CANEX Metals Inc.
Condensed Interim Consolidated Financial Statements
(Expressed in Canadian Dollars)
Three and Six Months Ended March 31, 2018

(Unaudited)

May 28, 2018

MANAGEMENT'S RESPONSIBILITY FOR CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of CANEX Metals Inc. ("CANEX Metals") are the responsibility of the Board of Directors. The unaudited condensed interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These unaudited condensed interim consolidated financial statements do not include all of the disclosures required for annual financial statements and therefore should be read in conjunction with CANEX Metals' audited annual consolidated financial statements and notes thereto for the year ended September 30, 2017. These unaudited condensed interim consolidated financial statements follow the same significant accounting policies and methods of application as those included in CANEX Metals' most recent audited annual consolidated financial statements, except as described in Note 3 "Significant accounting policies". Management acknowledges responsibility for the preparation and presentation of the consolidated financial statements, including responsibility for significant accounting judgements and estimates and the choice of accounting principles and methods that are appropriate to CANEX Metals' circumstances. In the opinion of management, the unaudited condensed interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 "Interim Financial Reporting" using accounting policies consistent with IFRS appropriate in the circumstances.

Management has established processes, which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated as of the date of, and for the periods presented by, the unaudited condensed interim consolidated financial statements and (ii) the unaudited operations and cash flows of CANEX Metals, as of the date of, and for the period presented by, the unaudited condensed interim consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and for ensuring that management fulfils its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process, the consolidated financial statements and the auditors' report. The Audit Committee also reviews CANEX Metals' Management's Discussion and Analysis to ensure that the financial information reported therein is consistent with the information presented in the consolidated financial statements. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements for issuance to the shareholders.

Management recognizes its responsibility for conducting CANEX Metals' affairs in compliance with established financial standards, and applicable laws and regulation, and for maintaining proper standards of conduct for its activities.

"Shane Ebert"	"Lesley Hayes"
Shane Ebert	Lesley Hayes
President/Director	Director

AUDITOR INVOLVEMENT

The accompanying unaudited condensed interim consolidated financial statements of CANEX Metals have been prepared by and are the responsibility of management. The unaudited condensed interim consolidated financial statements as at and for the six months ended March 31, 2018 have not been reviewed by CANEX Metals' auditors.

CANEX Metals Inc.
Condensed Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

		March 31 2018		September 30 2017
ASSETS				
Current Assets				
Cash (Note 5)	$	**175,046**	$	289,930
Accounts receivable (Note 6)		**3,628**		4,645
Mining exploration tax credit receivable (Note 8)		**25,816**		25,816
Prepaid expenses		**8,621**		8,377
Short-term investments (Note 7)		**341,246**		178,163
		554,357		506,931
Non-current Assets				
Exploration and evaluation asset advances and deposits (Note 8)		**10,000**		10,000
Exploration and evaluation assets (Note 8)		**184,369**		163,177
Equipment (Note 9)		**179**		227
		194,548		173,404
TOTAL ASSETS	$	**748,905**	$	680,335
EQUITY AND LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Note 10)	$	**12,504**	$	38,682
Non-current Liabilities				
Decommissioning obligation (Note 11)		**15,000**		15,000
		27,504		53,682
EQUITY				
Share capital (Note 12)		**13,835,926**		13,837,209
Reserves		**1,983,697**		1,983,697
Deficit		**(15,098,222)**		(15,194,253)
TOTAL EQUITY		**721,401**		626,653
TOTAL EQUITY AND LIABILITIES	$	**748,905**	$	680,335

Nature of operations (Note 1)

Approved by the Board

"Shane Ebert"
________________________ **Director**
Shane Ebert

"Lesley Hayes"
________________________ **Director**
Lesley Hayes

See accompanying notes to the financial statements.

CANEX Metals Inc.

Condensed Interim Consolidated Statements of Loss (Income) and Comprehensive Loss (Income)

(Expressed in Canadian Dollars)

(Unaudited - Prepared by Management)

For the Three and Six Months Ended March 31

	Three months		Six months	
	2018	**2017**	**2018**	**2017**
Expenses				
General and administrative (Note 14)	**$ 16,363**	$ 17,206	**$ 36,394**	$ 34,237
Reporting to shareholders	**14,137**	17,076	**18,061**	21,193
Professional fees	**1,153**	9,980	**7,815**	10,203
Stock exchange and transfer agent fees	**2,846**	8,389	**4,928**	10,669
Depreciation	**24**	44	**48**	88
Impairment (recovery)	**-**	(343,250)	**-**	(343,250)
Pre-acquisition costs	**-**	4,369	**-**	4,369
Loss (income) before other items	**34,523**	(286,186)	**67,246**	(262,491)
Other items				
Interest and other	**(174)**	(85)	**(194)**	(124)
Dividend income	**-**	(11,340)	**-**	(11,340)
Loss (income) from short-term investments	**445**	(51,577)	**(163,083)**	170,048
	271	(63,002)	**(163,277)**	158,584
Net loss (income) and comprehensive loss (income) for the period	**$ 34,794**	$ (349,188)	**$ (96,031)**	$ (103,907)
Basic and diluted loss (income) per share (Note 15)	**$ 0.00**	$ 0.00	**$ 0.00**	$ 0.00
Weighted average shares outstanding - basic and diluted (Note 15)	**22,586,425**	107,309,126	**22,586,425**	107,309,126

Nature of operations (Note 1)

See accompanying notes to the financial statements.

CANEX Metals Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)
For the Three and Six Months Ended March 31

	Three months ended		Six months ended	
	2018	**2017**	**2018**	**2017**
Increase (decrease) in cash				
Operating activities				
Cash paid to suppliers and contractors	**$ (58,554)**	$ (56,034)	**$ (92,603)**	$ (95,736)
Cash used in operating activities (Note 19)	**(58,554)**	(56,034)	**(92,603)**	(95,736)
Investing activities				
Interest and other income received	**174**	85	**194**	124
Cash recovered on impaired assets	**-**	343,250	**-**	343,250
Cash expended on exploration and evaluation assets	**(17,550)**	(1,559)	**(21,192)**	(1,559)
Cash (used) provided by investing activities	**(17,376)**	341,776	**(20,998)**	341,815
Financing activities				
Share capital and warrant issue proceeds	**-**	-	**-**	-
Cash share issue costs	**(1,283)**	-	**(1,283)**	-
Cash provided by financing activities	**(1,283)**	-	**(1,283)**	-
Increase in cash	**(77,213)**	285,742	**(114,884)**	246,079
Cash:				
Beginning of period	**252,259**	148,668	**289,930**	188,331
End of period	**$ 175,046**	$ 434,410	**$ 175,046**	$ 434,410

Supplementary information:

Interest and taxes

No cash was expended on interest or taxes during the three and six month periods ended March 31, 2018 and March 31, 2017.

Non-cash transactions

2018

During the three and six month periods ended March 31, 2018 there were no non-cash transactions.

2017

During the three month period ended March 31, 2017, the Company received a stock dividend of 31,500 Aurvista Gold Corporation ("Aurvista") common shares, from Société d’Exploration Minière Vior Inc. ("Vior") valued at $11,340. The shares were valued at $0.36 per share, the last reported closing price for the shares on the date of the transaction.

See accompanying notes to the financial statements.

CANEX Metals Inc.

Condensed Interim Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)
(Unaudited - Prepared by Management)

	Common share capital	Reserves: Equity-settled share based payment	Reserves: Warrant	Reserves: Other Reserves*	Reserves: Total Reserves	Deficit	Total
Balance, September 30, 2016	**$ 13,767,552**	**$ 5,000**	**$ 33,120**	**$ 1,881,077**	**$ 1,919,197**	**$ (15,058,597)**	**$ 628,152**
Net and comprehensive income for the period	-	-	-	-	-	103,907	103,907
Options expired	-	(5,000)	-	5,000	-	-	-
Balance, March 31, 2017	**13,767,552**	**-**	**33,120**	**1,886,077**	**1,919,197**	**(14,954,690)**	**732,059**
Net and comprehensive loss for the period	-	-	-	-	-	(239,563)	(239,563)
Share issuance - property acquisition	78,750	-	-	-	-	-	78,750
Share issue and transaction costs	(9,093)	-	-	-	-	-	(9,093)
Options issued	-	64,500	-	-	64,500	-	64,500
Balance, September 30, 2017	**13,837,209**	**64,500**	**33,120**	**1,886,077**	**1,983,697**	**(15,194,253)**	**626,653**
Net and comprehensive income for the period	-	-	-	-	-	96,031	96,031
Share issue and transaction costs	(1,283)	-	-	-	-	-	(1,283)
Balance, March 31, 2018	**$ 13,835,926**	**$ 64,500**	**$ 33,120**	**$ 1,886,077**	**$ 1,983,697**	**$ (15,098,222)**	**$ 721,401**

*Other Reserves is comprised of the aggregate of options and warrants that expired or were forfeited without exercise. These values were relieved from Common share capital, Equity-settled share based payment reserve and Warrants reserve respectively upon the expiry of the equity instrument.

See accompanying notes to the financial statements

1. Nature of operations

CANEX Metals Inc. ("the Company") is engaged in the business of mineral exploration and development in Canada. The Company was originally incorporated under the laws of the Province of Quebec, Canada and has been continued under the Alberta Business Corporations Act, Canada. The address of its primary office is Suite 815, 808 - 4th Avenue SW, Calgary, Alberta, Canada, T2P 3E8. The Company's common shares are listed on the TSX Venture Exchange under the symbol CANX.

Since inception, the efforts of the Company have been devoted to the acquisition, exploration and development of mineral properties. To date the Company has not received any revenue from mining operations and has not determined whether mineral properties contain ore reserves that are economically recoverable.

