NEW AGE BRANDS INC.
(Formerly New Age Farm Inc.)

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NINE MONTHS ENDED SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

NOTICE TO READERS

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

The accompanying unaudited condensed interim consolidated financial statements of New Age Brands Inc. (the “Company”) have been prepared by and are the responsibility of the Company’s management.

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

NEW AGE BRANDS INC. (FORMERLY NEW AGE FARM INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

As at	September 30, 2018 $	December 31, 2017 $
Current		
Cash	**159,009**	2,370,660
Loan receivable (Note 9)	**290,297**	282,262
GST receivable	**3,809**	-
Prepaid	**184,744**	
	637,859	2,652,922
Deposit on acquisition (Note 6)	**98,070**	64,430
Property, plant and equipment (Note 7)	**4,699,472**	68,354
Total assets	**5,435,401**	2,785,706
Current		
Accounts payable	**9,612**	61,620
Accrued liabilities	**38,500**	328,250
Promissory note (Note 11)	**1,721,241**	-
Current portion of note payable (Note 10)	**8,719**	8,375
Due to related parties (Note 15)	**-**	1,062,950
	1,769,072	1,461,195
Long term portion of note payable (Note 10)	**68,478**	70,643
Total liabilities	**1,837,550**	1,531,838
Shareholders' equity		
Shares capital (Note 12)	**40,162,606**	25,367,943
Shares to be issued	**-**	125,000
Accumulated other comprehensive loss	**20,945**	-
Contributed surplus and reserves	**4,845,699**	5,916,788
Deficit	**(41,431,399)**	(30,155,863)
Total shareholders' equity	**3,597,851**	1,253,868
Total liabilities and shareholders' equity	**5,435,401**	2,785,706

Nature and continuance of operations (Note 1)

Approved on behalf of the Board November 29, 2018:

"Ben Martch"

Director – Ben Martch

"David Joshua Bartch"

Director – David Joshua Bartch

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

NEW AGE BRANDS INC. (FORMERLY NEW AGE FARM INC.)
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	Three months ended		Nine months ended	
	September 30, 2018 $	September 30, 2017 $	September 30, 2018 $	September 30, 2017 $
Sales	**66,649**	-	**163,153**	-
Cost of goods sold	**(2,377)**	-	**(107,239)**	-
	64,272	-	**55,914**	-
Expenses				
Advertising	**228,479**	13,384	**725,724**	627,720
Amortization (Note 7)	**8,558**	65,450	**8,558**	174,928
Bank charges	**3,669**	458	**7,890**	1,977
Consulting (Note 15)	**275,951**	270,792	**1,805,326**	2,017,749
Directors' fees (Note 15)	**58,482**	24,000	**111,632**	75,000
Foreign exchange loss (gain)	**56,510**	990	**(14,767)**	9,789
Insurance	**2,304**	4,873	**10,045**	5,336
Interest (Note 11)	**29,736**	-	**39,675**	-
Office and miscellaneous	**40,225**	3,904	**146,789**	8,577
Salaries	**10,000**		**10,000**	
Rent	**15,440**		**15,440**	
Professional fees	**35,000**	5,159	**81,857**	16,292
Utility and property taxes	**38**	5,381	**1,515**	12,173
Telephone	**-**	1,157	**1,011**	2,245
Transfer agent, listing and filing fees	**2,926**	8,455	**16,557**	27,462
Travel	**5,860**	96	**60,801**	2,411
Share based payments (Note 12)	**716,002**		**716,002**	4,196,000
	1,489,180	402,063	**3,744,055**	7,177,659
Other income (expense)				
Management termination cost (Note 15)	**-**	-	**(4,535,000)**	-
Consideration paid in excess of net assets acquired from WAK (Note 4)	**-**	-	**(3,101,176)**	-
Interest income	**-**	-	**10,880**	-
Gain on settlements of debts	**-**	45,000	**37,901**	45,000
Total expenses	**(1,489,180)**	(357,063)	**11,331,450**	(7,132,659)
Loss for the period	**(1,424,908)**	(357,063)	**(11,275,536)**	(7,132,659)
Foreign currency translation adjustment	**3,659**	-	**(20,945)**	-
Loss and comprehensive loss for the period	**(1,421,249)**	(357,063)	**(11,296,481)**	(7,132,659)
Loss and comprehensive loss per share	**(0.00)**	(0.00)	**(0.05)**	(0.06)
Weighted average number of shares outstanding	**262,608,514**	130,770,742	**222,620,779**	122,160,021

