

Aston Bay Holdings Ltd.

Condensed Interim Consolidated Financial Statements

Three Months ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

Notice of No Auditor Review of Interim Financial Statements

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

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

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

Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at	June 30, 2018	March 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents (<i>note 3</i>)	\$ 4,180,481	\$ 4,079,151
Share subscriptions receivable	-	409,850
Supplier advances	450,000	-
Sales tax recoverable	111,894	38,257
Accounts receivable	6,000	-
Prepaid expenses	79,807	51,125
Total current assets	4,828,182	4,578,383
Mineral properties and deferred exploration expenditures (<i>notes 4 and 5</i>)	8,968,242	7,605,904
Equipment (<i>note 5</i>)	250,000	-
Total assets	\$ 14,046,424	\$ 12,184,287
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (<i>note 5</i>)	\$ 295,373	\$ 163,270
Deferred premium on flow-through shares (<i>note 6</i>)	-	63,756
Total liabilities	295,373	227,026
Shareholders' equity		
Share capital (<i>note 7</i>)	16,335,863	14,429,585
Contributed surplus	2,952,462	2,921,262
Deficit	(5,537,274)	(5,393,586)
Total shareholders' equity	13,751,051	11,957,261
Total liabilities and shareholders' equity	\$ 14,046,424	\$ 12,184,287

Going concern (*note 1*)

Flow-through commitment (*note 6*)

Subsequent events (*note 9*)

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

Approved by the Board

Signed:

“Thomas Ullrich”

Director

“Jan-Erik Back”

Director

Aston Bay Holdings Ltd.

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Condensed Interim Consolidated Statements of Changes in Equity

For the three months ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

	Share Capital		Contributed Surplus	Deficit	Total Shareholders' Equity
	Number of Shares	Amount			
Balance, March 31, 2017	59,522,589	\$ 9,752,340	\$ 1,477,413	\$ (4,600,240)	\$ 6,629,513
Stock-based compensation	-	-	18,600	-	18,600
Loss and comprehensive loss for the period	-	-	-	(209,834)	(209,834)
Balance, June 30, 2017	59,522,589	\$ 9,752,340	\$ 1,496,013	\$ (4,810,074)	\$ 6,438,279
Issuance of units	32,568,272	4,684,957	-	-	4,684,957
Issuance of flow-through shares	12,561,750	2,009,880	-	-	2,009,880
Premium on flow-through shares	-	(256,613)	-	-	(256,613)
Share issuance costs	-	(449,890)	-	-	(449,890)
Issuance of warrants	-	(1,349,698)	1,349,698	-	-
Exercise of warrants	162,000	38,609	(9,449)	-	29,160
Stock-based compensation	-	-	85,000	-	85,000
Loss and comprehensive loss for the year	-	-	-	(583,512)	(583,512)
Balance, March 31, 2018	104,814,611	\$ 14,429,585	\$ 2,921,262	\$ (5,393,586)	\$ 11,957,261
Issuance of flow-through shares	12,756,250	2,041,000	-	-	2,041,000
Share issuance costs	-	(134,722)	-	-	(134,722)
Stock-based compensation	-	-	31,200	-	31,200
Loss and comprehensive loss for the period	-	-	-	(143,688)	(143,688)
Balance, June 30, 2018	117,570,861	\$ 16,335,863	\$ 2,952,462	\$ (5,537,274)	\$ 13,751,051

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

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(An Exploration Stage Company)

Condensed Interim Consolidated Statements of Comprehensive Loss

For the three months ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

	2018	2017
Expenses		
Salaries (<i>note 5</i>)	\$ 61,521	\$ 76,133
Consulting fees (<i>note 5</i>)	17,500	32,284
Professional fees	6,059	25,251
Marketing	48,642	9,574
Travel	22,988	24,066
Filing and agency fees	8,451	1,594
General and administrative expenses	17,091	23,632
Stock-based compensation (<i>note 7</i>)	31,200	18,600
Loss before other items	(213,452)	(211,134)
Other items		
Interest income	(6,008)	(1,300)
Premium on flow-through shares income (<i>note 6</i>)	(63,756)	-
	(69,764)	(1,300)
Loss and comprehensive loss	\$ (143,688)	\$ (209,834)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	107,121,221	59,522,589

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Aston Bay Holdings Ltd.