Mineral properties are recognized in these financial statements in accordance with the accounting policies outlined in Note 3 (f) "Exploration and evaluation assets" of the annual financial statements for the year ended September 30, 2017. Accordingly, their carrying values represent costs incurred to date, net of recoveries, abandonments and impairments. The recoverability of these amounts is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain necessary financing to complete the development of properties where necessary, and upon future profitable operations; or alternatively, upon the Company’s ability to recover its costs through a disposition of its interests.

2. Basis of presentation

a) Basis of presentation

These condensed interim consolidated financial statements are unaudited and have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting", using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretation of the International Reporting Interpretations Committee ("IFRIC").

These unaudited condensed interim consolidated financial statements have been prepared on a historical cost basis except for decommissioning obligations described in Note 11 and financial instruments described in Note 13. In addition, these statements have been prepared using the accrual basis of accounting except for cash flow information.

The presentation and functional currency of the Company is the Canadian dollar.

b) Principles of consolidation

These unaudited condensed consolidated interim financial statements include the accounts of the Company and its now dormant, wholly-owned US subsidiary, NAMCOEX Inc. NAMCOEX was incorporated by the Company during the year ended September 30, 2005 to acquire Nevada mineral property interests. All intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are those entities that the Company controls through its power to govern the financial and operating policies of the subsidiary. Subsidiaries are fully consolidated from the date control is obtained and are de-consolidated from the date control ceases.

3. Significant accounting polices

The financial framework and accounting policies applied in the preparation of these condensed interim consolidated financial statements are consistent with those as disclosed in its most recently completed audited annual consolidated financial statements for the year ended September 30, 2017.

a) New accounting policies

CANEX Metals did not adopt any new accounting policies during the three and six months ended March 31, 2018.

b) New accounting standards and interpretations

Certain new accounting standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for periods subsequent to those disclosed in these financial statements. Many are not applicable or do not have a significant impact to CANEX Metals and have been excluded from below. Relevant pronouncements include the following:

IFRS 9 - Financial Instruments

IFRS 9 - Financial instruments, and consequential amendments to other related standards, is effective for accounting periods commencing on or after January 1, 2018. There have been new amendments related to IFRS 9 issued in November 2013. Although the transition date has been deferred, these amendments would be required to be prospectively applied in the financial statements for the 2014 year and beyond, as the Company has early adopted this section. However, these amendments relate to hedging and own credit risk, to which the Company is not exposed, therefore these amendments do not have a significant impact on its financial reporting.

4. Significant accounting judgments and estimates

The preparation of these unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. Circumstances could arise over the years that would require material revisions to these estimates. Changes in assumptions could have a material effect on the fair value of estimates.

These financial statements include estimates that, 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. Adjustments resulting from 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 expectation of future events that are believed to be reasonable under the circumstances.

Significant estimates include:

a) the carrying value of investments and the recoverability of the carrying value which is included in the balance sheet.
b) the carrying values of exploration and evaluation assets that are included in the balance sheet, including the assumptions that are incorporated into the impairment assessments, and the amount of impairments that are including in the statement of profit or loss. (Refer to Note 1 - "Nature of Operations)
c) the estimate of the amount of decommissioning obligations and the inputs used in determining the net present value of the liabilities for decommissioning obligations included in the balance sheet.

(Expressed in Canadian Dollars)

5. Cash

Cash is comprised of:

		Mar 31, 2018		Sept 30, 2017
Current bank accounts	**$**	**162,585**	$	277,480
Cash investments		**12,461**		12,450
	$	**175,046**	$	289,930

6. Accounts receivable

		Mar 31, 2018		Sept 30, 2017
Due from related parties	**$**	**1,890**	$	460
Sales tax receivables		**1,738**		4,185
	$	**3,628**	$	4,645

7. Short-term investments

		Mar 31, 2018		Sept 30, 2017
Spruce Ridge Resources Ltd. **Common shares** (Mar 31, 2018 -11,000,000, Sept 30, 2017 - 11,000,000)	**$**	**330,000**	$	165,000
Commander Resources Ltd. **Common shares** (Mar 31, 2018 - 100,000, Sept 30, 2017 - 100,000)		**4,000**		4,500
Maple Gold Mines Ltd. (formerly Aurvista Gold Corporation) **Common Shares** (Mar 31, 2018 - 31,500, Sept 30, 2017 - 31,500)		**7,246**		8,663
	$	**341,246**	$	178,163

The common shares of Spruce Ridge Resources Ltd., Commander Resources Ltd. and Maple Gold Mines Ltd. were valued at their fair value, based on their respective period-end trading prices, at March 31, 2018 and September 30, 2017.

On November 21, 2017, Aurvista Gold Corporation changed its name to "Maple Gold Mines Ltd."

8. Exploration and evaluation assets

Cariboo Gold Property, British Columbia

During the year ended September 30, 2015, the Company staked the Cariboo Gold Property located in central British Columbia. The Cariboo Gold Property is 30 kilometres southeast of Quesnel, B.C. with good road access, located in the heart of the Cariboo gold fields which have produced several million ounces of gold from both placer and lode deposits. Major deposits located south and southeast of the Cariboo Gold Property include the QR Mine, the Gibraltar Mine, the Mt. Polley Mine, and the Spanish Mountain and Woodjam projects. The Cariboo Gold Property has seen significant historic exploration including geophysical and geochemical surveys and drilling. The property is known to contain gold skarn style mineralization similar to the nearby QR deposit, along with epithermal Au mineralization. Historic drilling has also encountered high temperature potassic alteration along with intrusive rocks and breccias indicating potential for Cu-Au porphyry style mineralization.

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets (continued)

Gibson Prospect, British Columbia

On April 4, 2017, the Company announced it had signed a Letter of Intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"), a wholly held subsidiary of Altius Minerals (TSX:ALS). Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The purchase agreement ("the agreement") was executed on May 12, 2017; and received Exchange approval on May 17, 2017. The Company also assumed the obligations of an underlying option agreement with Steven Scott. Under the terms of the agreement, the Company is committed to issue a maximum of 3,545,000 common shares to Altius in three stages plus incur minimum exploration expenditures up to $500,000 within 18 months, and make $90,000 in cash payments to Stephen Scott. Upon approval of the option agreement, the Company issued 1,125,000 common shares to Altius valued at $78,750 and paid $5,000 to Steven Scott pursuant to the underlying option agreement. On February 14, 2018, the company paid $15,000 to Steven Scott pursuant to the underlying option agreement. The Company has also met its minimum exploration expenditure commitments to date.

As at March 31, 2018, under the terms of the agreement, the Company is committed to the following share issuances, cash payments and minimum exploration expenditures:

	Altius		Underlying option agreement with Steven Scott (Anniversary date - March 9)	
	Share issues	Minimum Exploration Expenditures	Cash or share equivalent payments	Minimum exploration expenditures *
		($)	($)	($)
Following Phase 1 trenching but prior to drilling on the Property	1,180,000	-	-	-
Expenditure Commitment on or before November 12, 2018		500,000	-	-
Following the completion of the Expenditure Commitment	1,240,000	-	-	-
On or before March 9, 2019	-	-	20,000	20,000
On or before March 9, 2020	-	-	25,000	30,000
On or before March 9, 2021	-	-	25,000	50,000
Total	2,420,000	500,000	70,000	100,000

* - included in total minimum exploration expenditure commitments

Shane Ebert through his company, Vector Resources (see Note 17 - "Related parties and transactions and key management remuneration") is involved in British Columbia project generation activities for Altius. Vector Resources is entitled to 5% of the compensation, up to 177,250 shares, due to Altius under the Gibson agreement.

In addition, Altius will retain a right to purchase an underlying 1.5% Net Smelter Royalty ("NSR") and preferential rights on any future royalties or streams granted on the Property. If the Company achieves a measured and indicated mineral resource in excess of 1 million gold equivalent ounces, a Milestone Payment of 1,275,000 shares will be issued to Altius. Altius will have a pro rata right to participate in future equity financings of the Company for two years.

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets (continued)

Pursuant to the underlying option agreement, Steven Scott is also entitled to milestone bonuses of 1) $25,000 in cash or securities upon a Bankable Feasibility Study; and 2) $50,000 in cash or securities upon Commercial Production.

A summary of exploration and evaluation expenditures by category for the six months ended March 31, 2018 and the year ended September 30, 2017 appear below:

		British Columbia	
Six months ended March 31, 2018	**Total**	**Gibson Prospect**	**Cariboo Gold Property**
	$	$	$
Exploration expenditures:			
Balance, September 30, 2017	75,762	75,237	525
Geological consulting	5,385	3,800	1,585
Travel	302	-	302
Geochemical	336	(63)	399
Equipment rental	141	-	141
Expediting	28	-	28
Balance, March 31, 2018	**81,954**	**78,974**	**2,980**
Property acquisition costs			
Balance, September 30, 2017	87,415	83,750	3,665
Acquisition costs incurred	15,000	15,000	-
Balance, March 31, 2018	**102,415**	**98,750**	**3,665**
Total exploration and evaluation assets, March 31, 2018	**184,369**	**177,724**	**6,645**

		British Columbia	
Year ended September 30, 2017	**Total**	**Gibson Prospect**	**Cariboo Gold Property**
	$	$	$
Exploration expenditures:			
Balance, September 30, 2016	525	-	525
Geological consulting	29,213	29,213	-
Field	3,724	3,724	-
Travel	7,043	7,043	-
Geochemical	12,903	12,903	-
Excavating	26,690	26,690	-
Equipment rental	6,480	6,480	-
Decommissioning obligation	15,000	15,000	-
BC mining exploration tax credit	(25,816)	(25,816)	-
Balance, September 30, 2017	**75,762**	**75,237**	**525**
Property acquisition costs			
Balance, September 30, 2016	2,106	-	2,106
Acquisition costs incurred	85,309	83,750	1,559
Balance, September 30, 2017	**87,415**	**83,750**	**3,665**
Total exploration and evaluation assets, September 30, 2017	**163,177**	**158,987**	**4,190**

From time to time the Company is required to advance amounts to service providers prior to their commencing exploration work on the mineral interest. The advance is applied to the invoiced services, generally through the final invoice. As these advances pertain to costs that form part of the long-term exploration and evaluation assets, they are classified as long-term. At March 31, 2018, the Company held

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets (continued)

$10,000 in respect of the Gibson Prospect in exploration and evaluation asset advances and deposits (September 30, 2017 - $10,000).

