

Consolidated Tanager Limited
Financial Statements
(Stated in Canadian Dollars)
June 30, 2018 and 2017

Consolidated Tanager Limited

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June 30, 2018 and 2017

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Independent Auditors' Report

To the Shareholders of Consolidated Tanager Limited:

We have audited the accompanying financial statements of Consolidated Tanager Limited, which comprise the statements of financial position as at June 30, 2018 and 2017, and the statements of changes in equity, operations and comprehensive income, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Consolidated Tanager Limited as at June 30, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

MNP LLP

Mississauga, Ontario
October 5, 2018

Chartered Professional Accountants
Licensed Public Accountants

Consolidated Tanager Limited

Statements of Financial Position

June 30, 2018 and 2017

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 2,439,839	\$ 4,689,354
Short term investments	790,000	-
Marketable securities (note 6)	1,261,970	231,000
Accounts receivable	18,570	17,935
Prepaid expenses	11,054	5,949
	4,521,433	4,944,238
Mining properties (note 3)	2	2
	\$ 4,521,435	\$ 4,944,240
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	\$ 53,967	\$ 55,531
Income taxes payable (note 7)	32,000	114,117
	85,967	169,648
Equity		
Share capital (note 5)	507,501	507,501
Contributed surplus	339,878	339,878
Accumulated other comprehensive income	116,202	89,326
Retained earnings	3,471,887	3,837,887
	4,435,468	4,774,592
	\$ 4,521,435	\$ 4,944,240

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

Approved by the Board

Signed: "C. A. Burns"

Director

Signed: "C. F. Watson"

Director

Consolidated Tanager Limited

Statements of Changes in Equity
for the years ended June 30, 2018 and 2017

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance, June 30, 2016	\$ 507,501	\$ 339,878	\$ 67,326	\$ 3,647,733	\$ 4,562,438
Dividends paid (note 5)	-	-	-	(268,618)	(268,618)
Unrealized gain on marketable securities	-	-	22,000	-	22,000
Net income for the year	-	-	-	458,772	458,772
Balance, June 30, 2017	\$ 507,501	\$ 339,878	\$ 89,326	\$ 3,837,887	\$ 4,774,592
Dividends paid (note 5)	-	-	-	(537,395)	(537,395)
Unrealized gain on marketable securities	-	-	26,876	-	26,876
Net income for the year	-	-	-	171,395	171,395
Balance, June 30, 2018	\$ 507,501	\$ 339,878	\$ 116,202	\$ 3,471,887	\$ 4,435,468

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

Consolidated Tanager Limited

Statements of Operations and Comprehensive Income for the years ended June 30, 2018 and 2017

	2018	2017
Income		
Investment income	\$ 59,872	\$ 40,582
Land purchase option proceeds (note 3)	400,000	805,000
	459,872	845,582
Expenses		
General corporate (notes 4 and 8)	184,744	234,803
Property maintenance	50,743	37,890
	235,487	272,693
Income before income taxes	224,385	572,889
Income taxes:		
Current income tax expense (note 7)	52,990	114,117
Net income before other comprehensive income	171,395	458,772
Comprehensive income		
Items that will subsequently be reclassified to profit or loss:		
Unrealized gain on available-for-sale marketable securities arising during the year	26,876	22,000
Comprehensive income for the year	\$ 198,271	\$ 480,772
Basic and diluted net income per common share	\$ 0.04	\$ 0.09
Weighted average number of common shares outstanding - basic and diluted	5,372,350	5,372,350

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

Consolidated Tanager Limited

Statements of Cash Flows for the years ended June 30, 2018 and 2017

	2018	2017
Cash flow used in operating activities		
Net income	\$ 171,395	\$ 458,772
Changes in net working capital:		
Accounts receivable	(635)	39,168
Prepaid expenses	(5,105)	4,255
Accounts payable and accrued liabilities	(1,551)	28,770
Income taxes payable	(82,117)	114,117
	81,987	645,082
Cash flow from investing activity		
Net proceeds from redemption of short-term investments	-	1,000,000
Purchase of marketable securities	(1,004,107)	-
Purchase of GIC	(790,000)	-
	(1,794,107)	1,000,000
Cash used in financing activity		
Dividends paid	(537,395)	(268,618)
(Decrease) increase in cash and cash equivalents	(2,249,515)	1,376,464
Cash and cash equivalents, beginning of year	4,689,354	3,312,890
Cash and cash equivalents, end of year	\$ 2,439,839	\$ 4,689,354

