Tudor Gold Corp.

**(An Exploration Stage Company)**

**ANNUAL FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**(Expressed in Canadian Dollars)**

# INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Tudor Gold Corp.

We have audited the accompanying financial statements of Tudor Gold Corp., which comprise the statements of financial position as at March 31, 2018 and 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity (deficit), and cash flows for the years then ended, and 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, these financial statements present fairly, in all material respects, the financial position of Tudor Gold Corp. as at March 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 2 in the financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Tudor Gold Corp.'s ability to continue as a going concern.

**"DAVIDSON & COMPANY LLP"**

Vancouver, Canada | Chartered Professional Accountants

July 26, 2018

**TUDOR GOLD CORP.**
(An Exploration Stage Company)
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

| | March 31, 2018 | March 31, 2017 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash | $ 302,362 | $ 94,303 |
| Amounts receivable | 334,861 | 152,568 |
| Available-for-sale investments (Note 5) | 156,250 | 187,500 |
| Prepaids and deposits | 20,788 | 6,712 |
| | 814,261 | 441,083 |
| **Reclamation deposits** (Note 4) | 145,600 | 131,600 |
| **Exploration and evaluation assets** (Note 4) | 16,247,301 | 11,699,551 |
| **Property and equipment** (Note 6) | 187,421 | 117,762 |
| **Total assets** | $ 17,394,583 | $ 12,389,996 |
| | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities (Note 8) | $ 2,680,522 | $ 163,526 |
| Current portion of lease obligations (Note 9) | 19,573 | - |
| Loan payable (Note 8) | 240,000 | - |
| | 2,940,095 | 163,526 |
| **Lease obligations** (Note 9) | 39,820 | - |
| **Credit facility** (Note 8) | 664,888 | - |
| **Total liabilities** | 3,644,803 | 163,526 |
| | | |
| **Shareholders' equity** | | |
| Share capital (Note 7) | 17,839,637 | 13,793,704 |
| Share subscriptions received in advance (Note 7) | 628,000 | - |
| Equity reserves (Note 7) | 811,113 | 334,968 |
| Accumulated other comprehensive loss | - | (62,500) |
| Deficit | (5,528,970) | (1,839,702) |
| **Total shareholders' equity** | 13,749,780 | 12,226,470 |
| **Total liabilities and shareholders' equity** | $ 17,394,583 | $ 12,389,996 |

**Nature of operations** (Note 1)
**Basis of presentation** (Note 2)
**Subsequent events** (Note 15)

**On behalf of the Board:**

***"Walter Storm"***
Director

***"Robert Quinn"***
Director

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

**TUDOR GOLD CORP.**
(An Exploration Stage Company)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

| | | 2018 | | 2017 |
|---|---|---|---|---|
| **EXPENSES** | | | | |
| Accretion | $ | 255 | $ | - |
| Automobile | | 10,297 | | 12,242 |
| Consulting fees (Note 8) | | 281,932 | | 250,088 |
| Depreciation (Note 6) | | 22,501 | | 5,162 |
| General exploration costs | | 9,360 | | 6,120 |
| Management fees (Note 8) | | 144,000 | | 105,950 |
| Office and miscellaneous (Note 8) | | 101,002 | | 69,217 |
| Professional fees | | 92,316 | | 345,113 |
| Salaries and wages (Note 8) | | 119,665 | | 45,707 |
| Shareholder information | | 120,521 | | 67,138 |
| Share-based compensation (Note 7) | | 397,337 | | 343,953 |
| Transfer agent, listing and filing fees | | 38,932 | | 127,841 |
| Travel | | 35,382 | | 8,906 |
| **Loss from operations** | | (1,373,500) | | (1,387,437) |
| Foreign exchange gain | | 2,346 | | 3,469 |
| Interest expense | | (248,216) | | - |
| Interest income | | - | | 1,967 |
| Other income on settlement of flow-through liability (Note 10) | | 114,752 | | - |
| Loss on impairment of investment (Note 5) | | (93,750) | | - |
| Write-down of exploration and evaluation assets (Note 4) | | (2,090,900) | | - |
| **Net loss for the year** | $ | (3,689,268) | $ | (1,382,001) |
| **Other comprehensive loss** | | | | |
| Unrealized loss on available-for-sale investments (Note 5) | | (31,250) | | (62,500) |
| Reclass adjustment for impairment included in net loss | | 93,750 | | - |
| **Comprehensive loss for the year** | $ | (3,626,768) | $ | (1,444,501) |
| **Basic and diluted loss per common share** | $ | (0.05) | $ | (0.02) |
| **Weighted average number of common shares outstanding (basic and diluted)** | | 79,390,604 | | 58,523,329 |