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Condensed Interim Consolidated Statements of Cash Flows

For the three months ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

	2018	2017
Cash flow generated by (used in) operating activities		
Loss for the period	\$ (143,688)	\$ (209,834)
Items not affecting cash:		
Deferred premium on flow through shares	(63,756)	-
Stock-based compensation	31,200	18,600
	(176,244)	(191,234)
Non-cash working capital items (<i>note 8</i>)	(16,366)	626,677
	(192,610)	435,443
Cash flow used in investment activities		
Mineral properties and deferred exploration expenditures	(1,362,338)	(16,459)
Equipment acquisition	(250,000)	-
	(1,612,338)	(16,459)
Cash flow from financing activities		
Proceeds from the issuance of flow through shares	2,041,000	-
Share issuance costs	(134,722)	-
	1,906,278	-
Increase in cash and cash equivalents	101,330	418,984
Cash and cash equivalents, beginning of year	4,079,151	836,505
Cash and cash equivalents, end of period	\$ 4,180,481	\$ 1,255,489

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Aston Bay Holdings Ltd.

(An Exploration Stage Company)

Notes to the Condensed Interim Consolidated Financial Statements

Three months ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

1. Nature of the Company and Going Concern

Aston Bay Holdings Ltd. ("Aston Bay" or the "Company") is a publicly listed company incorporated in British Columbia, Canada. The Company's registered address is #530, 355 Burrard Street, Vancouver, British Columbia, V6C 2G8 and the head office is located at Suite 303, 80 Richmond Street West, Toronto, Ontario, M5H 2A4. The Company is engaged in copper and zinc exploration and development and is currently focused on advancing its Storm Copper and Seal Zinc project on Somerset Island, Nunavut, Canada.

For the three months ended June 30, 2018, the Company incurred a loss of \$143,688 and had an accumulated deficit of \$5,537,274 at June 30, 2018 and has yet to achieve revenue from operations. At June 30, 2018, the Company had working capital of \$4,532,809. These factors indicate the existence of material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern. In order to meet future expenditures and cover administrative costs, the Company may need to raise additional financing. These consolidated financial statements have been prepared on the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The consolidated financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The recoverability of the amounts shown for mineral properties and deferred exploration expenditures is dependent upon the existence of economically recoverable reserves, securing and maintaining title and beneficial interest in mineral properties, the ability of the Company to secure continued financial support to develop its mineral properties, and the attainment of future profitable production.

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2018.

2. Basis of Presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standard ("IFRS") IAS 34 Interim Financial Reporting. As such these statements do not contain all the explanatory notes, descriptions or accounting policies or other disclosures that can be found in the Company's 2018 audited annual consolidated financial statements and thus should be read in conjunction with the audited annual consolidated financial statements. The accounting policies used in the preparation of these condensed interim financial statements are consistent with the 2018 audited annual consolidated financial statements.

3. Cash and Cash Equivalents

The June 30, 2018 balance of cash and cash equivalents includes \$2,000,000 invested in a redeemable short-term investment certificate with a Canadian subsidiary of a major Canadian bank. The principal is guaranteed by the major Canadian bank and earns interest at 1.2% per annum, payable on redemption. The principal is redeemable upon request.

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4. Mineral Properties and Deferred Exploration Expenditures

Mineral properties and deferred exploration expenditures consist of:

Storm Copper and Seal Zinc Project

Balance, March 31, 2017	\$ 5,137,323
Exploration and evaluation expenditures	2,468,581
Balance, March 31, 2018	\$ 7,605,904
Exploration and evaluation expenses	1,362,338
Balance, June 30, 2018	\$ 8,968,242

The Storm Copper and Seal Zinc Project (the “Project”) consists of 134 contiguous mining claims and 12 prospecting permits covering an area of approximately 414,538 hectares on Somerset Island, Nunavut, Canada. The Company has a 100% ownership interest in the property, subject to a 0.875% Gross Overriding Royalty held by Commander Resources Ltd. on a portion of the property.