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

Notes to the Financial Statements

June 30, 2018 and 2017

1. Business of the Company

Consolidated Tanager Limited (the "Company" or "Tanager") is incorporated under the Business Corporation Act of Ontario with a registered address at 23 Tanager Avenue, Toronto, Ontario. The Company holds resource properties, some of which have exploration carried out on them. The Company seeks partners to carry out further exploration or to sell or farm them out.

2. Significant Accounting Policies

Statement of Compliance with International Financial Reporting Standards

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

Basis of presentation

These financial statements have been prepared by management on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The currency of presentation for these financial statements is the Canadian dollar.

The financial statements were approved by the Company's Board of Directors and authorized for issue on October 5, 2018.

Significant accounting judgments and estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. 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.

Notes to the Financial Statements

June 30, 2018 and 2017

2. Significant Accounting Policies - continued

Short-term investments

Short-term investments consist of guaranteed investment certificates ("GIC's") that have maturities of one year or less, and units in money market mutual funds. Short-term investments are valued at cost plus accrued interest, which approximates their fair value.

Financial instruments

The Company's financial instruments comprise the following:

Financial assets:	Classification:
Cash and cash equivalents	Loans and receivables
Short-term investments	Fair value through profit and loss
Marketable securities - equity securities	Available-for-sale
Accounts receivable	Loans and receivables
Financial liabilities:	Classification:
Accounts payable	Other financial liabilities

Fair value through profit and loss:

Financial assets are designated as fair value through profit and loss if they were acquired principally for the purpose of selling in the short term. Fair value through profit and loss assets are recognized and carried at their fair value.

Loans and receivables:

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale:

Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the statement of profit or loss.

Notes to the Financial Statements

June 30, 2018 and 2017

2. Significant Accounting Policies - continued

Financial instruments - continued

Other financial liabilities:

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount on initial recognition. Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of financial assets:

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Notes to the Financial Statements

June 30, 2018 and 2017

2. Significant Accounting Policies - continued

Financial instruments recorded at fair value:

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

As of June 30, 2018, and 2017, short-term investments and marketable securities - equity securities were measured at fair value and were classified within Level 1 of the fair value hierarchy.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand, and highly liquid investments with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of June 30, 2018, and 2017 the Company had \$2,439,839 and \$4,689,354, respectively of cash and cash equivalents in the form of flexible cash and redeemable guaranteed investment certificates.

Marketable securities

Marketable securities consist of equity securities over which the Company does not have control or significant influence. The equity securities are designated as available-for-sale and measured at fair value. Unrealized gains and losses due to period end revaluation to fair value, other than those determined to be other than temporary losses, are recorded as other comprehensive income or loss.

Revenue recognition

Revenue consists of interest income from investments which is recognized on an accrual basis as earned. Royalties, dividends from investments, sale of mineral interests, and other revenues are recognized as revenue when received.

Notes to the Financial Statements

June 30, 2018 and 2017

2. Significant Accounting Policies - continued

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. A provision for onerous contracts is recognized when the benefits expected to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The Company had no material provisions at June 30, 2018 and 2017.

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive loss.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Income per share

Basic income per share is calculated using the weighted average number of common shares outstanding during the period. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti dilutive.

Segment reporting

The Company operates in a single reportable operating segment in the coal and non-ferrous mining properties.

Changes in accounting policies

There were no changes to the Company's accounting policies in the current year.

Notes to the Financial Statements

June 30, 2018 and 2017

2. Significant Accounting Policies - continued

Accounting standards effective in future periods

There were no new standards effective July 1, 2017 that had significant impact on the Company's financial statements. The following new standards will be adopted in periods after June 30, 2018.