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

NEW AGE BRANDS INC. (FORMERLY NEW AGE FARM INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

	Number of Shares		Share Capital		Contributed Surplus* & Reserves		Shares to be issued		Accumulated Other Comprehensive Income (loss)		Deficit		Shareholders' Deficiency
Balance, December 31, 2016	**106,063,317**	**$**	**11,489,954**	**$**	**2,433,148**	**$**	**-**	**$**	**-**	**$**	**(12,597,917)**	**$**	**1,325,185**
Exercise of warrants	15,408,000		1,533,350		-		-		-		-		1,533,350
Fair value of warrants transferred	-		1,236,080		(1,236,080)		-		-		-		-
Exercise of options	7,000,000		875,000		-		-		-		-		875,000
Fair value of options transferred	-		822,800		(822,800)		-		-		-		-
Shares issued for services	602,903		68,500		-		-		-		-		68,500
Shares issued to settle debt	3,000,000		255,000		-		-		-		-		255,000
Shares based payments, options granted and warrants issued	-		-		4,196,000		-		-		-		4,196,000
Loss for the period	-		-		-		-		-		(7,129,659)		(7,129,659)
Balance, September 30, 2017	**132,074,220**		**16,280,684**		**4,570,268**		**-**		**-**		**(19,727,576)**		**1,123,376**
Balance, December 31, 2017	**175,117,577**	**$**	**25,367,943**	**$**	**5,916,788**	**$**	**125,000**	**$**	**-**	**$**	**(30,155,863)**	**$**	**1,253,868**
Exercise of warrants	14,328,353		2,368,240		-		(125,000)		-		-		2,243,240
Fair value of warrants transferred	-		1,178,349		(1,178,349)		-		-		-		-
Exercise of options	10,750,000		752,500		-		-		-		-		752,500
Fair value of options transferred	-		608,742		(608,742)		-		-		-		-
Shares issued in acquisition of WAK	10,000,000		3,050,000		-		-		-		-		3,050,000
Issuance of common stock for management termination	29,700,000		2,227,500		-		-		-		-		2,227,500
Shares issued in acquisition of Oregon Properties	73,164,000		4,389,840		-		-		-		-		4,389,840
Finders shares issued in acquisition of Oregon Properties	3,658,200		219,492		-		-		-		-		219,492
Share based compensation	-				716,002		-		-		-		716,002
Foreign currency translation adjustment	-		-		-		-		20,945		-		20,945
Loss and comprehensive loss for the period	-		-		-		-		-		(11,275,536)		(11,275,536)
Balance, September 30, 2018	**316,718,130**		**40,162,606**		**4,845,699**		**-**		**20,945**		**(41,431,399)**		**3,597,851**

*Contributed surplus consists of fair values of stock options and warrants.

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

NEW AGE BRANDS INC. (FORMERLY NEW AGE FARM INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED – EXPRESSED IN CANADIAN DOLLARS)

