition/Liquidity/Capital Resources**

The Corporation has historically relied upon advances from its shareholders and directors and the equity capital markets to raise funds to finance its mineral property acquisitions and exploration programs. As of June 30, 2018, the Corporation has a cash balance of \$141,087 to fund its future activities. In addition, the directors have advanced funds to the Corporation since 2013 to fund general and administrative expenses. These advances are non-interest bearing, unsecured and have no set terms of repayment. The outstanding balance as at June 30, 2018 for advances from these related parties is \$90,000 (2017 - \$451,771).

### **Share Capital**

The authorized share capital of the Corporation is unlimited number of common shares without par value and an unlimited number of preferred shares, issuable in series, with the rights, privileges, restrictions and conditions designated by the Board of Directors at the time of issuance.

During the year ended December 31, 2017 the Corporation issued 50,000,000 common shares of the Corporation with an estimated fair value of \$500,000 as consideration for the purchase of a 70% working interest in the Cook Gold Project (Note 6).

Also during 2017, the Corporation entered into a Debt Settlement Agreement with a related party pursuant to which the Corporation issued 8,342,931 common shares of the Corporation with an estimated fair value at \$0.02 per share in order to settle an outstanding debt of \$417,147 related to cash advances made to the Company. A gain on debt settlement of \$250,288 was recognized on the transaction.

On November 21, 2017, the Company completed a private placement financing offering by issuing a total of 19,983,333 Units at a purchase price of \$0.015 per Unit for gross proceeds of \$299,750. Each Unit consisted of one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the Company at \$0.05 per share for 24 months following the closing. Issuance costs associated with the private placement amounted to \$15,126 for net proceeds of \$284,624. The fair value of the Warrants issued pursuant to the offering was estimated using the Black Scholes option – pricing model utilizing the residual value method using the following weighted average assumptions: an expected life of 2 years, risk-free interest rate of 1.86%, expected volatility of 325% and expected dividend rate of \$Nil. As a result, the allocation of the net proceeds from the offering of \$284,624 was allocated \$144,675 to the common shares and \$139,949 to the Warrants.

During the period ended March 31, 2018, the Corporation issued 7,500,000 common shares of the Corporation as consideration for the purchase of a 50% working interest in the Whiskey Flats Copper-Zinc Project. These shares had an estimated fair value of \$0.02 per share for a total non-cash consideration of \$150,000.

On June 7, 2018 the Corporation closed a private placement of flow-through ("FT") financing offering which resulted in the issuance 12,400,000 Units at a purchase price of \$0.025 per Unit for gross proceeds of \$310,000. Each FT Unit consists of one FT common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the company at \$0.05 per share for 24 months following the closing. The fair value of the Warrants issued pursuant to the offering was estimated using the Black Scholes option – pricing model utilizing the residual value method using the following weighted average assumptions: an expected life of 2 years, risk-free interest rate of 1.51%, expected volatility of 267% and expected dividend rate of \$Nil. As a result, the allocation of the



## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED JUNE 30, 2018

net proceeds from the partial funding was allocated \$155,000 to the common shares and \$155,000 to the Warrants.

Subsequent to the current period ended June 30, 2018 the Corporation closed a private placement financing offering which resulted in the issuance 12,626,000 Units at a purchase price of \$0.025 per Unit for gross proceeds of \$315,650. Each Unit consisted on one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the company at \$0.05 per share for 24 months following the closing. Issuance costs associated with the private placement amounted to \$1,500 for net proceeds of \$314,150.

Subsequent to the current period ended June 30, 2018, the Corporation closed a private placement financing offering which resulted in the issuance of 4,280,000 Units at a purchase price of \$0.025 per Unit for gross proceeds of \$107,000. Each Unit consisted on one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the company at \$0.05 per share for 24 months following the closing. Issuance costs associated with the private placement amounted to \$1,650 for net proceeds of \$105,350

At June 30, 2018 there were 224,350,529, common shares outstanding and 10,300,000 stock options outstanding in the capital of the Corporation. At the date hereof, there were 228,856,529, common shares outstanding and 10,300,000 stock options outstanding in the capital of the Corporation.

### Stock options

The Corporation has established a share based compensation plan pursuant to which options to purchase common shares may be granted to certain officers, directors and contractors of the Corporation as well as persons providing ongoing services to the Corporation. The aggregate number of shares issuable under the plan shall not exceed 10% of the issued and outstanding common shares of the Corporation. Unless otherwise determined by the Board of Directors of the Corporation, the exercise price of options equals the closing price of the common shares on the day prior to the date of the grant. Stock options vest in accordance with the determination of the Board at the time of the grant and may be granted for up to a ten year term.

On August 28, 2017 the Company granted 7,000,000 stock options to directors and management which vested on December 28, 2017 with an exercise price of \$0.05 per share. During the year ended December 31, 2017 \$140,000 was expensed (2016 - \$28,197).

The following weighted average assumptions were used to estimate the weighted fair value of options granted:

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	2017	2018
Expected stock price volatility	325%	-
Expected life of options	10	-
Risk free interest rate	1.86%	-
Expected dividend yield	0%	-
Forfeiture rate	0%	-
Weighted average fair value per option granted in the period	\$0.02	-

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**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE SIX MONTHS ENDED JUNE 30, 2018**

A summary of the status of the Corporation's incentive stock option plan as at June 30, 2018 and 2017 is as follows:

	2018		2017	
	Number of options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	17,300,000	\$ 0.09	10,300,000	\$ 0.12
Granted	-	-	-	-
Outstanding, end of period	17,300,000	\$ 0.09	10,300,000	\$ 0.12

17,300,000 stock options outstanding and exercisable at June 30, 2018 have a weighted average remaining contractual life of 7.59 years.