IFRS 9, Financial Instruments ("IFRS 9") was initially issued by the IASB on November 12, 2009 and issued in its completed version in July 2014, and will replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 replaces the multiple rules in IAS 39 with a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is generally based on how an entity manages its financial assets in the context of its business model and the contractual cash flow characteristics of the financial assets. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income or loss. Impairment of financial assets are determined using a single impairment model that requires entities to recognize expected credit losses without requiring a triggering event to occur. The new impairment model applies to financial assets measured at amortized cost or fair value through other comprehensive income, except for equity instruments. IFRS 9 largely retains the existing requirements under IAS 39 for the classification and measurement of financial liabilities.

This standard will be applied retrospectively using the available transitional provisions that allow an entity not to restate comparative period information.

The Company will apply the irrevocable option for each of our equity investments resulting in measurement of gains and losses in other comprehensive income or loss. Upon the adoption of IFRS 9, the Company will record a reclassification of impairment charges previously recognized in the statement of earnings from retained earnings to accumulated other comprehensive income as at July 1, 2018.

We have assessed the classification and measurement of our financial instruments under IFRS 9, with reference to the former classification under IAS39, as follows:

Financial Assets	IFRS 9	IAS39
Cash	Amortized cost	Loans and receivables
Short-term investments	Fair value through profit and loss	Fair value through profit and loss
Marketable Securities	Fair value through other comprehensive income	Available for sale
Other receivables	Amortized cost	Loans and receivables
Financial Liabilities		
Accounts payable and accrued liabilities	Amortized cost	Other financial liabilities

Notes to the Financial Statements

June 30, 2018 and 2017

2. Significant Accounting Policies - continued

IFRS 15, Revenue from Contracts with Customers (“IFRS 15”) was issued by the IASB in May 2014 and clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (i.e. service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 is effective for periods beginning on or after January 1, 2018 and is to be applied retrospectively. The Company's preliminary assessment of IFRS 15 has determined there will not be a significant impact to the financial statements as a result of the adoption of this standard.

IFRS 16, *Leases*: was issued in January 2016, and replaces IAS 17 *Leases*. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as required by IAS 18 and, instead, introduces a single lessee accounting model. Certain leases will be exempt from these requirements. The most significant effect expected of the new requirements will be an increase in lease assets and financial liabilities for lessees with material off-balance sheet leases. IFRS 16 is required for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company's preliminary assessment of IFRS 16 has determined there will not be a significant impact to the financial statements as a result of the adoption of this standard.

The Company has reviewed the other standards and interpretations that have been issued but are not yet effective and it does not expect any of these to have an impact on its financial statements.

Notes to the Financial Statements

June 30, 2018 and 2017

3. Mining Properties

The investments in the following properties were written down to \$2 in a prior year.

Hinton Coal Property of Alberta

The Hinton Coal property comprises 5 Alberta Crown coal mining leases located by the main line of the C.N.R. near Hinton. The property contains a deposit of low-sulphur thermal coal. In 2009, the Company entered into an agreement with KC Euroholdings S.a.r.l. ("KCE") to transfer the rights of the Hinton Coal property to KCE in consideration for three scheduled cash payments and the reservation of a 1.0% of Sales Revenue royalty on all future coal sales from the property. An initial cash payment of \$2,000,000 was received by the Company on execution of the agreement. In accordance with the agreement terms, and upon completion of a favourable feasibility study in 2012, the Company received a second cash payment of \$6,000,000. The Company was entitled to receive a third and final payment of \$10,000,000 on or before the earlier of February 19, 2016 or on placing of the property into commercial production at a rate of at least 90,000 tonnes per month. The contract terms were such that if this final payment was not made, ownership of the property would continue to be retained by the Company. The agreement technically expired as of March 31, 2016, however, the Company entered into a further agreement with KCE in consideration for \$400,000 per annum payable by KCE to the Company that extends KCE's option to acquire 100% working interest in Tanager's five coal leases until March 31, 2023. In accordance with this agreement, Tanager received \$800,000 during the prior year to maintain the option for both 2016 and 2017. In current year the Company received an additional \$400,000 to maintain the option for 2018.