For the period ended,		September 30, 2018		September 30, 2017
Cash flows used in				
Operating activities				
Loss and comprehensive loss for the period	$	**(11,275,536)**	$	(7,129,659)
Items not affecting cash:				
Amortization		**8,558**		174,929
Foreign exchange		**(5,896)**		-
Interest expense		**39,675**		-
Management termination costs		**3,905,000**		-
Gain on settlement of debt		**(37,901)**		(45,000)
Shares issued for services		**-**		68,500
Consideration paid in excess of net assets acquired from WAK		**3,101,176**		
Shares based payments		**716,002**		4,196,000
		(3,548,922)		(2,735,230)
Changes in non-cash working capital items:				
Amounts receivable		**(3,391)**		-
Prepaid expenses		**(184,744)**		-
Accounts payable and accrued liabilities		**(298,745)**		274,414
Net cash used in operating activities		**(4,035,802)**		(2,460,816)
Investing activities				
Transaction cost pursuant to acquisition of Oregon Properties		**(19,728)**		-
Deposit in DrinkWater, LLC		**(98,070)**		-
Investment in joint venture entity		**-**		(391,670)
Purchase of property, plant and equipment		**-**		(45,630)
Net cash used in investing activities		**(117,798)**		(437,300)
Financing activities				
Loan repayment		**(1,062,950)**		(50,000)
Seller note repayment		**(8,894)**		(7,819)
Due to related parties		**-**		98,019
Exercise of stock options		**752,500**		780,000
Exercise of warrants		**2,243,240**		1,524,350
Net cash provided from financing activities		**1,923,896**		2,344,550
Foreign exchange on cash		**12,053**		-
Increase in cash and cash equivalents during the period		**(2,217,651)**		(553,566)
Cash and cash equivalents, beginning of the period		**2,376,660**		562,585
Cash and cash equivalents, end of the period	$	**159,009**	$	9,019
Interest paid	$	**-**	$	-
Income tax paid	$	**-**	$	-
<u>Non-cash Transactions:</u>				
Shares issued for the acquisition of WAK	$	**3,050,000**	$	-
Shares issued for the acquisition of Oregon Properties	$	**4,389,840**	$	-
Finder shares issued for the acquisition of Oregon Properties	$	**219,492**	$	-
Issuance of shares to settle debts and for services	$	**-**	$	368,500
Fair value of warrants and stock options reallocated	$	**1,787,091**	$	2,058,880

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

1. NATURE AND CONTINUANCE OF OPERATIONS

New Age Brands Inc. (formerly New Age Farm Inc.) (the "Company") was incorporated under the *Business Corporations Act* (British Columbia) on September 27, 2013, under the name 0981624 B.C. Ltd. The Company subsequently changed its name to New Age Farm Inc. on April 10, 2014 and to New Age Brands Inc. on November 14, 2018. The Company listed its common shares on the Canadian Securities Exchange and began trading under the symbol NF on August 18, 2014. The Company's principal business is the development, market and distribution of Cannabidiol ("CBD") products and operation of real estate and farm properties in Washington Statement, USA.

The registered address, head office, principal address and records office of the Company are located at 789 West Pender Street, Vancouver, British Columbia, V6C 1H2.

On August 31, 2016, the Company and NHS Industries Ltd. ("NHS", its wholly-owned subsidiary) entered into an arrangement agreement whereby the Company would spin-off NHS, together with all its assets and liabilities, as a separate operating entity and NHS would operate the Company's farm property located in Langley, British Columbia (the "Arrangement"). The Company would continue to operate its real estate and farm properties in Washington State in USA. In return, following completion of the Arrangement, shareholders of the Company would hold one new share in the capital of the Company and its pro–rata share of the post-consolidation NHS shares to be distributed under the Arrangement for each currently held New Age Brands Inc. share. The board of directors of the Company has set the share distribution record date of the Plan of Arrangement at close of business on November 30, 2016. The Company further determined the effective date of the spin-off to be at December 31, 2016. Therefore, these consolidated financial statements have de-recognized all of NHS' assets and liabilities at its year-end date of December 31, 2016. For the consolidated statements of operations and comprehensive loss and the consolidated statements of cash flows, discontinued operations has been separately disclosed from the continued operations. The Company completed the distribution of NHS shares during the year ended December 31, 2017.

At September 30, 2018, the Company had not yet achieved profitable operations, has accumulated losses of $41,431,399 since its inception and expects to incur further losses in the development of its business, all of which casts significant doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to conduct its planned business, meet its on-going levels of corporate overhead and discharge its liabilities as they come due. These unaudited condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge liabilities in the normal course of business. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in these unaudited condensed interim consolidated financial statements.