Stock purchase warrants

A summary of the status of the Corporation's stock purchase warrants as at March 31, 2018 and 2017 is as follows:

	2018		2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	-	\$ -	-	\$ -
Private placement	32,383,333	0.05	-	-
Expired	-	-	-	-
Outstanding, end of year	32,383,333	\$ 0.05	-	\$ -

19,983,333 outstanding stock warrants are exercisable for a period of 24 months, expiring on November 21, 2019 and 12,400,000 are exercisable for a period of 24 months, expiring on June 7, 2020.

**Related Party Transactions**

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation as a whole. The Corporation has determined that this consists of corporate officers, executive and non-executive members of the Corporation's Board of Directors and companies owned by these individuals. During the period, the Corporation was charged \$12,500 (2017 - \$12,500) by key management personnel for management fees which is included in professional fees. Included in accounts payable and accrued liabilities, including amounts relating to prior years charges, is \$74,375 (2017 - \$78,750) payable under normal trade terms.

In addition, funds have been advanced by directors of the Corporation to fund general and administrative and exploration and evaluation assets expenditures. These advances are non-interest bearing, unsecured and have no set terms of repayment. The outstanding balance as at June 30, 2018 for advances from related parties is \$90,000 (2017 - \$451,771).

During the current period the Corporation received a loan of \$100,000 from a third party. The debt is unsecured with an interest rate of 5% and is payable on demand. In addition the Corporation has agreed to issue to the debtor bonus shares in an amount equal to 20% of the value of the Note divided by the market price of the Corporation's common shares on the TSX Venture Exchange.

**Recent accounting pronouncements**

The following pronouncement has been issued but is not effective.

Pronouncement effective for annual periods beginning on or after January 1, 2019

*IFRS 16 "Leases"*

The IASB has developed a new standard, IFRS 16 "Leases", which supersedes IAS 17 "Leases". The IASB worked jointly with the FASB on this project. IFRS 16 sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). Lessee accounting will change substantially under this new standard while there is little change for the lessor. IFRS 16 eliminates the classification of leases as either operating leases or financing leases and, instead, introduces a single lessee accounting model. A lessee will be required to recognize assets and liabilities for all leases with a term of more than 12 months (unless the underlying asset is of low value) and will be required to present depreciation of leased assets separately from interest on lease liabilities in the income statement. A lessor will continue to classify its leases as operating leases or financing leases, and to account for those two types of leases separately.

**Financial Instruments and Other Instruments**

The Corporation's financial instruments consist of cash, accounts payable and accrued liabilities and due to related parties. It is management's opinion that the Corporation is not exposed to significant liquidity, market or credit risks arising from its financial instruments and that the fair value of these financial instruments approximates their carrying values.

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation may need to complete further equity issuances, issue debt or postpone/cease certain expenses and/or exploration and evaluation asset expenditure in order to settle all financial liabilities in the next twelve months.

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 Corporation does not have marketable securities

or short-term investments. The Corporation's functional currency is Canadian and the Corporation's expenditures are predominantly in Canadian dollars.

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. Credit risk is managed by placing cash in a major Canadian financial institution.

### **Risk Factors**

Mineral exploration and evaluation involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that the Corporation's mineral exploration and evaluation activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that presently identified mineralization can be mined at a profit. Discovery of mineral deposits is dependent upon a number of factors and significantly influenced by the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit is also dependent upon a number of factors, some of which are beyond the Corporation's control such as government policies and regulation and environmental protection

The Corporation is dependent on debt and equity financing to carry out its future exploration and evaluation plans and maintain its mineral properties in good standing. There can be no assurance that such financing will be available to the Corporation.

There is a degree of uncertainty attributable to the calculation of resource tonnages and grades. Resource estimates are dependent partially on statistical influences drawn from drilling, sampling and other data. The measured and indicated and inferred resource figures set forth by the Corporation are estimates, and there is no certainty that these resources can be converted into reserves with profitable extraction. Declines in the market prices for metals may adversely affect the economics of converting a resource estimate into a reserve.

### **Corporate Governance**

Management of the Corporation is responsible for the preparation and presentation of the financial statements and the accompanying notes, the MD&A, and other information contained in this report.

Management also has the responsibility for the maintenance of adequate accounting records and internal controls, prevention and detection of fraud and errors, safeguarding of assets, selection, and application of suitable policies, and appropriate disclosure and the timely disclosure of financial information in the financial statements. The preparation of the financial statements in accordance with generally accepted accounting principles is also the responsibility of management.

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**Subsequent events**

Subsequent to period end on July 17, 2018 the Corporation closed a private placement financing offering resulting in the issuance of 12,626,000 Units at a purchase price of \$0.025 per Unit for gross proceeds of \$315,650, of which \$310,000 was received during the current period. Each Unit consisted on one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the company at \$0.05 per share for 24 months following the closing. Issuance costs associated with the private placement amounted to \$1,500 for net proceeds of \$314,150.

Also subsequent to the current period on August 6, 2018 the Corporation closed a private placement financing offering which resulted in the issuance of 4,280,000 Units at a purchase price of \$0.025 per Unit for gross proceeds of \$107,000. Each Unit consisted on one common share and one common share purchase warrant ("Warrant"). Each Warrant entitles the holder thereof to acquire one common share of the company at \$0.05 per share for 24 months following the closing. Issuance costs associated with the private placement amounted to \$1,650 for net proceeds of \$105,350

On August 7<sup>th</sup>, 2018, the Corporation announced it had signed a Letter of Intent to, subject to due diligence and all required regulatory approvals, acquire a private company with substantial gas reserves in the United States. The purpose of the acquisition is to generate near-term cash-flow to reduce the reliance of the Corporation on equity financing.