2507868 Ontario Inc.

AUDITED ANNUAL FINANCIAL STATEMENTS

For the year ended July 31, 2017 and
the period from March 7, 2016 (date of incorporation) to July 31, 2016

(expressed in Canadian dollars)

November 21, 2017

Independent Auditor's Report

To the Shareholders of
2507868 Ontario Inc.

We have audited the accompanying financial statements of 2507868 Ontario Inc., which comprise the statements of financial position as at July 31, 2017 and July 31, 2016 and the statements of operations and comprehensive loss, statements of cash flows, and statements of changes in shareholders' equity for the year ended July 31, 2017 and for the period from March 7, 2016 (date of incorporation) to July 31, 2016, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

PricewaterhouseCoopers LLP
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Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of 2507868 Ontario Inc. as at July 31, 2017 and July 31, 2016 and its financial performance and its cash flows for the year ended July 31, 2017 and for the period from March 7, 2016 (date of incorporation) to July 31, 2016 in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

2507868 Ontario Inc.

Statements of Financial Position

(Expressed in Canadian dollars)

As at	**Notes**		**July 31, 2017**		**July 31, 2016**
Assets					
Current assets					
Cash and cash equivalents		$	-	$	-
Total current assets			-		
Non-current assets					
Exploration and evaluation assets	5		819,594		188,898
TOTAL ASSETS		$	819,594	$	188,898
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable		$	3,992	$	-
Intercompany payable	6		815,601		188,897
Total current liabilities			819,593		188,897
SHAREHOLDERS' EQUITY					
Share capital			1		1
Accumulated deficit			-		
Total shareholders' equity			1		1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		$	819,594	$	188,898

Approved by the Board of Directors:

_*"Justin Reid"*_______, Director

*"Peter Tagliamonte"*, Director

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

2507868 Ontario Inc.

Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

	For the year ended July 31, 2017	For the period from March 7 to July 31, 2016
Expenses	-	-
Net income/(loss) for the year	-	-
Net comprehensive income/(loss) for the year	-	-
Income/(loss) per share:		
Basic and diluted	$0.00	$0.00
Weighted average number of shares outstanding:		
Basic and diluted	1	1

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

2507868 Ontario Inc.

Statements of Cash Flows

(Expressed in Canadian dollars)

	For the year ended July 31, 2017	For the period from March 7 to July 31, 2016
CASH FLOWS FROM:		
Operating activities		
Net change in non-cash working capital items		
Accounts payable and accrued liabilities[1]	-	-
Cash flows used in operating activities	-	-
Financing activities		
Share capital[1]	-	-
Cash flows from financing activities	-	-
Investing activities		
Exploration and evaluation assets[1]	-	-
Cash flows used in investing activities	-	-
Net changes in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of the year	-	-
Cash and cash equivalents, end of the year	-	-

[1] All activities of the Company are entirely financed by its parent, Sulliden Mining Capital –see Note 1, 6 and 7.

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

2507868 Ontario Inc.

Statement of Changes in Shareholders' Equity

(Expressed in Canadian dollars)

	Share Capital			
	Number of shares	**Amount**	**Retained Earnings**	**Total**
Balance March 7, 2016	-	-	-	-
Share issued on incorporation	1	1	-	1
Balance July 31, 2016	**1**	**1**	-	1
Balance July 31, 2016	1	1	-	1
Balance July 31, 2017	1	1	-	1

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

1 NATURE OF OPERATIONS

2507868 Ontario Inc. (the Company), was incorporated under the Business Corporations Act of Ontario in March 2016) and became a 100% owned subsidiary of the Sulliden Mining Capital Inc. ("Sulliden"). The principal business of the Company will be the exploration and development of mining assets. This subsidiary's registered office is located at 65 Queen Street West, Suite 800, Toronto, Ontario, M5H 2M5.

Although these statements are prepared on a going concern basis, the business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company's continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to raise financing, continued financial support from Sulliden, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis.

2 BASIS OF PRESENTATION

The annual financial statements of the Company have been prepared by management in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of measurement

The annual financial statements have been prepared under the historical cost convention. These annual financial statements are presented in Canadian Dollars, which is the Company's functional and presentation currency. These financial statements were approved for issuance by the board of directors on November 21, 2017.

b) Exploration and evaluation assets

Exploration and evaluation assets include costs to establish an initial mineral resource and determine whether inferred mineral resources can be upgraded to measured and indicated mineral resources and whether measured and indicated mineral resources can be converted to proven and probable reserves. Costs incurred before the Company has obtained the legal right to explore an area are recognized in the statement of operations and comprehensive income (loss).