UNAUDITED – EXPRESSED IN CANADIAN DOLLAR

Statement of Compliance, Consolidation and Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

During the period ended September 30, 2018, the Company acquired and incorporated various subsidiaries. The Company's structure is represented by New Age Brands Inc., parent company, and the following subsidiaries:

Name	Functional Currency	Interest
New Age Farm Washington, LLC	USD	100%
1175987 B.C. Ltd.	USD	100%
Kured Latin America, LLC	USD	100%
CannaUSA, LLC	USD	100%
We are Kured, LLC	USD	100%

All inter-company transactions and balances have been eliminated in the consolidated financial statement presentation. These consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in the below.

2. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company's significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company's audited consolidated financial statements for the year ended December 31, 2017, with exception to the new accounting standards adopted by the Company discussed below.

The preparation of condensed consolidated interim financial statements requires that the Company's management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company's assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company's condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the nine- month period ended September 30, 2018:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. As the Company does not have any revenue from long term contracts with customers and primarily consist of point of sale. Therefore, this change had no impact on the financial statements.

IFRS 9 Financial Instruments

A finalized version of *IFRS 9 Financial Instruments* replaces *IAS 39 Financial Instruments: Recognition and Measurement*. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from *IAS 39*. This change had no impact on the financial statements.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Standards and Interpretations Not Yet Adopted

The Company will be required to adopt the following standards and amendments issued by the IASB, as described below.

Applicable to the Company's annual period beginning on January 1, 2019:

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The Company has not early-adopted this standard and is currently assessing the impact that the standard will have on the condensed consolidated interim financial statements.

3. INVESTMENT IN NHS

As at December 31, 2016, pursuant to the Arrangement (Note 1), the Company de-recognized all of NHS's assets and liabilities as result of the spin-off and realized gain of $439,799 on a disposal of NHS during the year ended December 31, 2016. The Company also determined that there was a permanent impairment of its investment in NHS and wrote it down by $3,441,341 to $1. The Company completed the distribution of NHS shares during the year ended December 31, 2017.

4. ACQUSTION OF WE ARE KURED, LLC

In December 2017, the Company entered into a share purchase agreement to purchase 100% interest in a company, We Are Kured, LLC ("WAK"), by issuing 10,000,000 common shares of the Company. During the year ended December 31, 2017, the Company advanced $64,430 (USD $50,000) upon signing the agreement for working capital purposes. On January 2, 2018, the Company issued 10,000,000 common shares of the Company to complete the acquisition.

The Company completed the acquisition of We Are Kured, LLC ("WAK") on January 2, 2018 by issuing 10,000,000 common shares to the principal of WAK.

The acquisition of WAK does not constitute a business combination because these entities do not meet the definition of a business under IFRS 3 *Business Combination*. As a result, under IFRS, the transaction is being measured at the fair value of equity consideration issued to acquire these entities.

The purchase price was determined based on IFRS 2 – Share Based Payments and allocated as follows:

Assets	$	11,409
Trade and other payables		(62,585)
Net liabilities assumed	$	(51,176)
Consideration	$	3,050,000
Net liabilities assumed		(51,176)
Unidentifiable assets acquired	$	3,101,176
Consideration paid in excess of net assets acquired from WAK	$	(3,101,176)

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5. ACQUSITION OF 1175987 B.C. LTD.

On August 20, 2018, through the Company's wholly owned subsidiary, acquired 100% interest in 1175987 B.C Ltd ("Oregon Properties") via three cornered amalgamation. The Company issued 73,164,000 common shares with a fair value of $4,389,840. The Company paid transaction costs of $19,728 and 3,658,200 finder common shares with a fair value of $3,658,200.

117 assets consist of:

100% interest in Cave Junction, Oregon:

The Cave Junction property consists of 111 acres divided into two separate legal lots. One of the legal lots has a state of the art outdoor and greenhouse cannabis cultivation facility (the "Property"). The Property is operated by Trellis Farms (an experienced and successful cannabis cultivation company).

100% interest in an established property Portland, Oregon:

The Portland property consist of land and buildings.

The acquisition has been accounted for by the Company as a purchase of assets and assumption of liabilities. The acquisition did not qualify as a business combination under IFRS 3 – Business Combinations, as the significant inputs, processes and outputs, that together constitute a business, do not currently exist.