During the year ended September 30, 2017, the Company applied for a British Columbia mining exploration tax credit in the amount of $25,816 for qualified expenditures made in 2017 totalling $86,054 relating to the Gibson Prospect.

On May 2, 2018, the Company entered into a Letter of Intent with Altius to acquire 5 mineral properties in British Columbia. Refer to News Release 18-2, May 2, 2018 and Note 23 - "Subsequent events" for more information.

9. Equipment

Computer equipment and software	Mar 31, 2018	Sept 30, 2017
Cost		
Balance, beginning of period and end of period	**$ 9,685**	$ 9,685
Accumulated depreciation		
Balance, beginning of period	**9,458**	9,282
Depreciation	**48**	176
Balance, end of period	**9,506**	9,458
Net book value	**$ 179**	$ 227

10. Accounts payable and accrued liabilities

	Mar 31, 2018	Sept 30, 2017
Trade payables	**$ 1,340**	$ 716
Due to related parties	**10,473**	17,618
Sales taxes payable	**91**	21
Accrued liabilities	**600**	20,327
	$ 12,504	$ 38,682

11. Decommissioning obligation

Changes in the decommissioning obligation:

	Mar 31, 2018	Sept 30, 2017
Balance, beginning of period	**$ 15,000**	**$** -
Gibson property additions	**-**	15,000
Balance, end of period	**$ 15,000**	**$** 15,000

The above noted provision represents estimated costs to restore the Company's mineral properties including the cost of filling trenches and re-vegetation as applicable. Management believes that there are no other significant legal obligations as at the respective period end dates for current and future decommissioning obligations. The period end present value of the decommissioning obligation was determined using a risk-free rate of 1.77% (September 30, 2017 - 1.52 %) and an inflation rate of 2.06% (September 30, 2017 - 1.5%) for the six month period ended March 31, 2018. The timing of future decommissioning costs is uncertain, as the costs will not be incurred until the Company gives up its legal right to explore the property or the current land

(Expressed in Canadian Dollars)

11. Decommissioning obligation (continued)

use permits expire, at which time the reclamation has to have been completed. No accretion expense has been recorded in the current period because the amount is considered to be immaterial.

12. Share capital, stock options and warrants

a) Authorized

Unlimited number of common shares without par value

b) Issued and outstanding common share capital

	Six month period ended Mar 31, 2018 Number of Shares	Year ended Sept, 30, 2017 (Post-consolidation April 3, 2017 - see note below Number of Shares
Balance, end of period	**22,586,425**	**22,586,425**

During the six month period ended March 31, 2018, there were no shares issued or cancelled and returned to treasury.

On March 23, 2017, the Company announced its intention to consolidate its issued and outstanding common shares on the basis of five (5) pre-Consolidation shares for one (1) post-Consolidation share pending the approval from the TSX Venture Exchange ("Exchange"), as well as a name change from "Northern Abitibi Mining Corp." to "CANEX Metals Inc.". The transaction included the outstanding Stock Options and Warrants to be adjusted by the consolidation ratio and the respective exercise prices of the outstanding stock options and warrants accordingly. The Company received approval from the Exchange on March 31, 2017. Effective at the opening of trading on April 3, 2017, the Company's pre-Consolidation shares were delisted and the post-Consolidation shares commenced trading under the name CANEX Metals Inc. The Corporation's trading symbol was changed to CANX. The effect of this transaction is summarized in the table below:

	Pre-Consolidation March 31, 2017		Post-Consolidation April 3, 2017	
	Number of Units	**Exercise Price**	**Number of Units**	**Exercise Price**
Common shares, issued and outstanding	107,309,126		21,461,425	
Warrants	2,300,000	$0.05	460,000	$0.25

No fractional shares were issued and all fractional shares resulting from the consolidation were rounded down to the nearest whole number with no cash consideration being paid in respect of fraction shares. After fractional rounding of the shares upon consolidation, 400 shares were cancelled.

During the year ended September 30, 2017, the Company issued 1,125,000 common shares valued at $78,750 pursuant to an option agreement on the Gibson property. The acquisition was valued using the closing share price on the transaction date. See Note 8 - "Exploration and evaluation assets" and for more information.

(Expressed in Canadian Dollars)

12. Share capital, stock options and warrants (continued)
b) Issued and outstanding common share capital (continued)

Subsequent to March 31, 2018 and up to the approval date of these financial statements there were no shares issued or cancelled and returned to treasury.

c) Stock options outstanding

Expiry	Number of options Mar 31, 2018	Number of options Sept 30, 2017	Exercise Price
June 26, 2022	**1,175,000**	1,175,000	$0.06

The Company has an option plan (the Plan), under which up to 10% of the issued and outstanding common shares are reserved for issuance. Under the Plan, the options that have been granted expire at the earlier of five years from the grant date, the date at which the Directors determine, or 60 days from the date on which the optionee ceases to be a director, officer, employee or consultant. The exercise price of the options granted under the Plan will not be less than that from time to time permitted under the rules of the stock exchange or exchanges on which the shares are then listed, which price reflects trading values at that time. All of the options outstanding at the respective period ends have vested.

d) Stock option transactions

	Number of options	Weighted average exercise price
Balance, September 30, 2016	500,000	$0.10
Expired	(500,000)	$0.10
Issued	1,175,000	$0.06
Balance, September 30, 2017 and March 31, 2018	1,175,000	$0.06

Subsequent to March 31, 2018 and prior to the approval of date of these financial statements no options were issued or expired.

e) Warrant transactions and warrants outstanding

The warrants summarized below may be exercised to acquire an equal number of common shares.

Six month period ended March 31, 2018:

Exercise Price	Expiry	Balance Sept 30, 2017	Warrants Issued	Warrants Expired	Balance Mar 31, 2017
$0.25	March 23, 2021	460,000	-	-	460,000

Year ended September 30, 2017

Exercise Price	Expiry	Balance Sept 30, 2016	Balance, April 3, 2017 Post-consolidation	Warrants Issued	Warrants Expired	Balance Sept 30, 2017
(a) $0.05/ $0.25	March 23, 2021	2,300,000	460,000	-	-	460,000

(a) The exercise price was $0.10 per share and $0.25 per share on a pre-consolidation and post-consolidation basis respectively.

Subsequent to March 31, 2018 and the approval date of these financial statements, no warrants were issued or expired.

(Expressed in Canadian Dollars)

13. Financial instruments

Financial instruments recorded at fair value are classified using a fair value hierarchy that prioritizes the inputs to fair value measurements. The three levels of fair value are summarized below:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities either directly, (i.e. prices), or indirectly, (i.e. derived from prices); and
- Level 3 - Inputs that are not based on observable market data.

Level 1 has been utilized to value common shares included in short-term investments.

The following summarizes the categories of the various financial instruments:

		March 31, 2018		September 30, 2017
		Carrying Value		
Financial Assets				
Financial assets measured at fair value:				
Short-term investments	**$**	**341,246**	$	178,163
Financial asset measured at amortized cost:				
Cash	**$**	**175,046**	$	289,930
Accounts receivable		**1,890**		460
	$	**176,936**	$	290,390
Financial Liabilities				
Financial liabilities measured at amortized cost:				
Accounts payable and accrued liabilities	**$**	**12,413**	$	38,661

The above noted financial instruments are exclusive of any sales tax.

The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments.

14. General and administrative

	Three months ended Mar 31				Six months ended Mar 31			
		2018		**2017**		**2018**		**2017**
Administrative consulting fees	**$**	**2,985**	$	1,180	**$**	**10,060**	$	5,745
Occupancy costs		**4,574**		6,014		**9,271**		12,028
Office, secretarial and supplies		**5,746**		7,051		**11,313**		10,136
Travel and promotion		**105**		154		**105**		476
Insurance		**2,166**		2,207		**4,332**		4,413
Directors' fees		**600**		600		**900**		1,200
Computer network and website maintenance		**187**		-		**413**		239
	$	**16,363**	$	17,206	**$**	**36,394**	$	34,237

(Expressed in Canadian Dollars)

15. Earnings per share

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

The following adjustments were made in arriving at diluted weighted average number of common shares for the period ended March 31:

Weighted average number of common shares:		**2018**		**2017**
Basic		**22,586,425**		107,309,126
Effect of dilutive securities:				
Stock options		**-**		-
Warrants		**-**		-
Diluted		**22,586,425**		107,309,126
Income (loss) per share				
Basic	$	0.00	$	0.00
Diluted	$	0.00	$	0.00

16. Income tax information

The estimated taxable income for the six months ended March 31, 2018 is $Nil. Based on the level of historical taxable income it cannot be reasonably estimated at this time if it is more likely than not the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by an equivalent estimated taxable temporary difference valuation allowance. The estimated taxable temporary difference valuation allowance will be adjusted in the period in which it is determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

For further information on the Company's actual losses for tax purposes, refer to the September 30, 2017 audited financial statements. The benefit of these losses and the estimated loss for the period ended have not been recognized in these financial statements.

17. Related party balances and transactions and key management remuneration

The Company is considered a related party to Jade Leader Corp. ("Jade Leader") (formerly Manson Creek Resources Ltd.) and Guatavita Gold Corporation ("Guatavita") because of its common directors, officers and key management personnel that have some direct financial interest in both the Company and Jade Leader and Guatavita. In addition, related parties include members of the Board of directors, officers and their close family members, and Vector Resources Inc., a company controlled by Shane Ebert, President and director of CANEX Metals.