The Company continues to actively advance the Project. During the period the Company engaged a drilling contractor and began mobilizing to site in preparation for commencing its 2018 drill program which is targeting high-grade copper mineralization in the vicinity of Storm Copper and adjacent prospects, as well as targeting Polaris-type zinc mineralization at the Seal Zinc deposit and the Seal South prospect. The Company released detailed targeting information generated from review of the data provided by last year’s gravity gradiometry survey. The drill program is ongoing and expected to be concluded in August. The expected cost for the drill program is approximately \$5,000,000.

5. Related-Party Transactions and Balances

The Company’s related parties include the following:

Thomas Ullrich	Director and Officer
Jan-Erik Back	Director
Clifford Boychuk	Director
Michael Dufresne	Director and Consultant
Ian McPherson	Director
Dwight Walker	Officer

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5. Related-Party Transactions and Balances - continued

The Company entered into the following related party transactions during the three-month period ended June 30, 2018:

- a) Salaries in the amount of \$37,500 (2017 - \$37,500) were paid to Thomas Ullrich, the Company's Chief Executive Officer. The salaries were recorded as follows: \$17,300 - deferred exploration expenditures; \$20,200 – salaries expense.
- b) Fees in the amount of \$46,376 (2017 – \$5,897) were charged by APEX Geoscience Ltd., a mining and engineering firm controlled by Michael Dufresne. The fees have been capitalized in mineral properties and deferred exploration expenditures. Amounts payable as at June 30, 2018 were \$36,405 (March 31, 2018 - \$1,502).
- c) Fees in the amount of \$12,500 (2017 - \$12,500) were charged by Target Financial Services Inc., a company controlled by Dwight Walker, for the services of Mr. Walker, who acts as Chief Financial Officer of the Company. The fees are reflected in consulting fees. The amounts payable to Target Financial Services Inc. at June 30, 2018 were \$nil (March 31, 2018 - \$nil).
- d) The Company finalized an agreement with and paid \$250,000 to Lone Peak Drilling (0820603 B.C. Ltd.), a company owned by Clifford Boychuk. The transaction was for the acquisition of a drill rig and related equipment.

These transactions were in the normal course of business and were measured at the exchange amount. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

6. Deferred Premium on Flow-Through Shares

At March 31, 2018, the Company had a commitment to incur \$1,059,970 of qualifying exploration expenditures. In connection with the flow-through financing closed on April 26, 2018, the Company incurred an obligation to spend an additional \$2,041,000 on qualifying exploration expenditures. During the period, the Company incurred qualifying exploration expenditures of \$1,198,463 and at June 30, 2018 it had a remaining commitment to incur \$1,902,507 by December 31, 2019.

The deferred premium on flow-through shares at March 31, 2018 was \$63,756. During the period, the premium liability was recognized as income in the consolidated statements of comprehensive loss. No deferred premium on flow-through shares was recognized in connection with the April 26, 2018 financing.

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7. Share Capital

Common Stock

Authorized - Unlimited number of common shares without par value.

Issued - The continuity of issued and outstanding shares is as follows:

	Number of Shares	Amount
Balance, March 31, 2018	104,814,611	\$ 14,429,585
Private placement – April 26, 2018 (i)	12,756,250	2,041,000
Issuance costs (ii)	-	(134,722)
Balance, June 30, 2018	117,570,861	\$ 16,335,863

- (i) On April 26, 2018, the Company closed a non-brokered private placement offering for total gross proceeds of \$2,041,000. The Company issued 12,756,250 flow-through shares at a price of \$0.16 per flow-through share.
- (ii) In connection with the April financing, the Company paid aggregate cash finder's fees of \$120,960 to four arms' length parties, representing 6% of the proceeds raised from subscriptions by certain places introduced by the finders, and paid regulatory and other costs of \$13,762.