The purchase price was determined based on IFRS 2 - Share Based Payments and allocated as follows using a relative fair value approach:

Land (note 7)	$	2,083,078
Building (note 7)		2,545,984
Net assets assumed	$	4,629,060
Transaction costs	$	19,728
3,658,200 Finder Common Shares		219,492
73,164,000 Common Shares		4,389,840
Consideration	$	4,629,060

6. DEPOSIT ON ACQUSITION

On September 25, 2018, the Company entered into a definitive agreement ("Definitive Agreement") with Drink Fresh Water, LLC ("DFW"). Pursuant to the Definitive Agreement, the Company acquired an 100% interest of DFW in exchange for a cash payment of $98,070 (USD - $75,000) (paid) and common stock of the Company valued at $1,200,000. This transaction closed subsequent to period end and $98,070 has been recorded as a deposit.

DFW supports cannabis and cannabis related products. DFW's flagship product Fresh Water, a CBD infused, Nano amplified alkaline water that is distributed in over 100 unique retail stores.

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7. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2018				
	Cost	Additions/ Disposal	Accumulated Amortization	Write-off	Net Carrying Amount
Sumas Property	$ 68,353	$ -	$ -	$ -	$ 68,353
Oroville Property	154,308	-	-	(154,307)	1
Filling Machine	-	8,660	-	-	8,660
Furniture	-	1,955	(71)	-	1,884
Building	-	2,545,983	(8,487)	-	2,537,496
Land	-	2,083,078	-	-	2,083,078
	$ 222,661	$ 4,639,676	$ (8,558)	$ (154,307)	$ 4,699,472

	December 31, 2017				
	Cost	Additions/ Disposal	Accumulated Amortization	Write-off	Net Carrying Amount
Sumas Property	$ 68,353	$ -	$ -	$ -	$ 68,353
Sumas Facility	131,256	-	-	(131,256)	-
Oroville Property	154,308	-	-	(154,307)	1
Oroville Facility	788,431	110,130	(154,371)	(744,190)	-
Tractor	30,000	(14,700)	(15,300)	-	-
	$ 1,172,348	$ 95,430	$ (169,671)	$ (1,029,753)	$ 68,354

During the nine-month period ended, the Company had additions of $10,615 and recorded amortization of $71 on furniture and filling machine equipment. The filling machine has not been amortized because it is not yet in use as of September 30, 2018.

Pursuant to the acquisition of Oregon, the Company acquired land with a fair value of $2,083,078 and building of $2,545,983 (Note 5). The Company recorded amortization of $8,487 on the building.

During the year ended December 31, 2017, due to the uncertainty in earning rental income from its first tenant, to be shared with its 50% co-owner, the Company determined that there is impairment to the Sumas Facility and wrote off $131,256 costs of Sumas Facility to $Nil.

The Company incurred $744,190, net of amortization (2016 - $788,431) of expenditures for building a facility on the Oroville Property as at December 31, 2017. During the year-ended December 31, 2017, the Company decided to discontinue its investment and look for a buyer of the Oroville Property.

During the year ended December 31, 2017, due to the uncertainty in earning rental income from its first tenant and difficulty in seeking a potential buyer for the Oroville Property, the Company determined that there is an impairment to the Oroville Property and Facility, and wrote off $154,307 costs of Oroville Property and $744,190 costs of Oroville Facility to $Nil.

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8. DEFERRED COSTS

The Company has incurred expenditures in acquiring the tenants on its Sumas Property and on its Oroville Property as below:

- Sumas Property: 3,000,000 common shares were issued at fair value of $0.15 per share for total value of $450,000 to acquire a tenant on the Sumas Property in 2015;
- Oroville Property: 3,000,000 common shares were issued at fair value of $0.15 per share for total value of $450,000 to acquire a tenant on the Oroville Property in 2015 and cash payment for $19,403 was made to acquire this tenant as at December 31, 2016.