(Expressed in Canadian Dollars)

17. Related party balances and transactions and key management remuneration (continued)

The Company incurred the following amounts charged by (to) related parties:

	Note	Three months ended Mar 31 2018	Three months ended Mar 31 2017	Six months ended Mar 31 2018	Six months ended Mar 31 2017
Key management remuneration:					
President and director	a)	**$ 3,750**	$ 5,000	**$ 9,250**	$ 5,750
Corporate secretary	b)	**4,838**	2,520	**8,393**	2,520
Director's fees	c)	**600**	600	**900**	1,200
		$ 9,188	$ 8,120	**$ 18,543**	$ 9,470
Other related party transactions:					
Jade Leader Corp. ("Jade Leader")					
Office rent and operating costs paid	d)	**$ (4,501)**	$ (6,014)	**$ (9,198)**	$ (12,028)
General and administrative and secretarial costs paid	d)	**$ (1,565)**	$ (870)	**$ (2,311)**	$ (2,176)
General and administrative and secretarial costs received	d)	**$ 1,800**	$ 937	**$ 2,015**	$ 1,365
Guatavita Gold Corporation ("Guatavita")					
General and administrative and secretarial costs received	e)	**$ -**	$ 24	**$ -**	$ 24

The following amounts were receivable from or due to related parties at the respective period ends:

	Note	Mar 31, 2018	Sept 30, 2017
Balances receivable (owing)			
Consulting fees:			
President and director	a)	**$ (3,938)**	$ (3,365)
Corporate secretary	b)	**$ (167)**	(1,654)
Office rent and operating costs:			
Manson Creek Resources Ltd.	d)	**$ (4,726)**	$ -
General and administrative and secretarial costs:			
Manson Creek Resources Ltd.	d)	**$ (1,643)**	$ (887)
Manson Creek Resources Ltd.	d)	**$ 1,890**	$ 436
Guatavita Gold Corporation	e)	**$ -**	$ 24

Management compensation payable to "key management personnel" during the respective three and six month periods is reflected in the table above and consists of consulting fees paid to the President, the CFO, and the Corporate Secretary and directors' fees. Officers and directors are also compensated through the granting of options from time-to-time. There were no options granted to officers and directors during the three and six month periods ended March 31, 2018 or March 31, 2017. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

a) The President and director of the Company billed for consulting services that were either expensed or, when his services related directly to mineral property exploration, capitalized to exploration and evaluation assets. During the six months ended March 31, 2018 $4,075, (2017 - $250), was expensed through reporting to general and administrative expenses, $5,175, (2017 - $Nil), was capitalized to exploration and evaluation assets, $Nil (2017 - $3,750) was expensed to pre-acquisition expenditures and $Nil (2016 - $1,750) was expensed to impairment of exploration and evaluation assets.

(Expressed in Canadian Dollars)

17. Related party balances and transactions and key management remuneration (continued)

b) The Corporate Secretary provides services to the Company on a contract basis.

c) The Company pays directors who are not officers of the Company $500 for meeting attendance in person and $300 for meeting attendance by telephone. There are two directors who are not officers and the amounts above reflect directors fees paid/payable for meetings attended during the above-noted periods.

d) Jade Leader incurred certain administrative expenses on the Company's behalf that were subsequently billed to the Company on a quarterly basis. Further, the Company incurred certain administrative costs on behalf of Jade Leader that were billed on a quarterly basis. Effective April 1, 2015, the Company commenced to lease office space from Jade Leader. Jade Leader and the Company share three common officers and two common directors.

e) The Company and incurred certain administrative expenses on behalf of Guatavita which were subsequently billed to Guatavita on a quarterly basis. Guatavita and the Company share three common officers and one common director.

Related party receivables pertain to billings plus applicable sales taxes for which payment has not been received and related party payables reflect billings plus applicable sales taxes that were not yet paid by the Company at the respective period ends. Related party transactions were measured at the amounts agreed to by the transacting parties.

18. Commitments

Pursuant to a lease agreement for office space, the Company is committed to pay $1,566 per month until April 30, 2020. As at March 31, 2018, the committed lease costs to the termination of the lease are as follows:

April 1, 2018 to September 30, 2018	$	9,396
October 1, 2018 to September 30, 2019		18,792
October 1, 2019 to April 30, 2020		10,962
	$	39,150

19. Supplemental disclosure statement of cash flows

Reconciliation of cash used in operating activities to operating loss.

	Three months ended Mar 31				Six months ended Mar 31			
		2018		**2017**		**2018**		**2017**
Income (loss) before other items	**$**	**(34,523)**	$	286,186	**$**	**(67,246)**	$	262,491
Depreciation		**24**		44		**48**		88
Recovery of exploration and evaluation assets		**-**		(343,250)		**-**		(343,250)
Changes in assets and liabilities pertaining to operations:								
Accounts receivable		**(1,061)**		(2,252)		**1,017**		(3,204)
Prepaid expenses		**(3,710)**		(175)		**(244)**		3,331
Accounts payable and accrued liabilities		**(19,284)**		3,413		**(26,178)**		(15,192)
Cash paid to suppliers and contractors	**$**	**(58,554)**	$	(56,034)	**$**	**(92,603)**	$	(95,736)

20. Segment disclosures

During the current period ended March 31, 2018 and the comparative period ended March 31, 2017 as well as during the year ended September 30, 2017, the Company was only engaged in mineral exploration and all exploration activities were undertaken in Canada. Consequently, segmented information is not presented in these financial statements.

21. Capital

The Company's objective when managing capital is to continue as a going concern so that it can provide value to shareholders by acquiring and conducting exploration on mineral exploration properties with the ultimate objective of finding commercial quantities of base and/or precious metals. Capital is defined as capital stock, warrants, contributed surplus and deficit. The Company has traditionally financed through equity issues rather than debt and does not anticipate using debt to finance its continuing grass roots exploration. Should the Company evolve to the point where it is developing or operating a mine, debt options will be investigated.

The Company will raise equity as cash flow requirements dictate and will attempt, when able, to time financings with more favorable market conditions. The Company can scale back exploration, and to a certain extent, discretionary administrative costs, during tighter equity markets. The Company invests capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments such as Bankers' Acceptances and Term Deposits.

The externally imposed capital requirement that the Company is exposed to relates to flow-through shares. Pursuant to flow-through agreements entered into with flow-through share subscribers, the Company has committed to use the full proceeds of these issuances to incur qualifying mineral exploration expenditures within a prescribed time frame. Should the Company not incur these expenditures, they are required to pay the flow-through subscribers an amount equal to the tax payable by the subscriber as a result of the Company's failure to incur the expenditures. As at March 31, 2018 and September 30, 2017 there were no qualifying expenditures required by flow-through agreements, consequently there was no restricted cash at March 31, 2018 and September 30, 2017.

22. Financial risk management

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of receivables, (excluding sales tax). The Company has had a history of prompt receipt of its receivables and considers credit risk to be low on these instruments as at March 31, 2018 and September 30, 2017.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The Company feels that it has sufficient working capital to finance general and administrative through fiscal 2018 and beyond. However, new property acquisitions and exploration on its mineral properties may require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 "Nature of operations".

22. Financial risk management (continued)

c) Market risk

The Company's equity investments are subject to market price risk. These investments were received as partial proceeds for the sale of mineral property interests. The Company does not invest excess cash in equity investments as a general rule. The investments in common shares and warrants are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price or value of these investments can vary from period to period. During the six month period ended March 31, 2018, the market price fluctuation on the investments held resulted in a net gain on short-term investments of $163,083, (year ended September 30, 2017 - net loss of $243,146). In 2018, a 10% change in fair value of the Company's marketable investments would result in a charge to income of $34,125 (2017 - $17,816). The Company does not intend to hold these investments for more than one year.

The company does not have production from mineral interests, consequently it is not exposed to commodity price risk associated with developed properties at this time.

d) Interest rate risk

The Company has no debt facilities and has minimal amounts of interest income, consequently it is not exposed to significant interest rate risk at this time. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

e) Foreign exchange risk

There were no foreign currency denominated transactions during the periods disclosed and the Company did not hold cash balances in foreign currencies. As a result the Company is not exposed to foreign currency exchange risk at this time.

23. Subsequent events

On April 26, 2018, the Company signed a Letter of Intent ("LOI"), subject to the definitive agreement being executed on or before May 31, 2018, granting the Company an option to acquire a 100% interest in 5 mineral exploration properties in British Columbia from Altius Resources Inc. ("Altius"), a wholly-owned subsidiary of Altius Minerals Corp. (TSX:ALS). The 5 properties are named Ace, Echo, Fulton, Red and Beal. Refer to News Release 18-2, May 2, 2018 for more information. The terms of the agreement are summarized below:

To acquire a 100% interest in the Echo, Fulton, Beal and Red properties, the Company must spend a minimum of $30,000 on exploration within 15 months of closing the definitive agreement and issue to Altius 500,000 common shares for each project. In addition, Altius will retain a 1.75% Gross Smelter Royalty ("GSR") on all properties within a 5 km area of interest. For each property that achieves a measured and indicated mineral resource in excess of 0.5 million gold equivalent ounces, a Milestone Payment of 1.5 million shares will be issued to Altius.

To acquire a 100% interest in the Ace project, the Company must fund the next $100,000 in exploration expenditures and assume the obligation of an underlying option agreement which includes payment of $150,000 in cash or shares and expenditures of $555,000 over 5 years. Following the $100,000 expenditures, the Company will be required to issue 500,000 common shares to Altius. Altius would retain royalty buy back rights from the underlying agreement and would hold a 1.75% GSR on the property with any royalty payments in the underlying agreement subtracted from the royalty due to Altius. A milestone bonus payment of 1.5 million common shares will be payable if the property achieves a compliant resource estimate containing 0.5 million gold equivalent ounces. Acquiring the Ace project will be conditional on the satisfactory resolution of a property access issue by August 15, 2018.