Stock Options

The continuity of share purchase options is as follows:

	Number of Options	Weighted average exercise price
Outstanding, March 31, 2018	5,907,500	\$ 0.23
Options forfeited	(165,000)	(0.27)
Outstanding, June 30, 2018	5,742,500	\$ 0.23

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7. Share Capital - continued

As at June 30, 2018, the following options were outstanding and exercisable:

Expiry Date	Average Remaining Contractual Life (in years)	Number of Options Outstanding	Number of Options Exercisable	Outstanding or Exercisable Exercise Price
August 30, 2020	2.2	1,395,000	1,395,000	\$ 0.20
October 20, 2020	2.3	125,000	125,000	0.15
October 27, 2021	3.3	450,000	450,000	0.20
February 1, 2023	4.6	965,000	965,000	0.20
May 18, 2023	4.9	1,257,500	1,257,500	0.40
January 27, 2024	5.6	500,000	500,000	0.20
December 8, 2024	6.4	1,050,000	-	0.15
	4.3	5,742,500	4,692,500	

The Company recognized \$31,200 (2017 - \$18,600) in stock-based compensation.

Warrants

There were no changes during the period to warrants.

As at June 30, 2018, the following warrants were outstanding and exercisable:

Expiry Date	Number of Warrants	Exercise Price
January 7, 2019	5,402,702	\$ 0.18
January 17, 2019	287,750	0.18
March 1, 2020	5,307,040	0.20
March 29, 2020	6,938,156	0.20
	17,935,648	\$ 0.19

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8. Additional Cash Flow Information

The net change in non-cash working capital consists of the following:

	June 30, 2018	June 30, 2017
Receivable from project	\$ -	\$ 586,820
Share subscriptions receivable	409,850	-
Supplier advances	(450,000)	(85,000)
Sales tax recoverable	(73,637)	129,622
Accounts receivable	(6,000)	37,868
Prepaid expenses	(28,682)	(27,069)
Accounts payable and accrued liabilities	132,103	(15,564)
	\$ (16,366)	\$ 626,677

9. Subsequent Event

On August 20, 2018, the Company entered into a definitive merger agreement (the “Merger Agreement”) with Jack’s Fork Exploration, Inc. (“JFE”), a private company incorporated under the laws of the State of Delaware, pursuant to which Aston Bay agreed to acquire all of the issued and outstanding stock of JFE (the “Acquisition”).

Through the JFE acquisition, Aston Bay will own exclusive rights to an integrated geophysical, geochemical and geological dataset over certain prospective private lands located in central Virginia, USA. These lands are located within a copper-lead-zinc-gold-silver mineralized sedimentary and volcanic belt prospective for sedimentary exhalative (SEDEX) or Broken Hill (BHT) type deposits.

The Acquisition will be completed by way of a reverse triangular merger of Blue Ridge Mining, a wholly owned subsidiary of the Company created for the purpose of the Acquisition, into JFE, resulting in JFE being renamed “Blue Ridge Mining Inc.” and becoming a direct and wholly-owned subsidiary of Aston Bay. The new Aston Bay subsidiary will operate the existing business of JFE moving forward.

Under the terms of the Merger Agreement, holders of JFE shares (“JFE Shareholders”) will be entitled to receive 0.57396868 of a common share of Aston Bay (each whole share, an “Aston Bay Share”) in exchange for each JFE share held immediately prior to the effective time of the Acquisition. Based on Aston Bay’s closing price on the TSX Venture Exchange as of August 17, 2018 (being the last trading day prior to the announcement of the Acquisition) approximately 12,000,000 Aston Bay shares will be issued for a total acquisition cost of \$1,560,000. The Acquisition will require the approval of JFE Shareholders at a special meeting expected to take place in September 30, 2018 (the “JFE Meeting”). In order to become effective, the Acquisition must be

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Notes to the Condensed Interim Consolidated Financial Statements

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(Expressed in Canadian Dollars)

9. Subsequent Event - continued

approved at the JFE Meeting by JFE Shareholders holding greater than 50 percent of the JFE shares entitled to vote at the JFE Meeting. Directors and officers of JFE and certain JFE Shareholders holding approximately 58% of the issued and outstanding JFE shares have entered into voting and support agreements with Aston Bay in support of the Acquisition. The board of directors of JFE has unanimously approved the Acquisition and will recommend that JFE Shareholders vote for the Acquisition. The Merger Agreement includes representations, warranties and covenants typical of a transaction of this nature, including with respect to non-solicitation. Completion of the Acquisition will be subject to review and approval of the TSX Venture Exchange.