STUHINI EXPLORATION LTD.
FINANCIAL STATEMENTS
(expressed in Canadian Dollars)
FOR THE THREE MONTHS
ENDED MAY 31, 2019 AND 2018

NOTICE OF NO AUDITOR REVIEW
OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MAY 31, 2019 & 2018

The accompanying unaudited condensed interim financial statements of Stuhini Exploration Ltd. (the "Company") for the three months ended May 31, 2019 and 2018, have been prepared by, and are the responsibility of, the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of the condensed interim statements by an entity's auditor. These unaudited condensed interim financial statements include all adjustments, consisting of normal and recurring items, that management considers necessary for a fair presentation of the financial position, results of operations and cash flows.

(Expressed in Canadian Dollars)

As at	Note		May 31, 2019		February 28, 2019
			(Unaudited)		
ASSETS					
Current					
Cash		$	743,439	$	14,163
GST receivable			21,588		18,326
Prepaid expenses			2,384		21,605
Total current			767,411		54,094
Exploration and evaluation assets	3		382,707		395,064
Reclamation bond	3		42,000		42,000
Property, plant, and equipment	4		1,431		1,536
Total assets		$	1,193,549	$	492,694
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable		$	38,767	$	8,027
Accrued liabilities			46,746		28,132
Due to related parties	6		85,316		73,720
Notes payable to related parties	7		113,469		111,745
Total liabilities			284,298		221,624
Shareholders' equity					
Share capital	5		1,112,448		460,000
Reserves	5		64,467		37,654
Deficit			(267,664)		(226,584)
Total shareholders' equity			909,251		271,070
Total liabilities and shareholders' equity		$	1,193,549	$	492,694

Nature and continuance of operations (Note 1)

Approved and authorized for issuance on behalf of the Board of Directors on July 26, 2019:

"David O'Brien"	*"Josef Anthony Fogarassy"*
David O'Brien,	Josef Anthony Fogarassy,
Director	Director

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

(Expressed in Canadian Dollars)

	Note		Three months ended May 31, 2019		Three months ended May 31, 2018
Expenses:					
Advertising and promotion		$	8,674	$	3,907
Amortization	4		105		-
Consulting fees	6		1,454		-
Office expenses			1,861		200
Project investigation costs	6		710		-
Professional fees	6		15,589		6,847
Regulatory fees			4,493		-
Share-based compensation	5,6		2,401		21,097
Travel, meals and entertainment			4,069		3,891
Operating expenses			(39,356)		(35,942)
Other items					
Interest expense	7		(1,724)		-
Net and comprehensive loss		$	(41,080)	$	(35,942)
Loss per share, basic and diluted		$	(0.01)	$	(0.01)
Weighted average number of common shares outstanding, basic and diluted			6,143,804		5,685,957

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

(Expressed in Canadian Dollars)

	Note	Number of Shares	Share Capital	Reserves	Deficit	Total
Balance, February 28, 2018		5,054,000	$ 395,400	$ -	$ (47,271)	$ 348,129
Private placements		646,000	64,600	-	-	64,600
Share-based compensation		-	-	21,097	-	21,097
Net and comprehensive loss for the period		-	-	-	(35,942)	(35,942)
Balance, May 31, 2018		5,700,000	460,000	21,097	(83,213)	397,884
Share issuance costs		-	-	16,557	-	16,557
Net and comprehensive loss for the period		-	-	-	(143,371)	(143,371)
Balance, February 28, 2019		5,700,000	460,000	37,654	(226,584)	271,070
Initial public offering	5	4,083,000	816,600	-	-	816,600
Share issuance costs	5	-	(164,152)	24,412	-	(139,740)
Share-based compensation	5,6	-	-	2,401	-	2,401
Net and comprehensive loss for the period		-	-	-	(41,080)	(41,080)
Balance, May 31, 2019		9,783,000	$ 1,112,448	$ 64,467	$ (267,664)	$ 909,251

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

(Expressed in Canadian Dollars)

	Three months ended May 31, 2019	Three months ended May 31, 2018
Cash flows generated by/(used in) operating activities		
Loss for the period	$ (41,080)	$ (35,942)
Items not affecting cash used in operations		
Amortization	105	-
Accrued interest	1,724	-
Share-based compensation	2,401	21,097
Changes in non-cash working capital items		
GST receivable	(3,262)	(1,576)
Prepaid expenses	19,221	(39)
Accounts payable	30,740	-
Accrued liabilities	18,614	(5,069)
Net cash generated by/(used in) operating activities	28,463	(21,529)
Cash flows generated by/(used in) investing activities		
Exploration and evaluation assets	12,357	(72,058)
Acquisition of property, plant and equipment	-	(1,936)
Net cash generated by/(used in) investing activities	12,357	(73,994)
Cash flows provided by financing activities		
Issuance of common shares for cash, net of issuance costs	676,860	64,600
Due to related parties	11,596	(17,648)
Net cash provided by financing activities	688,456	46,952
Increase/(decrease) in cash	729,276	(48,571)
Cash, beginning	14,163	236,598
Cash, ending	$ 743,439	$ 188,027

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Stuhini Exploration Ltd. (the "Company"), was incorporated under the *Business Corporations Act* (British Columbia) on July 7, 2017. The Company is focused on acquisition, exploration, and development of mineral properties in British Columbia. On May 21, 2019, the Company's shares were listed on the TSX Venture Exchange under the symbol "STU".