23. Subsequent events (continued)

In addition, the definitive agreement is subject to the Company completing a minimum of $500,000 financing, the terms of which are still to be announced. As part of the agreement, Altius will contribute $100,000 to the financing, and it is expected that Altius would then own approximately 12% of the outstanding shares of CANEX Metals. The definitive agreement is also subject to exchange approval.

Shane Ebert through his company, Vector Resources (see Note 17 - "Related parties and transactions and key management remuneration" is involved in British Columbia project generation activities for Altius. Vector Resources is entitled to 5% of the compensation due to Altius as part of this agreement.

The following management discussion and analysis (MD&A) is management's assessment of the results and financial condition of CANEX Metals Inc. ("CANEX Metals" or "the Company") for the three and six month periods ended March 31, 2018 and should be read in conjunction with the Unaudited Condensed Interim Consolidated Financial Statements as at and for the three and six month periods ended March 31, 2018 ("Q2 2018") and related notes thereto as well as the Audited Consolidated Financial Statements for the year ended September 30, 2017 and related notes thereto. The date of this MD&A is May 28, 2018. CANEX Metals' common shares trade on the TSX Venture Exchange under the symbol "CANX". The Company's most recent filings are available on the System for Electronic Document Analysis and Retrieval ('SEDAR') and can be accessed at www.sedar.com.

The Company's Unaudited Condensed Interim Consolidated Financial Statements for the six months ended March 31, 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the IFRS accounting policies the Company adopted in its initial IFRS Annual Consolidated Financial Statements as at and for the year ended September 30, 2017. The Company's accounting policies are provided in Note 3 "Summary of significant accounting policies" to the annual Consolidated Financial Statements as at September 30, 2017. All dollar amounts are in Canadian dollars, unless otherwise noted.

The "Independent Qualified Person” under the guidelines of National Instrument 43-101 of the Canadian Securities Administrators ("NI 43-101") for CANEX Metals' exploration projects in the following discussion and analysis is Dr. Shane Ebert, P. Geo., a Professional Geologist, registered in the Province of British Columbia and the President and Director of CANEX Metals. The scientific and technical information concerning such properties contained herein has been reviewed by Dr. Ebert.

Statements and/or financial forecasts that are unaudited and not historical, including without limitation, exploration budgets, data regarding potential mineralization, exploration results and future plans and objectives, are to be regarded as forward-looking statements that are subject to risks and uncertainties that can cause actual results to differ materially from those anticipated. Such risks and uncertainties include risks related to the Company’s business including, but not limited to: general market and economic conditions, continued industry and public acceptance, regulatory compliance, potential liability claims, additional capital requirements and uncertainty of obtaining additional financing and dependence on key personnel. Actual exploration and administrative expenditures can differ from budget due to unforeseen circumstances, changes in the market place that will cause suppliers’ prices to change, and additional findings that will dictate that the exploration plan be altered to result in more or less work than was originally planned.

All forward-looking information is stated as of the effective date of this document, and is subject to change after this date. There can be no assurance that forward-looking information will prove to be accurate and future events and actual results could differ materially from those anticipated.

1) Principal Business of the Company

CANEX Metals, including its wholly owned subsidiary, NAMCOEX Inc., is engaged exclusively in the business of mineral exploration and development and, as the Company has no mining operations and no earnings there-from, is considered to be in the exploration stage. The recoverability of the amounts comprising exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain financing to complete the development of the mineral properties where necessary and upon future profitable production; or, alternatively, upon the Company’s ability to recover its costs through a disposition of its interests. The Company’s philosophy is to acquire projects at the grass roots level and advance them to a point where partners can be brought in to further the properties to the stage where a mine is commercially feasible or the property can be sold outright.

The Company has no operating income and no earnings; exploration and operating activities are financed by the sale of common shares and warrants. None of the Company's mineral properties are in production. Consequently, the Company's net income is a limiting indicator of its performance and potential.

2) Highlights – Three and Six months ended March 31, 2018

- On April 26, 2018, the Company signed a Letter of Intent ("LOI") granting the Company an option to acquire a 100% interest in 5 mineral exploration properties in British Columbia from Altius Resources Inc. ("Altius"), a wholly-owned subsidiary of Altius Minerals Corp. For more information relating to this transaction refer to News Release 18-2, May 2, 2018 and section 19) Subsequent events.
- On August 3, 2017, the Company received exploration permits for the Gibson Prospect which allowed the Company to complete its summer 2017 exploration program, including trenching and surface sampling by August 29, 2017. The results of the 2017 exploration program are detailed in News Releases 17-6 and 17-7 dated October 18, 2017 and October 26, 2017 respectively. For additional information see Section 3) Mineral properties, Gibson Prospect of this document.
- During Q1 2018 the Company spent 2 days at the Cariboo Property evaluating the geologic setting and taking soil samples. The Company will continue to evaluate and interpret all available historic exploration data from the Cariboo Gold Property and design an appropriate exploration program for 2018.
- The Company continues to actively search for new early stage exploration opportunities and avenues for growth in stable jurisdictions within North America. The Company has not entered into any business combination, acquisition or similar agreements except as noted above.

3) Mineral Properties

Gibson Prospect, British Columbia

The Gibson prospect ("Gibson") is 887 hectares in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The area is accessible via a network of all weather logging roads. Gibson contains mesothermal gold-silver mineralization hosted in highly altered volcanic and sedementary rocks adjacent to the Hogem Batholith. The zone was discovered and explored by Noranda Exploration Company from 1989 to 1991. Following soil sampling and induced polarization geophysical surveys, Noranda exposed precious metal mineralization in hand trenches with surface samples returning 12.86 g/t gold and 144.7 g/t silver over 1.5 meters and 5.35 g/t gold and 2136 g/t silver over 1.7 meters. Noranda subsequently drilled 9 holes with 8 and 9 holes intersecting significant gold and silver mineralization. The best drill intercept returned 4.26 meters grading 6.77 g/t gold and 1828 g/t silver. The mineralized zone appears to be about 4.5 metres wide and at least 400 metres long and remains open in all directions. Prior to recent work by CANEX no follow-up trenching or drilling has been conducted at Gibson since the highly successful Noranda program.

The Noranda hand trenching and drill results are reported in BC Assessment report 21762 for Noranda Exploration Company by Stewart and Walker 1991. This drilling was done prior to NI 43-101 and should be considered historic in nature. The results have not been verified by CANEX Metals and should not be relied upon.

On April 4, 2017, the Company announced it had signed a Letter of Intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"), a wholly-owned subsidiary of Altius Minerals (TSX:ALS). The Option agreement was executed on May 12, 2017; and received Exchange approval on May 17, 2017.

CANEX Metals can earn a 100% interest in the Gibson prospect from Altius by issuing 3,545,000 common shares in three stages, spending $500,000 on exploration within 18 months, and taking over the obligations of an underlying option agreement with Steven Scott. The Company issued 1,125,000 common shares to Altius on signing of the Option Agreement and Exchange approval, valued at $78,750, using the closing share price on the date of the transaction. The Company also paid $5,000 to Steven Scott pursuant to the underlying option agreement. Altius will retain a right to purchase an underlying 1.5 Net Smelter Royalty ("NSR") and preferential right on any future royalties or streams granted on the Property. Altius will also have a pro rata right to participate in future equity financings of CANEX Metals for two years. For more information relating to this transaction see News Release 17-1 issued April 4, 2017 and Section 7) Contractual obligations in this report. On February 14, 2018, the Company paid $15,000 to Steven Scott pursuant to the underlying agreement and has met its exploration expenditure commitments to date.

Shane Ebert through his company, Vector Resources (see Note 17 - "Related parties and transactions and key management remuneration" to the Unaudited Condensed Interim Consolidated Financial Statements for the three and six month period ended March 31, 2018 which accompany this MD&A) is involved in British Columbia project generation activities for Altius. Vector Resources is entitled to 5% of the compensation, up to 177,250 shares, due to Altius under the Gibson agreement.

In addition, Altius will retain a right to purchase an underlying 1.5% Net Smelter Royalty ("NSR") and preferential rights on any future royalties or streams granted on the Property. If the Company achieves measured and indicated mineral resources in excess of 1 million gold equivalent ounces, a Milestone Payment of 1,275,000 shares will be issued to Altius. Altius will have a pro rata right to participate in future equity financings of the Company for two years.

Pursuant to the underlying option agreement, Steven Scott is also entitled to the additional milestone bonuses of: 1) $25,000 in cash or securities upon a Bankable Feasibility Study; and 2) $50,000 in cash or securities upon Commercial Production.

Exploration permits for Gibson were received allowing the Company to establish an access road into the zone and conduct trenching and drilling. During August 2017 the Company completed an access trail into Gibson and excavated 8 trenches, uncovering considerable zones of alteration and silver-gold mineralization. Detailed trench mapping and sampling was conducted with 161 surface rock samples and 464 soils collected. Highlights of the trenching results include 4.0 g/t gold equivalent (Au Eq) over 12 metres, 24.1 g/t Au Eq over 1 metre, 5.9 g/t Au Eq over 3 metres, 10.7 g/t Au Eq over 1 metre, 1.3 g/t Au Eq over 16 metres, 2.8 g/t Au Eq over 9 metres, and 5.5 g/t Au Eq over 3 metres. As a condition of permitting, the Company has issued a $10,000 reclamation security deposit to British Columbia Ministry of Energy and Mines.

The Company is evaluating plans to drill test the Gibson mineralized zones in the summer of 2018.

Cariboo Gold Property, British Columbia

During the year ended September 30, 2015, the Company staked the Cariboo Gold Property located in central British Columbia.

The Cariboo Gold Property is 30 kilometres southeast of Quesnel, B.C. with good road access, located in the heart of the Cariboo gold fields which have produced several million ounces of gold from both placer and lode deposits. Major deposits located south and southeast of the Cariboo Gold Property include the QR Mine, the Gibraltar Mine, the Mt. Polley Mine, and the Spanish Mountain and Woodjam projects.