The Company would start amortize these expenditures over the lease terms of the tenant agreement once the facility on each property has been completed. During the year ended December 31, 2017, the Company has completed its facility on the Oroville property and started amortization on a straight line basis over 5 years. During the year ended December 31, 2017, amortization of deferred costs on the Oroville Property was $85,907 (December 31, 2016 - $Nil). Due to the uncertainty in realizing future benefit from this intangible property, the Company decided to write off the remaining balance of $383,497 of the Oroville Property acquisition cost to $Nil as at December 31, 2017.

As at December 31, 2017, the Company wrote off $450,000 of the Sumas Property acquisition cost to $Nil due to the uncertainty in realizing any future benefit from this intangible property.

9. LOAN RECEIVABLE

	September 30, 2018 **$**
Balance, December 31, 2017	282,262
Interest	-
Repayments	-
Foreign exchange	8,035
Balance, September 30, 2018	290,297

During the year ended December 31, 2017, the Company has loaned $387,063 (USD$300,000) to a third party. Due to uncertainty in collectability of some of a loan amount, the Company has made a reserve of $96,766 (USD$75,000) on this loan as at December 31, 2017. This loan is non-interest bearing, non-secured with no fixed terms of repayment.

10. NOTE PAYABLE

	September 30, 2018 **$**
Balance, December 31, 2017	79,017
Interest	4,924
Repayments	(8,894)
Foreign exchange	2,150
Balance, September 30, 2018	77,197

On October 31, 2015, the Company entered into a secured note payable with the seller of the Oroville Property in an amount of US$78,000 (Note 4). During the period ended September 30, 2018, interest and principal of $3,298 (2017 - $Nil) and $5,596 (2017 - $2,645) was paid on this note respectively.

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11. PROMISSORY NOTE

	September 30, 2018
	$
Balance, December 31, 2017	-
Additions	1,677,500
Interest	34,741
Repayments	-
Balance, September 30, 2018	1,712,241

Pursuant to the termination of former management, the Company issued $300,000 non-interest bearing Promissory Notes ("Promissory Notes") to the former CEO and CFO. The Promissory Notes mature 30 days after the next shareholder meeting (Note 15).

On June 8, 2018, the Company entered into convertible note agreements ("Convertible Notes") with the former CEO and CFO. The principal portion of the convertible note is $1,377,500, bear interest of 8% and is convertible at the discretion of the holder (the "Holders"). The convertible note matures on September 8, 2018 or the next shareholder meeting that approves the rollback of common stock, whichever is earliest. The Convertible Notes have not been converted as of September 30, 2018. As at September 30, 2018, the Company accrued interest of $34,741 (Note 15).

12. SHARE CAPITAL

(a) Authorized: Unlimited common shares without par value
Issued : 316,718,130 common shares (December 31, 2017: 175,117,577 common shares)

During the nine months ended September 30, 2018, 14,328,353 warrants at exercise prices ranging from $0.10 to $0.20 per share were exercised for gross proceeds of $2,243,240. Fair value of $1,178,349 was re-allocated from contributed surplus to share capital.

During the nine months ended September 30, 2018, 10,750,000 options at exercise price ranging from $0.115 to $0.13 were exercised for gross proceeds of $752,500. Fair value of $608,742 was re-allocated from contributed surplus to share capital.

On January 2, 2018, 10,000,000 common shares at fair value of $3,050,000 were issued to acquire WAK.

On June 18, 2018, the Company entered into termination agreements with former management and issued 29,700,000 common shares with a fair value of $2,227,500 (Note 15).

On August 28, 2018, the Company issued 73,164,000 common shares at a fair value of $4,389,840 were issued to acquire the Oregon Properties. The Company issued 3,658,200 common finders shares with a fair value of $219,492.