Exploration and evaluation relating to the acquisition of, exploration for and development of mineral properties are capitalized and include, but are not restricted to: drilling, trenching, sampling, surveying and gathering exploration data; calculation and definition of mineral resource; test work on geology, metallurgy, mining, geotechnical and geophysical; and conducting geological, geophysical, engineering, environmental, marketing and financial studies.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Exploration and evaluation assets (continued)

Capitalized costs, including general and administrative costs, are only allocated to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Exploration and evaluation activities involve the search for mineral resources/reserves, the assessment of technical and operational feasibility and the determination of an identified mineral reserve's commercial viability. Once the legal right to explore has been acquired, exploration and evaluation expenditures less recoveries are capitalized by property.

Capitalized exploration and evaluation assets for a project are classified as such until the project demonstrates technical feasibility and commercial viability. Upon demonstrating technical feasibility and commercial viability, and subject to an impairment analysis, capitalized exploration and evaluation assets are transferred to mine development costs. Technical feasibility and commercial viability generally coincides with the establishment of proven and probable reserves and/or a decision to commence construction of a mine; however, this determination may be impacted by management's assessment of certain modifying factors including: legal, environmental, social and governmental factors. All subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within mine development costs.

All capitalized exploration and evaluation assets are monitored for indications of impairment. Indicators of impairment include, but are not limited to:

- the period for which the right to explore is less than one year;
- further exploration expenditures are not anticipated;
- a decision to discontinue activities in a specific area; and
- the existence of sufficient data indicating that the carrying amount of an exploration and evaluation asset is unlikely to be recovered from the development or sale of the asset.

Where a potential impairment is indicated, assessments are performed for each area of interest. To the extent that mine development assets are not expected to be recovered, they are charged to operations.

c) Functional currency

Management determines the functional currency of the Company is Canadian dollars based on the economic environment in which it operates. Such judgement is uncertain and will be subject to change if the economic environment changes.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

e) Taxation

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. During the year, deferred tax assets arose due to the temporary difference related to exploration and evaluation assets. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can use the benefits.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) New and future accounting pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after August 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company has not yet considered the potential impact of the adoption of IFRS 9.

4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Valuation of exploration and evaluation assets - The Company carries its mineral properties at cost less any impairment losses. The Company capitalizes exploration and evaluation costs, which are related to specific projects, until the commercial feasibility of the project is determinable or the project is determined to be impaired. Costs are charged to operations when a property is abandoned or when impairment in value that is other than temporary has been determined. The Company reviews the carrying values of mining properties and related expenditures whenever events or changes in circumstances indicate that their carrying values may not be recoverable. In undertaking this review, management is required to make significant estimates which are subject to various risks and uncertainties. Estimates may include, but are not limited to estimates of future metal prices, capital and operating costs, the quantities of mineral reserves to be mined and expected recoveries of minerals contained in ore, the ability to convert resources into economically mineable reserves, discount rates and in the case of fair value less costs to sell, the discounted future after-tax cash flows expected to be derived from the Company’s mining properties, costs to sell the properties and the appropriate discount rate. Reductions in metal price forecasts, increases in estimated future costs of production, increases in estimated future capital costs, reductions in the amount of recoverable mineral reserves and mineral resources and/or adverse current economics can result in a write-down of the carrying amounts of the Company’s exploration and development assets.

(Expressed in Canadian dollars unless otherwise noted)

5 EXPLORATION AND EVALUATION ASSETS

		Troilus project
Balance as at March 7, 2016	$	-
Capitalized expenditures for the year		64,052
Property acquisition and maintenance costs		124,846
Balance as at July 31, 2016	$	188,898

		Troilus project
Balance as at July 31, 2016	$	188,898
Capitalized expenditures for the year		501,717
Property acquisition and maintenance costs		128,979
Balance as at July 31, 2017	$	819,594