KCE has made significant progress on the property in preparation for mining coal. Once KCE commences production and they have produced, sold and delivered its 500,000th clean tonne, the payment of \$10,000,000 will be due to Consolidated Tanager. In addition, KCE has agreed to pay a royalty of 1% of the total sales generated from the sale of the coal.

Timmins Area of Ontario

The Company owns 88 patented mining claims in the Timmins area. On 8 additional claims it holds a production royalty, adjusted for a gold price variance from U.S. \$350 per ounce, on rock treated in excess of the first 50,000 tons processed. In 2004, 2 of the patented claims and 1 license of occupation were sold for \$200,000 of which an irrevocable payment of \$50,000 was received prior to June 30, 2003. Commencing April 1, 2004, the agreement of sale also provided for minimum annual advance royalty payments in the amount of \$70,000 plus a 3% annual escalation clause for an additional period of 9 years. The agreement expired at the end of 2013.

On May 6, 2015, the Company (the "Grantor") entered into an option to purchase agreement with Recurrent Energy Site Co LLC (the "Grantee") to purchase properties that the Company owns in Timmins, Ontario. In consideration for this option, the Company received \$5,000 on August 5, 2015. A further option payment of \$5,000 was received in May 2017 and the Grantee notified the Company that they terminated the option

Notes to the Financial Statements

June 30, 2018 and 2017

4. Related Party Transactions and Balances

The Company incurred management fees of \$40,000 for the year ended June 30, 2018 (2017 - \$40,000) to the President for services provided to the Company. These expenses are included in general corporate expenses.

The Company incurred legal fees of \$4,163 for the year ended June 30, 2018 (2017 - \$72,250) to a legal firm owned by a Director of the Company. These expenses are included in general corporate expenses.

The Company incurred expenses of \$15,000 for the year ended June 30, 2018 (2017 - \$15,000) to the Chief Financial Officer for accounting, administrative and secretarial services rendered. These expenses are included in general corporate expenses.

The Company incurred Directors' fees of \$21,500 for the year ended June 30, 2018 (2017 - \$20,000). These expenses are included in general corporate expenses.

Included in accounts payable and accrued liabilities as at June 30, 2018 is \$13,350 (2017 - \$13,717) payable to related parties of the Company.

All transactions with related parties are in the normal course of operations and have been carried out on the same terms as those accorded to unrelated parties.

5. Share Capital

Authorized

As of June 30, 2018, and 2017, the authorized share capital comprised an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

Issued

	Number		Amount
Balance, June 30, 2018 and 2017	5,372,350	\$	507,501

On August 10, 2016, the Company declared a special eligible dividend of \$0.05 per issued and outstanding common share for a total of \$268,618. The dividend was paid on September 16, 2016 to all shareholders of record as at the close of business August 30, 2016.

On July 24, 2017, the Company declared a special eligible dividend of \$0.05 per issued and outstanding common share for a total of \$268,698. The dividend was paid on August 29, 2017 to all shareholders of record as at the close of business August 15, 2017.

On December 12, 2017, the Company declared a special eligible dividend of \$0.05 per issued and outstanding common share for a total of \$268,697. The dividend was paid on March 1, 2018 to all shareholders of record as at the close of business February 15, 2018.

As of June 30, 2018, and 2017 there were no options or warrants outstanding.

Notes to the Financial Statements

June 30, 2018 and 2017

6. Marketable Securities

The following is a summary of the Company's fair value of the marketable securities:

	2018	Number	2017	Number
Equity Securities -				
Taranis Resources Inc. \$	253,000	2,200,000	\$ 231,000	-
Bank of Nova Scotia	305,948	4,110	-	-
Royal Bank of Canada	344,486	3,480	-	-
Toronto Dominion Bank	358,536	4,712	-	-
	\$ 1,261,970		\$ 231,000	

On September 29, 2017, the Company acquired 3,480 Royal Bank of Canada shares, 4,712 Toronto Dominion Bank shares for \$334,930 and \$333,759 respectively. Additionally, on October 5, 2017 the Company purchased 4,110 shares of Bank of Nova Scotia for \$335,406. The purchase of the securities was done upon the sale of B2B high interest investments.