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12. SHARE CAPITAL (CONTINUED)

(b) Stock Options

The Company has adopted an incentive stock option plan (the "Option Plan") dated which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with stock exchanges requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Included in the Option Plan are provisions that provide that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company and that the number of common shares reserved for issuance pursuant to options granted to all consultants or persons conducting investing relations activities will not exceed 2% of the issued and outstanding common shares within any 12-month period. At the discretion of the Board of Directors of the Company, options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

On July 20, 2018, the Company granted 9,000,000 stock options at an exercise price of $0.06 per option with a term of five years expiring July 20, 2023. The grant date fair value of the options was measured at $435,517. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - $0.05; exercise price - $0.06; expected life - 5 years; volatility – 226%; dividend yield - $0; and risk-free rate – 2.06%. During the nine months period ended, the Company exercised all of these options for gross proceeds of $540,000.

On September 17, 2018, the Company granted 3,059,919 stock options at an exercise price of $0.126 per option with a term of five years expiring September 18, 2023. The grant date fair value of the options was measured at $280,485. The options were measured using the Black-Scholes Option Pricing Model with the following assumptions: stock price - $0.10; exercise price - $0.12; expected life - 5 years; volatility – 223%; dividend yield - $0; and risk-free rate – 2.25%.

As at September 30, 2018, the Company had stock options outstanding and exercisable enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
750,000	$0.13	December 12, 2019
10,000,000	$0.29	December 29, 2019
250,000	$0.20	May 4, 2020
3,059,919	$0.115	September 17, 2023
14,059,919	$0.25	

A summary of the status of the Company's stock options outstanding and exercisable as at September 30, 2018 and December 31, 2017, and changes during those years is presented below:

	Number of Options		Weighted Average Exercise Price
Balance, December 31, 2016	300,000	$	0.18
Granted	53,100,000		0.15
Exercised	(40,600,000)		0.12
Balance, December 31, 2017	12,800,000		0.25
Granted	12,059,919		0.07
Expired	(50,000)		0.05
Exercised	(10,750,000)		0.12
Balance, September 30, 2018	14,059,919	$	0.24

The stock options have a weighted average remaining life of 2.06 years.

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12. SHARE CAPITAL (CONTINUED)

(c) Warrants

As at September 30, 2018, the Company had warrants outstanding and exercisable enabling holders to acquire the following:

Number of Shares	Exercise Price	Expiry Date
1,570,000	$0.15	April 15, 2020
3,272,911	$0.20	November 16, 2018
4,000,000	$0.24	November 27, 2019
2,390,000	$0.15	February 8, 2020
11,232,911	$0.20	

A summary of the status of the Company's stock options outstanding and exercisable as at September 30, 2018 and December 31, 2017, and changes during those years is presented below:

	Number of warrants		Weighted Average Exercise Price
Balance, December 31, 2016	**29,476,882**	$	0.16
Granted	20,000,000		0.13
Exercised	(23,678,000)		0.11
Cancelled	(237,618)		0.20
Balance, December 31, 2017	**25,561,264**		0.17
Exercised	(14,328,353)		0.15
Balance, September 30, 2018	**11,232,911**	$	0.19

13. CAPITAL DISCLOSURES

The Company's objective when managing capital is to maintain adequate cash resources to support planned activities which include administrative costs and general expenditures. In the management of capital, the Company includes cash, due to related parties, loan payable, notes payable, and the components of shareholders' equity. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Historically, funding for the Company's plan is primarily managed through the issuance of additional common shares, through its commercial activities and through obtaining financing. There are no assurances that funds will be made available to the Company when required.

In order to carry out the planned development and pay for administrative costs, the Company will spend its existing working capital and expects to raise additional amounts as needed. The Company will continue to assess new business and seek to acquire an interest in additional business if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly rated financial instruments, such as cash, and all are held in major Canadian financial institutions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended December 31, 2017 and the period ended September 30, 2018. The Company is not subject to externally imposed capital requirements.

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14. FINANCIAL INSTRUMENTS AND RISK FACTORS

(a) Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of transactions is classified according to the following hierarchy based on the amount of observable inputs used to value the instrument.

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs are other than quoted prices in Level 1 that are either directly or indirectly observable for the asset or liability.
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level. The company's cash and cash equivalents have been valued using Level 1 inputs.