The Cariboo Gold Property has seen significant historic exploration including geophysical and geochemical surveys and drilling. The property is known to contain gold skarn style mineralization similar to the nearby QR deposit, along with epithermal Au mineralization. Historic drilling has also encountered high temperature potassic alteration along with intrusive rocks and breccias indicating potential for copper- gold (Cu-Au) porphyry style mineralization.

Historic drilling by Placer Dome and Cross Lake Minerals encountered strong gold mineralization including intercepts of 11 metres grading 1.41 g/t Au, 6 metres grading 2.18 g/t Au, 6 metres grading 1.72 g/t Au, and individual assays up to 4.5 g/t Au. An induced polarization geophysical survey conducted in 2003 for Cross Lake Minerals defines an area 800 metres by 350 metres with anomalous chargeability that remains open to the southwest, west and northeast, with a coincident resistivity high that is 200 metres by 500 metres and appears open to the west and northeast. The known mineralized zones have not been fully drill tested or delineated and significant geophysical and geological targets on the property remain untested.

During Q1 2018 the Company spent 2 days at the Cariboo Property evaluating the geologic setting and taking soil samples. The Company will continue to evaluate and interpret all available historic exploration data from the Cariboo Gold Property and design an appropriate exploration program for 2018.

4) Operating Results

A summarized statement of operations appears below to assist in the discussion that follows:

	Three months ended March 31		Six months ended March 31	
	2018	**2017**	**2018**	**2017**
General and administrative	**$ (16,363)**	$ (17,206)	**$ (36,394)**	$ (34,237)
Reporting to shareholders	**(14,137)**	(17,076)	**(18,061)**	(21,193)
Professional fees	**(1,153)**	(9,980)	**(7,815)**	(10,203)
Stock exchange and transfer agent fees	**(2,846)**	(8,389)	**(4,928)**	(10,669)
Depreciation	**(24)**	(44)	**(48)**	(88)
Recovery	**-**	343,250	**-**	343,250
Pre-acquisition costs	**-**	(4,369)	**-**	(4,369)
Gain (loss) on short-term investments	**(445)**	51,577	**163,083**	(170,048)
Dividend income	**-**	11,340	**-**	11,340
Interest income	**174**	85	**194**	124
Net and comprehensive income (loss)	**$ 34,794**	$ 349,188	**$ (96,031)**	$ 103,907

The Company continues to tightly manage costs as a strategy to conserve resources; however, activity in the junior mining sector has picked up and is reflected in the operations above. Variances in general and administrative expenditures and professional fees are examined in further detail in the chart below. The most significant changes in other expenditures follow:

- Reporting to shareholders expenditures relate to the filing and dissemination of the annual audited financial statements for which there was no significant variance as well as the Annual General Meeting ("AGM") which was held in Q2 2018 and Q2 2017. The variance of $3,100 primarily relates to a reduction of printing and postage costs in the current year due to the share consolidation in Q3 2017.
- Stock exchange and transfer agent fees of $5,700 are lower in the current three and six month periods due to fees incurred for the stock option plan for 2015, 2016 and 2017 paid in 2017, as well as the share consolidation and name change transactions. Other than 2018 stock option plan fees, similar fees were not incurred in the current period.
- The recovery reported in Q2 2017 relates to agreements entered into with Maple Gold Mines Ltd. ("Maple Gold") (formerly Aurvista Gold Corporation). During the three month period ended March 31, 2017, the Company received $325,000 in cash from Maple Gold for its 1.5% royalty interest in the Douay property in Quebec. Additionally, the Company received $20,000 in cash from Maple Gold to terminate obligations under a price adjustment clause of an agreement dated August 18, 2010 with respect to the Property. During the year ended September 30, 2004, the Company wrote the Douay property off as impaired as it determined that there were insufficient financial resources to continue exploration on the property. As there were no property costs against which the payments from Maple

Gold could be offset, all of these payments, net of related expenses were recognized as income in the period of receipt. There were no similar transactions in the current period.

- In Q2 2017, the Company incurred pre-acquisition costs of $4,369 with respect to the acquisition of the Gibson Prospect and primarily include cost of negotiating the Option agreement executed May 12, 2017. (Refer to Section 3) Mineral properties, Gibson Prospect, British Columbia for further details).
- In the current period, the Company recognized a loss on short-term investments of $445; however, over the six month period a gain of $163,083 was incurred. The loss on short-term investments results from adjusting the Company's holdings in common shares to fair value at the respective period ends. These market price changes result in significant valuation adjustments from period to period. At March 31, 2018, the Spruce Ridge Resources Ltd. shares were trading at $0.030 versus $0.015 at September 30, 2017, resulting in a gain of $165,000. At March 31, 2017, these shares were trading at $0.025 per share versus $0.040 at September 30, 2016, resulting in a loss of $165,000. At March 31, 2018, the Commander Resources Ltd. ("Commander") shares were trading at $0.040 per share versus $0.045 at September 30, 2017 resulting in a loss of $500. There was no change in the value of the Commander shares at March 31, 2017 and September 30, 2016 resulting in no gain or loss. The value of the Maple Gold shares were trading at $0.230 per share at March 31, 2018 versus $0.270 at September 30, 2017 resulting in a loss of $1,418. The value of the Maple Gold shares decreased in value from the date of acquisition of $0.36 per share to $0.295 at March 31, 2017, resulting in a loss of $2,048. On March 22, 2017, the Company received a share dividend from Société d'Exploration Minière Vior Inc. ("Vior") of 31,500 shares of Aurvista Gold Corporation (now Maple Gold) valued at $0.36 per share (the last reported closing price on March 16, 2017, before the issuance of the stock dividend) totalling $11,340. At March 31, 2017, the Vior shares were trading at $0.08 per share versus $0.12 at September 30, 2016, resulting in a loss of $3,000. The Company sold its remaining 75,000 shares in Vior on June 22, 2017 realizing a loss of $36,932.

General and administrative expenses

Details of the components of General and Administrative expenses appear below to assist in the discussion that follows:

	Three months ended March 31		Six months ended March 31	
	2018	**2017**	**2018**	**2017**
Administrative consulting fees	**$ 2,985**	$ 1,180	**$ 10,060**	$ 5,745
Occupancy costs	**4,574**	6,014	**9,271**	12,028
Office, secretarial and supplies	**5,746**	7,051	**11,313**	10,136
Travel and promotion	**105**	154	**105**	476
Insurance	**2,166**	2,207	**4,332**	4,413
Directors' fees	**600**	600	**900**	1,200
Computer network and website maintenance	**187**	-	**413**	239
Total general and administrative expenses	**$ 16,363**	$ 17,206	**$ 36,394**	$ 34,237

- Administrative consulting fees, which consist of fees for the CFO, the controller and geological consulting, are up by approximately $4,300 from the comparative six month period. There were no fees for the services provided by the CFO in either the current or comparative six month period. The variance from the comparative six month period primarily is due to an increase of $3,800 in geological consulting fees for administration; a reflection of increased opportunities. The remaining variance relate to fees for the controller.
- Occupancy costs are down by approximately $2,700 in the current six month period and result from the new leasing arrangement entered into April 1, 2017. See Note 17 to the Unaudited

Condensed Interim Consolidated Financial Statements - "Related party balances and transactions and key management remuneration".

- For the six month period ended March 31, 2018, office, secretarial and supplies have increased nominally from the comparative six month period. The increase between the current and comparative six month periods reflects the increase in activity during the current period relating primarily to fees for services provided by the Corporate Secretary which are in accordance with the budget.
- There is no significant variation in insurance premiums between current and comparative quarters. Insurance premiums are in accordance with the budget.

Professional fees

Details of the components of Professional fees appears below to assist in the discussion that follows:

	Three months ended March 31		Six months ended March 31	
	2018	**2017**	**2018**	**2017**
Audit and accounting	**$ -**	$ 3,809	**$ 4,100**	$ 3,809
Legal and filing fees	**1,153**	6,171	**3,715**	6,394
Total professional fees	**$ 1,153**	$ 9,980	**$ 7,815**	$ 10,203

- The audit and accounting expenditures of $4,100 and $3,809 are due to an under accrual of the 2017 and 2016 audit fees respectively.
- In the current and comparative periods legal and filing fees consisted primarily of fees for news releases and SEDAR continuous disclosure filings which corresponded with the volume of activity in each period. Also included are nominal legal fees for corporate filings. The decrease of $2,700, from the comparative period is attributable to legal fees relating to the name change, share consolidation and consultations relating the Aurvista agreements being included in the comparative total. Similar fees were not incurred in the current period.

5) Liquidity and Capital Resources

The Company's working capital position at March 31, 2018 was $541,853 (September 30, 2017 - $468,249) an increase of $73,600. The Company consumed approximately $92,600 through operating activities during the six month period ended March 31, 2018.

Other significant changes to working capital are as follows:

- An increase in the fair market value of the short-term investments from $178,163 at September 30, 2017 to $341,246 at March 31, 2018 resulted in a gain of $163,083.
- The company invested $2,500 in exploration and evaluation assets for exploration activities related to the Cariboo Gold property in British Columbia and $18,700 for exploration activities related to the Gibson Prospect, including a $15,000 cash payment pursuant to the underlying option agreement with Steven Scott.
- While there were no financing activities during the three and six month periods ended March 31, 2018, Q2 2018 expenditures related to the share consolidation and name change in Q3 2017 not previously billed.

The Company will have sufficient cash to finance general and administrative operations the remainder of the current year and beyond, before acquisition costs and exploration expenses are accounted for. Additional financing may be required to fund new property acquisitions and any exploration programs. Management is continually assessing financing options. While the Company has successfully raised equity funds in the past, there are no guarantees that it will be able to do so in the future. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 - "Nature of operations" in the Unaudited Condensed Interim Consolidated Financial Statements, March 31, 2018 which accompany this document. The Company is currently planning a $500,000 financing, the details of which are still to be announced. Refer to New Release 18-2, dated May 2, 2018 and Section 19) Subsequent events for more information.