On October 22, 2013, the Company acquired 2,200,000 units of Taranis Resources Inc. for total consideration of \$220,000. Each unit consisted of one common share and one common share purchase warrant with an exercise price of \$0.15 per warrant and an expiry date of October 22, 2015. The common share purchase warrants were valued using the Black-Scholes model on date of acquisition using the following assumptions: risk-free interest rate of return of 1.09%, expected stock volatility of 141%, dividend yield of 0% and expected life of 2 years.

The warrants expired unexercised on October 22, 2015, which resulted in an investment loss of \$23,540 in 2016.

Consolidated Tanager Limited

Notes to the Financial Statements

June 30, 2018 and 2017

7. Income Taxes

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 26.5% (2017- 26.5%) to the effective tax rate for the years ended June 30 is as follows:

	2018	2017
Net income before provision for income taxes	\$ 224,385	\$ 572,889
Expected income tax expense	\$ 59,462	\$ 151,816
Tax rate changes and change in tax benefits not recognized	(6,472)	-
Utilization of losses not previously recognized	-	(37,699)
Current income tax expense	\$ 52,990	\$ 114,117

The following table summarizes the components of the deferred tax liability:

	2018	2017
Deferred tax assets:		
Capital losses carried forward	\$ 15,400	\$ 11,840
Deferred tax liability:		
Unrealized gains on marketable securities	(15,400)	(11,840)
Deferred tax liability - net	\$ -	\$ -

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2018	2017
Non-capital losses carried forward	\$ -	\$ -
Capital losses carried forward	\$ -	\$ -

Notes to the Financial Statements

June 30, 2018 and 2017

8. General Corporate Expenses

	2018	2017
Professional services	\$ 44,075	\$ 119,535
Corporate services	-	40,000
Directors fees	21,500	20,000
Transfer agent fees	21,029	19,897
Insurance	16,318	14,408
General and administrative	48,555	10,791
Government fees	30,832	7,698
Shareholder information	2,435	2,473
	\$ 184,744	\$ 234,803

9. Capital Disclosures

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide a return to shareholders, benefits for other stakeholders and to ensure sufficient resources are available to meet day to day operating requirements.

The Company considers the items included in shareholders' equity as capital. The Company manages its capital structure and makes adjustments to it, based upon funds available to the Company or in response to changes in economic conditions and the risk characteristics of the underlying assets.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements and there has been no change in the overall capital risk management strategy during the year ended June 30, 2018.

10. Financial Risk Factors

The Company is exposed in varying degrees to a variety of financial instrument related risks:

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. The Company's primary exposure to credit risk is in its cash and cash equivalents and short-term investments. This risk is managed through the use of a major bank which is a high credit quality financial institution as determined by rating agencies.

Notes to the Financial Statements

June 30, 2018 and 2017

10. Financial Risk Factors - continued

Liquidity Risk

Liquidity risk arises through the excess of financial obligations over available financial assets due at any point in time. The Company's objective in managing liquidity risk is to maintain sufficient readily available capital in order to meet its liquidity requirements. As of June 30, 2018 and 2017 the aggregate of cash and cash equivalents and short-term investments, which remain liquid, exceeded the Company's financial liabilities.

Market Risk

Interest rate risk

The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents balances. The Company's policy is to invest excess cash in investment-grade short-term guaranteed investment certificates and high interest mutual funds issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the creditworthiness of its banks.

Commodity price risk

The Company is exposed to price risk with respect to commodities. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices related to coal to determine the appropriate course of action to be taken by the Company.

11. Subsequent Event

On May 14, 2018 the Company declared a special eligible dividend of \$0.05 per issued and outstanding common share for a total of \$268,618. The dividend was paid on August 29, 2018 to all shareholders of record as at the close of business on August 15, 2018.