The Company's head office and registered office address is 1245 W Broadway, Unit 105, Vancouver, BC V6H 1G7.

These interim financial statements have been prepared with the going concern assumption, which assumes that the Company will continue in operation for the foreseeable future and, accordingly, will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company's ability to realize its assets and discharge its liabilities is dependent upon the Company obtaining the necessary financing and ultimately upon its ability to achieve profitable operations. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

Failure to arrange adequate financing on acceptable terms and/or achieve profitability may have an adverse effect on the financial position, results of operations, cash flows and prospects of the Company. These financial statements do not give effect to adjustments to assets or liabilities that would be necessary should the Company be unable to continue as a going-concern. These adjustments could be material.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

a) Statement of Compliance and Basis of Presentation

These unaudited condensed interim financial statements have been prepared in accordance with accounting policies consistent with International Financial Reporting Standards ("IFRS") IAS 34 – Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The unaudited condensed interim financial statements, prepared in conformity with accounting policies consistent with IAS 34, follow the same accounting principles and methods of application as the most recent audited annual financial statements. Since the unaudited condensed interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's audited annual financial statements for the reporting period ended February 28, 2019.

b) Basis of Measurement and Use of Estimates

The unaudited condensed financial statements of the Company have been prepared on an accrual basis and are based on historical costs except for cash flow information. All amounts are expressed in Canadian dollars, the Company's functional currency.

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

c) Accounting standards issued but not yet effective

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective up to the date of issuance of the Company's unaudited condensed interim financial statements. The Company intends to adopt the standards when they become effective. The Company has not yet determined the impact of these standards on its financial statements but does not anticipate that the impact will be significant.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

Metla Property

On July 7, 2017, the Company entered into a purchase and sale agreement (the "Agreement") with Barry Arthur Hanslit, a director of the Company, whereby the Company issued 883,333 common shares, with a fair value of $53,000, in exchange for title to the Metla Creek Claims (the "Metla Property"). The Metla Property consists of seven contiguous mineral claims, located south of the town of Atlin, BC.

The Company incurred the following acquisition and deferred exploration costs in association with the Metla Property:

	Three months ended May 31, 2019	Year ended February 28, 2019
Total exploration and evaluation assets, beginning	$ 395,064	$ 158,612
Deferred exploration costs:		
Camp and travel	421	61,939
Claim maintenance costs	255	-
Equipment use/rental	-	5,785
Exploration tax credit	(13,227)	-
Geology	194	168,728
Sub-total, deferred exploration costs	(12,357)	236,452
Total exploration and evaluation assets, ending	$ 382,707	$ 395,064

In connection with the Metla Property, during the year ended February 28, 2019, the Company deposited $42,000 as a reclamation bond with the BC Ministry of Energy, Mines & Petroleum Resources.

4. PROPERTY, PLANT AND EQUIPMENT

Continuity of the Company's equipment is as follows:

	Office Equipment	Total
Cost		
Balance, February 28, 2018	$ -	$ -
Additions	1,935	1,935
Balance, February 28, 2019	1,935	1,935
Additions	-	-
Balance, May 31, 2019	$ 1,935	$ 1,935
Accumulated Amortization		
Balance, February 28, 2018	$ -	$ -
Additions	399	399
Balance, February 28, 2019	399	399
Additions	105	105
Balance, May 31, 2019	$ 504	$ 504
As at February 28, 2019	$ 1,536	$ 1,536
As at May 31, 2019	$ 1,431	$ 1,431

(Expressed in Canadian Dollars)

5. SHARE CAPITAL

Authorized share capital

Unlimited number of common shares without par value.

Share issuances

On May 21, 2019, the Company completed its initial public offering ("IPO") by issuing 4,083,000 common shares at a price of $0.20 per share for aggregate gross proceeds of $816,600. The Company paid a cash commission fee of $46,168 and issued non-transferable compensation options entitling the agent to purchase up to 230,840 shares at $0.20 per share expiring on May 21, 2021, these compensation options were valued at $24,412. In addition to the cash commission, the Company paid the agent a corporate finance fee of $20,000 and $33,200 for legal and regulatory costs incurred by the agent. An additional $40,372 in legal and regulatory fees incurred by the Company and directly associated with the IPO were also recognized as share issuance costs.

The following assumptions were used to estimate the grant date fair value for the compensation options granted:

	May 21, 2019
Expected Life of the Compensation Options	2 years
Risk-Free Interest Rate	1.67%
Expected Dividend Yield	Nil
Expected Stock Price Volatility	100%

Stock purchase option compensation plan

The Company has adopted a Rolling Stock Option Plan (the "Plan") pursuant to which options may be granted to directors, officers, employees and consultants of the Company. Under the terms of the Plan, the Company can issue a maximum of 10% of the issued and outstanding common shares at the time of the grant. Options granted under the Plan, including vesting and the term, are determined by, and at the discretion of, the Board of Directors.