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

**TUDOR GOLD CORP.**
(An Exploration Stage Company)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)
(Expressed in Canadian dollars)

| | Share Capital | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number of Shares | Amount | Share Subscriptions Received in Advance | Equity Reserves | Accumulated Other Comprehensive Loss | Deficit | Total |
| **Balance, March 31, 2016** | **3,025,000** | **$ 345,753** | **$ -** | **$ 27,555** | **$ -** | **$ (457,701)** | **$ (84,393)** |
| Private placements | 27,950,000 | 5,558,000 | - | - | - | - | 5,558,000 |
| Exercise of options | 550,000 | 70,000 | - | - | - | - | 70,000 |
| Shares for exploration and evaluation assets | 34,100,000 | 8,093,300 | - | - | - | - | 8,093,300 |
| Share issue costs | - | (309,889) | - | - | - | - | (309,889) |
| Share-based compensation | - | - | - | 343,953 | - | - | 343,953 |
| Fair value reversal on exercise of options | - | 36,540 | - | (36,540) | - | - | - |
| Fair value adjustment on available-for-sale investments | - | - | - | - | (62,500) | - | (62,500) |
| Loss for the year | - | - | - | - | - | (1,382,001) | (1,382,001) |
| **Balance, March 31, 2017** | **65,625,000** | **13,793,704** | **-** | **334,968** | **(62,500)** | **(1,839,702)** | **12,226,470** |
| Private placements | 4,455,291 | 3,093,640 | - | 45,100 | - | - | 3,138,740 |
| Exercise of options | 50,000 | 5,000 | - | - | - | - | 5,000 |
| Exercise of warrants | 11,000,000 | 1,100,000 | - | - | - | - | 1,100,000 |
| Shares for exploration and evaluation assets | 300,000 | 183,000 | - | - | - | - | 183,000 |
| Share issue costs | 95,147 | (225,427) | - | 38,180 | - | - | (187,247) |
| Share subscriptions received in advance | - | - | 628,000 | - | - | - | 628,000 |
| Flow-through share premium liability | - | (114,752) | - | - | - | - | (114,752) |
| Share-based compensation | - | - | - | 397,337 | - | - | 397,337 |
| Fair value reversal on exercise of options | - | 4,472 | - | (4,472) | - | - | - |
| Fair value adjustment on available-for-sale investments | - | - | - | - | (31,250) | - | (31,250) |
| Reclass adjustment for impairment included in net loss | - | - | - | - | 93,750 | - | 93,750 |
| Loss for the year | - | - | - | - | - | (3,689,268) | (3,689,268) |
| **Balance, March 31, 2018** | **81,525,438** | **$17,839,637** | **$ 628,000** | **$ 811,113** | **$ -** | **$(5,528,970)** | **$13,749,780** |