The fair value of the Company's financial instruments has been classified within the fair value hierarchy as at September 30, 2018 as follows:

	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets				
Due from related parties	143,179	-	-	143,179
Cash	159,009	-	-	159,009
	302,188	-	-	302,188
Financial Liabilities				
Accounts payable	9,612	-	-	9,612
Promissory note	1,712,241	-	-	1,712,241
	1,721,853	-	-	1,721,853

(b) Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash. The Company has no significant concentration of credit risk arising from operations. Cash is held with reputable Canadian financial institutions, from which management believes the risk of loss to be minimal. The Company has not experienced any significant credit losses and believes it is not exposed to any significant credit risk.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company's exposure to liquidity risk is dependent on raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows. The Company ensures that sufficient funds are raised from private placements or loans to meet its operating requirements, after taking into account existing cash. The Company's cash is held in business accounts which are available on demand for the Company's business and are not invested in any asset-backed deposits or investments.

As at September 30, 2018, the Company had cash of $159,009 to settle current liabilities of $1,769,072. The note payable of $77,197 is to be matured on October 30, 2025. The promissory note of $1,712,241 is due 30 days after the next shareholder meeting.

UNAUDITED – EXPRESSED IN CANADIAN DOLLAR

14. FINANCIAL INSTRUMENTS AND RISK FACTORS (CONTINUED)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. If interest rates decrease, the Company will generate smaller interest revenue. The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets. The Company is not susceptible to interest rate fair value risk on its note payables that bear fixed interest rates.

15. RELATED PARTY TRANSACTIONS

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

a) Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

Management Compensation *Period ended September 30, 2018*	Consulting fees $	Director fees $	Share Compensation $	Payroll $	Legal $
Carman Parente, former CEO	102,750	17,050	-	-	-
Anthony Chan, former CFO	54,538	13,500	-	-	-
David Johnson, former Director	23,152	10,600	-	-	-
Lorraine Pike, former Director	36,736	12,000	-	-	-
NHS Industries, related Company	18,000	-	-	-	-
Company controlled by a director	-	19,494	93,495	-	13,997
Benjamin Martch, CMO	26,392	19,494	93,495	5,000	-
Joshua Bartch, CEO	458,636	19,494	93,495	5,000	-
Total	720,204	111,632	280,485	10,000	13,997

Management Compensation *Period ended September 30, 2017*	Consulting fees $	Director fees $	Share Compensation $	Total $
Carman Parente, CEO	135,000	18,000	92,300	245,300
Anthony Chan, CFO	67,500	18,000	127,800	213,300
David Johnson, Director	-	21,000	156,900	177,900
Lorraine Pike, Director	37,233	18,000	99,400	154,633
Total	239,733	75,000	476,400	791,133

b) As at September 30, 2018 accounts payable and accrued liabilities were due to related parties of $7,750 (2017 - $nil).

c) On June 8, 2018, the Company entered into termination agreement with the following members of management:

- Carman Parente, former CEO and Director;
- Anthony Chan, former CFO;
- David Johnson, former Director; and,
- Lorraine Pike, former Director.

15. **RELATED PARTY TRANSACTIONS (CONTINUED)**

In connection with the agreements, the Company issued the following:

- Issued 14,125,000 common shares to the former CEO with a fair value of $1,059,375.
- Issued 3,975,000 common shares to the former CFO with a fair value of $298,125.
- Issued 11,600,000 common shares to former Directors with a fair value of $870,000.

The Company agreed to also pay the following:

- Pay $210,000 to the former CEO
- Pay $183,750 to the former CFO
- Pay $236,250 to former directors of the Company.
- Issued a $160,000 non-interest bearing promissory note to the former CEO. The promissory note matures 30 days after the next shareholder meeting.
- Issued a $140,000 non-interest bearing promissory note to the former CFO. The promissory note matures 30 days after the next shareholder meeting.

On June 8, 2018, the Company entered into convertible note agreements with the former CEO and CFO. The principal portion of the convertible note is $1,377,500, bear interest of 8% and is convertible at the discretion of the holder. The convertible note matures on September 8, 2018 or the next shareholder meeting that approves the rollback of common stock, whichever is earliest. As at September 30, 2018, the Company accrued interest of $34,741.