On April 15, 2018, the Company granted options to acquire up to 490,000 common shares to its officers and consultants. The options are exercisable for a period expiring on July 15, 2019, at $0.10 per share. The Company recorded $21,097 as share-based compensation associated with these options, which was determined using the Black-Scholes Option pricing model (Note 6).

On June 15, 2018, the Company resolved to grant to the officers, directors, and consultants of the Company options to acquire up to 400,000 common shares. The grant of options was contingent upon the successful closing of the IPO of a total of at least 4,000,000 common shares. On June 14, 2019, the Company received approval from the TSX-V to finalize these options; therefore, options to acquire up to 380,000 shares of the Company at $0.20 per share were considered to be granted. These options expire on May 21, 2021. During the three-month period ended May 31, 2019, the Company recorded $2,401 as share-based compensation associated with these options, which was determined using the Black-Scholes Option pricing model (Note 6).

The following assumptions were used to estimate the weighted average grant date fair values for the options granted:

	May 31, 2019	February 28, 2019
Expected Life of the Options	2.93 years	1.94 years
Average Risk-Free Interest Rate	1.66%	1.91%
Expected Dividend Yield	Nil	Nil
Average Expected Stock Price Volatility	100%	100%

(Expressed in Canadian Dollars)

5. SHARE CAPITAL (CONTINUED)

Stock purchase option compensation plan (Continued)

A continuity of options for the three-month period ended May 31, 2019, and for the year ended February 28, 2019, is as follows:

	Three Months ended May 31, 2019		Year ended February 28, 2019	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning	890,000	$0.14	-	$ -
Forfeited	20,000	$0.20	890,000	$0.14
Options outstanding, ending	870,000	$0.14	890,000	$0.14

The options outstanding and exercisable at May 31, 2019, are as follows:

Number Outstanding and Exercisable	Weighted Average Exercise Price	Weighted Average Remaining Life	Expiry Date
490,000	$ 0.10	0.12	July 15, 2019
380,000	$ 0.20	1.98	May 21, 2021
870,000	$ 0.14	0.93	

6. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, officers, key management personnel, close family members and enterprises that are controlled by these individuals. Key management personnel are those having authority and directors (executive and non-executive) of the Company.

The Company incurred the following transactions with related parties, including key management personnel:

	Three months ended May 31, 2019	2018
Professional fees and reimbursable expenses accrued to the Company's CFO	$ 1,500	$ 1,500
Share-based compensation for options granted to directors and officers (Note 5)	$ 1,705	$ 13,129
Reimbursable expenses due to the Company's Corporate Secretary	$ 2,663	$ 2,003
Reimbursable expenses due to the Company's CEO	$ 4,019	$ 2,835
Project management fees incurred to the common-law spouse of the Company's co-founder	$ 710	$ -

Amounts due to related parties consist of amounts owed directly to the officers and directors of the Company for the professional services or for the expenses incurred on behalf of the Company. These amounts are unsecured, non-interest bearing, and due on demand. At May 31, 2019, the amount payable to related parties was $85,316 (February 28, 2019 - $73,720), of which $57,471 (February 28, 2019 - $50,669) represented reimbursable expenses.

7. NOTES PAYABLE TO RELATED PARTIES

(Expressed in Canadian Dollars)

The tables below summarize the bridge loans outstanding as at May 31, 2019:

	Principal Outstanding	Interest Rate	Accrued Interest	Total Book Value
Frist Bridge Loan with the CEO	$ 50,000	0.5% per month	$ 2,178	$ 52,178
Second Bridge Loan with the Corporate Secretary	60,000	0.5% per month	1,291	61,291
Total	$ 110,000		$ 3,469	$ 113,469

On September 14, 2018, the Company's CEO advanced the Company $50,000 under an agreement (the "First Bridge Loan"). The First Bridge Loan is unsecured, payable on demand and accrues interest at 0.5% per month. During the three-month period ended May 31, 2019, the Company recorded $787 in interest expense associated with the First Bridge Loan.

On January 23, 2019, the Company's Corporate Secretary advanced the Company $60,000 under an agreement (the "Second Bridge Loan"). The Second Bridge Loan is unsecured, payable on demand and accrues interest at 0.5% per month. During the three-month period ended May 31, 2019, the Company recorded $937 in interest expense associated with the Second Bridge Loan.

The Company repaid the First Bridge Loan and the Second Bridge Loan together with interest accrued thereon subsequent to May 31, 2019.

8. SUBSEQUENT EVENT

Subsequent to May 31, 2019, certain directors, officers, and consultants of the Company exercised their options to purchase 410,000 Common Shares of the Company at an exercise price of $0.10 per Common Share for total proceeds of $41,000. 202,500 Common Shares purchased by certain officers and directors remain subject to escrow (Notes 5 and 6).