6) Financing

During the three and six month period ended March 31, 2018, there were no financing activities.

During the year ended September 30, 2017, the Company consolidated its issued and outstanding common shares on the basis of five (5) pre-Consolidation shares for one (1) post-Consolidation share. Refer to Note 12, "Share capital, stock options and warrants" to the Unaudited Condensed Interim Consolidated Financial Statements for the periods ended March 31, 2018 - "Subsequent events" for the details regarding this transaction.

7) Contractual Obligations

a) The Company is party to a lease for office space which expired on March 31, 2018 and was subsequently renewed May 1, 2018, terminating April 30, 2020. As at March 31, 2018, the contractual cash obligations for the following five fiscal years are as follows:

Nature of obligation	2018	2019	2020	2021	2022
Office lease base rent	$ 9,396	$ 18,792	$ 10,962	$ -	$ -

b) On April 4, 2017, the Company announced it had signed a Letter of intent to acquire a 100% interest in the Gibson property from Altius Resources Inc. ("Altius"). Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The purchase agreement was executed on May 12, 2017 and received Exchange approval on May 17, 2017. The Company has also assumed the obligations of an underlying option agreement with Steven Scott.

The remaining commitments of the agreement are as follows:	**Altius**		**Underlying option agreement with Steven Scott**	
	Share issues	Minimum Exploration Expenditures	Cash or share equivalent payments	Minimum exploration expenditures*
		($)	($)	($)
Following Phase 1 trenching but prior to drilling on the Property	1,180,000	-	-	-
Expenditure Commitment on or before November 12, 2018	-	500,000	-	-
Following the completion of the Expenditure Commitment	1,240,000	-	-	-
On or before March 9, 2019	-	-	20,000	20,000
On or before March 9, 2020	-	-	25,000	30,000
On or before March 9, 2021	-	-	25,000	50,000
Total remaining	2,420,000	500,000	70,000	100,000

* - included in total minimum exploration expenditure commitments

In addition, Altius will retain a right to purchase an underlying 1.5% Net Smelter Royalty ("NSR") and preferential rights on any future royalties or streams granted on the Property. If the Company achieves a measured and indicated mineral resource in excess of 1 million gold equivalent ounces, a Milestone Payment of 1,275,000 shares will be issued to Altius. Altius will have a pro rata right to participate in future equity financings of the Company for two years.

Pursuant to the underlying option agreement, Steven Scott is also entitled to milestone bonuses of: 1) $25,000 in cash or securities upon a Bankable Feasibility Study; and 2) $50,000 in cash or securities upon Commercial Production.

8) Exploration Expenditures

Refer to Note 8 “Exploration and evaluation assets,” in the Unaudited Condensed Interim Consolidated Financial Statements for exploration and evaluation asset expenditures for the three and six month periods ended March 31, 2018.

9) Off-Balance Sheet Transactions

There are no off-balance sheet transactions to report.

Selected Quarterly Financial Information

The following selected financial data has been extracted from the Unaudited Condensed Interim Consolidated Financial Statements for the fiscal periods indicated and should be read in conjunction with those unaudited financial statements.

Three months ended	**Mar 31 2018 (Q2 2018)**	**Dec 31 2017 (Q1 2018)**	**Sep 2017 (Q4 2017)**	**Jun 2017 (Q3 2017)**	**Mar 31 2017 (Q2 2017)**	**Dec 31 2016 (Q1 2017)**	**Sep 30 2016 (Q4 2016)**	**Jun 2016 (Q3 2016)**
	$	$	$	$	$	$	$	$
Loss before recovery (impairment) of exploration and evaluation assets	(34,523)	(32,723)	(38,677)	(90,616)	(57,064)	(23,695)	(34,146)	(14,867)
Recovery (impairment) of exploration and evaluation assets	-	-	(327)	-	343,250	-	2000	967
Income (loss) before other items	(34,523)	(32,723)	(39,004)	(90,616)	286,186	(23,695)	(32,146)	(13,900)
Interest and other income	174	20	38	49	85	39	35	40
Dividend income	-	-	-	-	11,340	-	-	-
Gain (loss) on short-term investments	(445)	163,528	(55,288)	(54,742)	51,577	(221,625)	57,000	173,350
Comprehensive profit (loss)	(34,794)	130,825	(94,254)	(145,309)	349,188	(245,281)	24,889	159,490
Basic and diluted earnings (loss) per share	0.00	(0.01)	(0.00)	(0.01)	0.00	0.00	0.00	0.00

Generally, the most significant influences on the variability of profit or loss are the amount of exploration and evaluation asset impairments or recoveries, and gains or losses on short-term investments. The timing of the impairments and gains on sale of the Company’s Exploration and evaluation assets cannot be predicted in advance and will vary from one reporting period to the next. As a result, there may be dramatic changes in the financial results and balance sheet position reported by the Company on a period by period basis.

More specific variances include the Q2 2017 loss before recovery of exploration and evaluation assets of $57,064, which is higher than other quarters and include expenditures related to the AGM, one time expenditures for the share consolidation and name change which occurred in Q3 2017 and pre-acquisition expenditures of $4,369. Operations also include a recovery of $343, 250 related to mineral properties. (Refer to Section 4) Operating Results above for more details regarding these transactions. The Q3 2017 loss before recovery of exploration and evaluation assets of $90,616 include a non-cash charge for stock-based compensation of $64,500.

The Company has received common shares in four separate publicly traded Companies as partial consideration for the sale of mineral property interests in past years. Comprehensive Profit or Loss will fluctuate as the carrying value of these investments is adjusted to fair value at the respective period ends.

10) Directors and Officers

Shane Ebert	*Director and President*	Douglas Cageorge	*Director*
Jean-Pierre Jutras	*Director and Vice-President*	Douglas Porter	*Chief Financial Officer*
Barbara O'Neill	*Corporate Secretary*	Lesley Hayes	*Director*

11) Related Party balances and transactions and key management remuneration

Transactions and balances are disclosed and explained in Note 17 to the Unaudited Condensed Interim Consolidated Financial Statements for the three and six month periods ended March 31, 2018 which accompany this MD&A.

12) Share capital and equity reserves

Refer to Note 12 to the Condensed Interim Consolidated Financial Statements and the Condensed Interim of Changes in Equity for common share capital, stock option and warrant transactions during the six months ended March 31, 2018 and balances as at that date. There were no changes to Share capital, Warrants or Stock Options during the period from April 1, 2018 to May 28, 2018, the date of this report.

13) Financial instruments

The carrying value of the Company's financial instruments, consisting of cash, accounts receivable (net of sales tax), and accounts payable and accrued liabilities, approximate their fair value due to the short-term nature of the instruments. Short-term investments are recorded at fair value at each period end, based on their period-end trading prices on a recognized stock exchange and any gains or losses are reported in earnings or loss.

It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company had no foreign currency denominated fund balances. Consequently, variations in foreign exchange rates will not result in foreign exchange gains or losses at this point in time.

14) Financial risk management

a) Credit risk
Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of receivables. The Company has had a history of prompt receipt of their receivables and considers credit risk to be low on these instruments as at March 31, 2018 and September 30, 2017.

b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain

sufficient liquidity in order to meet operational and exploration requirements, as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The Company feels that it has sufficient working capital to finance general and administrative and other operating expenses through fiscal 2018 and beyond. However, new property acquisitions and exploration on its mineral properties may require additional financing. Refer to Note 1 - Nature of operations in the Unaudited Condensed Interim Consolidated Financial Statements, for the three and six months ended March 31, 2018 and Section 5) Liquidity and Capital Resources and Section 19) Subsequent events in this document.

c) Market risk

The Company's equity investments are subject to market price risk. These investments were received as proceeds for the sale of mineral property interests. The Company does not invest excess cash in equity investments as a general rule. The investments in common shares and warrants are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price or value of these investments can vary from period to period. During the six month period ended March 31, 2018, the market price fluctuation on the investments held resulted in a net gain on short-term investments of $163,083 (year ended September 30, 2017 - net loss of $243,146). In 2018, a 10% change in fair value of the Company's marketable investments would result in a charge to income of $34,125 (2017 - $17,816). The Company does not intend to hold these investments for more than one year.

The Company does not currently have production from mineral interests, consequently it is not exposed to commodity price risk associated with developed properties at this time.

d) Interest rate risk

The Company has no debt facilities and has minimal amounts of interest income, consequently it is not exposed to significant interest rate risk at this time. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

e) Foreign exchange risk

There were no foreign currency denominated transactions during the periods disclosed and the Company did not hold cash balances in foreign currencies. As a result the Company is not exposed to foreign currency exchange risk at this time.

15) Outlook

The Company’s primary objective is to discover mineral resources in economic quantities capable of supporting an operating mine. Should the Company discover such a promising property, it would likely attempt to ally with a more senior mining company that might option-in on the property or purchase the property outright, as the Company does not have expertise in operating a mine.

- On April 26, 2018, the Company signed a Letter of Intent ("LOI") granting the Company an option to acquire a 100% interest in 5 mineral exploration properties in British Columbia from Altius Resources Inc. ("Altius"), a wholly-owned subsidiary of Altius Minerals Corp. For more information relating to this transaction refer to News Release 18-2, May 2, 2018 and section 19) Subsequent events.
- During the year ended September 30, 2015, the Company acquired the Cariboo Gold property, located in central British Columbia, through staking. The Company will continue to evaluate and interpret all available historic exploration data from the Cariboo Gold Property and design an appropriate exploration program for 2018. Refer to section 2) Highlights and 3) Mineral properties of this document for more information relating to the acquisition of this property.