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

**TUDOR GOLD CORP.**
(An Exploration Stage Company)
STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

| | | 2018 | | 2017 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Loss for the year | $ | (3,689,268) | $ | (1,382,001) |
| Accretion on lease obligations | | 255 | | - |
| Accrued interest expense | | 248,216 | | - |
| Depreciation | | 22,501 | | 5,162 |
| Share-based compensation | | 397,337 | | 343,953 |
| Other income on settlement of flow-through liability | | (114,752) | | - |
| Loss on impairment of investment | | 93,750 | | - |
| Write-down of exploration and evaluation assets | | 2,090,900 | | - |
| Changes in non-cash working capital items: | | | | |
| Amounts receivable | | (182,293) | | (152,568) |
| Prepaids and deposits | | (14,076) | | (6,712) |
| Accounts payable and accrued liabilities | | 149,785 | | 57,040 |
| Net cash used in operating activities | | (997,645) | | (1,135,126) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Purchase of available-for-sale investments | | - | | (250,000) |
| Exploration and evaluation assets - option payments | | (256,542) | | (873,709) |
| Exploration and evaluation assets - exploration expenses | | (4,132,162) | | (2,708,445) |
| Reclamation deposits | | (14,000) | | (131,600) |
| Purchase of property and equipment | | (6,864) | | (122,924) |
| Net cash used in investing activities | | (4,409,568) | | (4,086,678) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Finance lease payments | | (26,158) | | - |
| Proceeds from private placements, net | | 3,018,430 | | 5,248,111 |
| Proceeds from exercise of options | | 5,000 | | 70,000 |
| Proceeds from exercise of warrants | | 1,100,000 | | - |
| Proceeds from credit facility | | 650,000 | | - |
| Share subscriptions received in advance | | 628,000 | | - |
| Loans received from a related party | | 240,000 | | - |
| Repayment of loan | | - | | (10,000) |
| Net cash provided by financing activities | | 5,615,272 | | 5,308,111 |
| **Change in cash during the year** | | 208,059 | | 86,307 |
| **Cash, beginning of year** | | 94,303 | | 7,996 |
| **Cash, end of year** | $ | 302,362 | $ | 94,303 |

**Supplemental disclosures with respect to cash flows** (Note 13)

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

## 1. NATURE OF OPERATIONS

Tudor Gold Corp. (the "Company") was incorporated under the Business Corporations Act (Alberta) on January 20, 2010. On April 28, 2016, the Company was continued from the Province of Alberta to the Province of British Columbia. The Company changed its name to Tudor Gold Corp. on May 11, 2016. On April 6, 2016, the Company completed its Qualifying Transactions by entering into a definitive acquisition agreement with Tudor Holdings Ltd. ("Tudor Holdings") involving the issuance of 30,000,000 common shares of the Company at a deemed price of $0.10 per share in exchange for rights to the Mackie property located in the Skeena Mining Division of northwestern British Columbia (Notes 4 and 7). The Company is listed on the TSX Venture Exchange ("TSX-V") under the trading symbol "TUD". The Company is a junior resource exploration company that is involved in the acquisition and exploration of mineral properties in Canada.

The head office and principal business address of the Company is Suite 205 – 837 West Hastings St., Vancouver, BC, V6C 3N6.

## 2. BASIS OF PRESENTATION

Statement of Compliance

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

These financial statements were authorized for issue by the Audit Committee and Board of Directors on July 26, 2018.

Basis of Measurement

These financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Certain comparative financial information has been reclassified to conform with this year's presentation.

Going Concern

The ability of the Company to continue as a going concern and meet its commitments as they become due, including completion of the acquisition, exploration and development of its mineral property interests, is dependent on the Company's ability to obtain the necessary financing. During the year ended March 31, 2018, the Company received over $2,900,000 from private placements, over $1,100,000 from the exercise of warrants and stock options and $650,000 from a credit facility. However, the Company will require additional capital to finance future operations and growth. If the Company is unable to obtain additional financing, the Company may be unable to continue as a going concern. There can be no assurance that management's plans will be successful.

The business of mineral exploration involves a high degree of risk and there is no assurance that current exploration projects will result in future profitable mining operations. The Company has no source of revenue, and has significant cash requirements to meet its administrative overhead, pay its liabilities and maintain its mineral interests. The recoverability of amounts shown for exploration and evaluation properties is dependent on several factors. These include the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of these exploration and evaluation properties, and establish future profitable production, or realize proceeds from the disposition of exploration and evaluation properties. The carrying value of the Company's exploration and evaluation properties does not reflect current or future values.