On May 2, 2016, the Company entered into an option agreement with First Quantum Minerals Ltd. ("First Quantum") to acquire the past-producing Troilus Mine, located in the Abitibi mining region of Quebec. Pursuant to the agreement, the Company will hold a two-year option to purchase a 100% interest in the Troilus Mine. To exercise the option, a minimum of $1,000,000 must be spent on engineering and technical studies to evaluate the economic viability of the project. Upon signing, an initial cash payment of $100,000 was made to First Quantum by the Company's parent, Sulliden. See Notes 5 and 6. An additional cash payment of $100,000 was made on May 2, 2017 by Sulliden and a final cash payment of $100,000 will be made on the date of exercise of the option. Additionally, a variable Net Smelter Royalty of 1.5% or 2.5% depending on the gold price being more or less than US$1,250/ounce during the reference period will be granted to First Quantum. In connection with this option, the Company entered into an option agreement with 2513924 Ontario Inc. ("251"), granting 251 an irrevocable and exclusive option to acquire a 40% undivided interest in the Troilus project from the Company for a period of 30 days following the Company's exercise of the option with First Quantum. In order for 251 to acquire this 40% interest, 251 will be required to fund $520,000 plus administration charges of exploration expenditures. As well, upon exercise by 251 of the option, the Company shall grant 251 a 1% net smelter return royalty.

5 EXPLORATION AND EVALUATION ASSETS (continued)

In June 2017, Sulliden entered into an agreement with Pitchblack Resources Ltd. (“Pitchblack”) to sell the outstanding equity securities of the Company. Subsequent to the end of the year, this agreement was amended such that the Company, Pitchblack Resources Ltd. (“Pitchblack”), 251, and a wholly-owned subsidiary of Pitchblack (“Subco”) have entered into an amalgamation agreement (the “Amalgamation Agreement”) pursuant to which 251, the Company and Subco will amalgamate and the shareholders of both the Company and 251 will receive an aggregate of 100,000,000 Common Shares of Pitchblack on a pre-Consolidation basis, 60% of which will go to the Company’s shareholder and 40% of which will go to the shareholders of 251. The resulting amalgamated corporation will be a wholly-owned subsidiary of Pitchblack. Completion of this transaction will be subject to, among other things, TSX-V approval and Pitchblack shareholder approval.

6 RELATED PARTY TRANSACTIONS

The Company has no bank account. All transactions are currently funded by Sulliden via an intercompany account. Related party transactions included a loan payable, which is non-interest bearing with no fixed repayment date, from Sulliden where the Company borrowed $815,600 as at July 31, 2017, and the issuance of one share for $1 via the intercompany account. Sulliden wholly owns the Company and therefore has the same management overseeing its operations.

Key Management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the company as a whole. The Company has determined that key management personnel consists of the Board of Directors, corporate officers, including the Chief Executive Officer and Chief Financial Officer, as well as the Vice President of Exploration. The key management personnel of the company did not receive any compensation from the Company during the period.

7 ECONOMIC DEPENDENCE

The Company is entirely economically dependent on its parent, Sulliden to finance its operations.

8 CAPITAL MANAGEMENT

The business of mining and exploration for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of exploration properties and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Company to raise financing, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis.

9 SUBSEQUENT EVENTS

In October 2017, the Company entered into an agreement with a syndicate of underwriters, whereby the underwriters have agreed to purchase, on a bought deal private placement basis, 12,200,000 subscription receipts at a price of $1.64 per subscription receipt for aggregate gross proceeds of $20,008,000. Each subscription receipt shall entitle the holder to receive one common share of the Company and one common share purchase warrant upon satisfaction of the escrow release conditions. Each warrant shall entitle the holder to acquire one common share, subject to standard adjustment provisions, at a price of $2.50 per share for a period of 36 months from the date of closing. The Company has also granted to the underwriters an option to purchase up to an additional 1,830,000 subscription receipts for additional gross proceeds of $3,001,200 on the same terms as the offering. On closing of the offering, the gross proceeds will be held in escrow pending the satisfaction of certain escrow release conditions, including the completion of the amalgamation of the Company, 251 and Subco, and the ultimate acquisition of the Troilus project by Pitchblack. The deadline for the satisfaction of the escrow release conditions is January 31, 2018. Upon release of the subscription receipts from escrow, the funds will be released to Pitchblack, and the Company's shares and warrants issued upon the conversion of the subscription receipts will be exchanged for Pitchblack common shares and warrants, on a post consolidation basis.