- On April 4, 2017, the Company announced it had signed a Letter of Intent to acquire a 100% interest in the Gibson Prospect from Altius Resources Inc. Gibson is 887 Ha in size and located in central British Columbia, approximately 95 kilometres northwest of Fort St. James. The Company will also assume the obligations of an underlying option agreement with Steven Scott. Refer to Section 3) Mineral properties for further information related to this transaction.
- On August 3, 2017, the Company received exploration permits for the Gibson Prospect which allowed the Company to complete its summer 2017 exploration program, including trenching and surface sampling by August 29, 2017. The results of the 2017 exploration program are detailed in News Releases 17-6 and 17-7 dated October 18, 2017 and October 26, 2017 respectively. The Company is evaluating plans to drill test the Gibson mineralized zones in the summer of 2018. For additional information see Section 3) Mineral properties, Gibson Prospect of this document.

The Company continues to actively search for new early stage exploration opportunities and avenues for growth in stable jurisdictions within North America. The Company has not entered into any business combination, acquisition or similar agreements except as noted above.

16) Risks

The business and operations of the Company are subject to numerous risks, many of which are beyond the Company's control. The Company considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which it considers to be material in relation to the Company's business actually occur, the Company's assets, liabilities, financial condition, results of operation (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline and investors may lose all or part of their investment.

The Company is a natural resource company engaged in the acquisition, exploration and development of mineral properties. Given the nature of the mining business, the limited extent of the Company's assets and the present stage of exploration, the following risk factors, among others, should be considered:

- **Exploration, development and operating risks**
  The Company is in the process of exploring its properties and has not yet determined whether its properties contain economically recoverable reserves and, therefore, does not generate any revenues from production. The recovery of expenditures on mineral properties and the related deferred exploration expenditures are dependent on the existence of economically recoverable mineralization, the ability of the Company to obtain financing necessary to complete the exploration and development of its properties, and upon future profitable production, or alternatively, on the sufficiency of proceeds from disposition. Mineral exploration is highly speculative in nature, involves many risks and frequently is non-productive. There is no assurance that exploration efforts will be successful.

- **Substantial capital requirements and liquidity**
  Substantial additional funds for the establishment of the Company's current and planned mining operations will be required. No assurances can be given that the Company will be able to raise the additional funding that may be required for such activities, should such funding not be fully generated from operations. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which will have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Company may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Company or at all. If the Company is unable to obtain additional financing as

needed, it may be required to reduce the scope of its operation and pursue only those projects that can be funded through cash flows generated from its existing operations, if any.

- **Fluctuating mineral prices**
  The economics of mineral exploration are affected by many factors beyond the Company's control, including commodity prices, the cost of operations, variations in the grade of minerals explored and fluctuations in the market price of minerals. Depending on the price of minerals, the Company may determine that it is impractical to continue a mineral exploration operation. Mineral prices are prone to fluctuations and the marketability of minerals is affected by government regulation relating to price, royalties, allowable production and the importing and exporting of minerals, the effect of which cannot be accurately predicted. There is no assurance that a profitable market will exist for the sale of any minerals found on the Company's properties.

- **Regulatory, permit and license requirements**
  The current or future operations of the Company require permits from various governmental authorities, and such operations are and will be governed by laws and regulations concerning exploration, development, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, site safety and other matters. Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays in development and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that all permits which the Company may require for facilities and the conduct of exploration and development operations on the Properties will be obtainable on a reasonable terms, or that such laws and regulation will not have an adverse effect on any exploration or development project which the Company might undertake.

  Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in exploration and development operations may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mineral companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or exploration and development costs, or require abandonment or delays in the development of new or existing properties.

- **Financing risks and dilution to shareholders**
  The Company has limited financial resources, no operations and no revenues. If the Company's exploration program on it properties is successful, additional funds will be required for the purposes of further exploration and development. There can be no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be available on favourable terms or at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders.

- **Title to properties**
  Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed. The Company cannot give an assurance that title to its properties will not be challenged or impugned. Mineral properties sometimes contain claims or transfer histories that examiners cannot verify. A successful claim that the Optionors or the Company, as the case may be does not have title to its properties could cause the Company to lose any rights to explore, develop and mine any minerals on its properties without compensation for its prior expenditures relating to its properties.

- **Competition**
  The mineral exploration and development industry is highly competitive. The Company will have to compete with other mining companies, many of which have greater financial, technical and other resources than the Company, for, among other things, the acquisition of mineral claims, leases and other mineral interest as well as for the recruitment and retention of qualified employees and other personnel. Failure to compete successfully against other mining companies could have a material adverse effect on the Company and its prospects.

- **Reliance on management and dependence on key personnel**
  The success of the Company will be largely dependent upon the performance of its directors and officers and the ability to attract and retain key personnel. The loss of the services of these persons may have a material adverse effect on the Company's business and prospects. The Company will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Company can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Company and its prospects.

- **Environmental risks**
  The Company's exploration and appraisal programs will, in general, be subject to approval by regulatory bodies. Additionally, all phases of the mining business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with mining operations. The legislation also requires that drill sites and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increase capital expenditures and operating costs.

- **Conflicts of interest**
  Certain of the Directors and Officers of the Company are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such Directors and Officers of the Company may become subject to conflicts of interest. Canadian corporate laws provide that in the event that a Director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contact or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under those laws. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the applicable Canadian corporate laws.

- **Uninsurable risks**
  Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences, any of which could result in damage to, or destruction of mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although precautions to minimize risk will be taken, operations are subject hazards that may result in environmental pollution and consequent liability that could have a material adverse impact on the business, operations and financial performance of the Company. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's shares.

- **Litigation**
  The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit.

17) Critical Accounting Estimates

The most significant accounting estimate for the Company relates to the carrying value of its exploration and evaluation assets. Exploration and evaluation assets consist of the capitalized costs of exploration and mining concessions. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sale or abandonments. The estimated values of exploration and evaluation assets are evaluated by management on a regular basis to determine whether facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Reference is made to project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others, financing, the extent to which optionees have committed, or are expected to commit to, exploration on the property and the imminent expiry of the right to explore, among other factors. When it becomes apparent that the carrying value of a specific property will not be realized, an impairment provision is made for the estimated decline in value.

The Company’s estimate for decommissioning obligations is based on existing laws, contracts and other policies. The value of the obligation is based on estimated future costs for abandonments and reclamations which require that certain assumptions be made. By their nature, these estimates are subject to measurement uncertainty.

Another significant accounting estimate relates to valuing stock-based compensation and warrants. The Company uses the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company’s stock options granted and vested, or warrants issued, during the year.

The Company estimates the fair value of its short-term equity investments at each period end as they are carried at fair value in the Balance Sheet. The Company uses the closing price of the common shares on the period-end date and uses the Black-Scholes Option Pricing Model discussed above to estimate the value of its investment in warrants. The price at which these instruments can ultimately be sold will vary from these estimates due to the timing of their sale, the volume of trading in the securities at any given time and changes in the market over time, among other factors.

18) New Accounting Policies

The Company did not adopt any new accounting policies during the six months ended March 31, 2018.

IFRS accounting standards, interpretations and amendments subsequent to period-end

Certain new accounting standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for periods subsequent to those disclosed in the financial statements. They include the following, but do not include updates that are not applicable or are not consequential to the Company's operations:

i) IFRS 9 - Financial Instruments

IFRS 9 - Financial instruments, and consequential amendments to other related standards, is effective for accounting periods commencing on or after January 1, 2018. There have been new amendments related to IFRS 9 issued in November 2013. Although the transition date has been deferred, these amendments would be required to be prospectively applied in the financial statements for the 2014 year and beyond, as the Company has early adopted this section. However, these amendments relate to hedging and own credit risk, to which the Company is not exposed, therefore these amendments do not have a significant impact on its financial reporting.

19) Subsequent events

On April 26, 2018, the Company signed a Letter of Intent ("LOI"), subject to the definitive agreement being executed on or before May 30, 2018, granting the Company an option to acquire a 100% interest in 5 mineral exploration properties in British Columbia from Altius Resources Inc. ("Altius"), a wholly-owned subsidiary of Altius Minerals Corp. (TSX:ALS). The 5 properties are named Ace, Echo, Fulton, Red and Beal. Refer to News Release 18-2, May 2, 2018 for more information. The terms of the agreement are summarized below:

To acquire a 100% interest in the Echo, Fulton, Beal and Red properties, the Company must spend a minimum of $30,000 on exploration within 15 months of closing the definitive agreement and issue to Altius 500,000 common shares for each project. In addition, Altius will retain a 1.75% Gross Smelter Royalty ("GSR") on all properties within a 5 kilometre area of interest. For each property that achieves a measured and indicated mineral resources in excess of 0.5 million gold equivalent ounces, a Milestone Payment of 1.5 million shares will be issued to Altius.

To acquire a 100% interest in the Ace project, the Company must fund the next $100,000 in exploration expenditures and assume the obligation of an underlying option agreement which includes payment of $150,000 in cash or shares and expenditures of $555,000 over 5 years. Following the $100,000 expenditures, the Company will be required to issue 500,000 common shares to Altius. Altius would retain royalty buy back rights from the underlying agreement and would hold a 1.75% GSR on the property with any royalty payments in the underlying agreement subtracted from the royalty due to Altius. A milestone bonus payment of 1.5 million common shares will be payable if the property achieves a compliant resource estimate containing 0.5 million gold equivalent ounces. Acquiring the Ace project will be conditional on the satisfactory resolution of a property access issue by August 15, 2018.

In addition, the definitive agreement is subject to the Company completing a minimum of $500,000 financing, the terms of which are still to be announced. As part of the agreement, Altius will contribute $100,000 to the financing, and it is expected that Altius would then own approximately 12% of the outstanding shares of CANEX Metals. The definitive agreement is also subject to exchange approval.

Shane Ebert through his company, Vector Resources (see Note 17 - "Related parties and transactions and key management remuneration" to the Unaudited Interim Condensed Consolidated Financial Statements for the three and six month periods ended March 31, 2018 which accompany this MD&A) is involved in British Columbia project generation activities for Altius. Vector Resources is entitled to 5% of the compensation due to Altius as part of this agreement.

20) Other

Additional information relating to the Company may be found on SEDAR at www.sedar.com.