These matters indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability of assets and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. As at March 31, 2018 and 2017, the Company did not have any cash equivalents.

### Property and equipment

Property and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item.

Depreciation is provided at rates calculated to write off the cost of property and equipment, less their estimated residual value, using the straight-line method over the following expected useful lives:

- Building — 20 years
- Website development — 4 years
- Vehicles — 8 years
- Equipment — 4 years
- Land — Not subject to depreciation

**Financial instruments**

Financial instruments consist of financial assets and financial liabilities and are initially recognized at fair value net of transaction costs, if applicable. Measurement in subsequent periods depends on whether the financial instrument has been classified as “fair value through profit or loss”, “loans and receivables”, “available-for-sale”, “held-to-maturity”, or “financial liabilities measured at amortized cost” as follows:

Financial assets

Financial assets held by the Company include cash and available-for-sale investments. Cash is measured at fair value through profit or loss and changes to fair value subsequent to initial recognition are recorded in profit or loss for the period in which they occur. Available-for-sale investments are measured at fair value with the unrealized gain or loss recorded in other comprehensive income or loss.

Impairment of financial assets

Financial assets, other than financial assets at fair value through profit or loss, are assessed for indicators of impairment at each period end.

*Assets carried at amortized cost*

If there is objective evidence that an impairment loss on assets carried at amortized cost have been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced, with the amount of the loss recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

*Available-for-sale*

If an available-for-sale financial asset is impaired, the cumulative loss previously recognized in equity is transferred to profit or loss. Any subsequent recovery in the fair value of the asset is recognized within other comprehensive income.

Financial liabilities

Financial liabilities comprise accounts payable and accrued liabilities, credit facility and loan payable which are classified as other financial liabilities measured at amortized cost using the effective interest rate method. Under this classification, all cash flows from these financial instruments are discounted, where material, to their present value. Over time, this present value is accreted to the future value of remaining cash flows, and this accretion is recorded as interest expense.

**Impairment of long-lived assets**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Financing costs**

Costs incurred to obtain equity financing are deducted from the value assigned to shares issued. When costs are incurred prior to the closing of a financing arrangement, these amounts are presented as a deferred asset until the financing has closed. When an expected financing arrangement does not occur, any deferred costs are recorded as an expense.

**Exploration and evaluation assets**

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with IFRS 6. The Company capitalizes mineral property interest acquisition costs, which include the cash consideration, option payments under an earn-in arrangement and, the fair value of common shares issued for mineral property interests. The acquisition costs are deferred until the property is placed into development (when commercial viability and technical feasibility are established), sold or abandoned or determined to be impaired. Before moving acquisition costs into property, plant and equipment upon commencement of development stage, the property is first tested for impairment. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company also capitalizes all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditures relate to costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping and other activities in searching for ore bodies under the properties, and evaluating the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property-by-property basis.

**Provision and contingent liabilities**

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

**Decommissioning liabilities**

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized to the carrying amount of the asset as soon as the obligation to incur such costs arises. Discount rates using a pre-tax risk-free interest rate that reflect the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company had no material restoration, rehabilitation and environmental obligations as at March 31, 2018 and 2017.

**Foreign exchange**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in the Canadian dollar, which is the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss.

**Flow-through shares**

The issuance of flow-through shares is accounted for similarly to the issuance of a compound financial instrument. The liability component represents the premium paid for the tax benefit to the investors. Proceeds from the issuance of shares by flow-through private placements are allocated between shares issued and a liability account using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to the liability. Upon renunciation of the flow through expenditures, the liability component is derecognized in the statement of loss and comprehensive loss and a deferred income tax liability is recognized for the taxable temporary difference created at the Company's applicable tax rate which is expected to apply in the year the deferred income tax liability will be settled. Any difference between the amount of the liability component derecognized and deferred income tax liability recognized is recorded in the statement of loss.

**Leases**

Contracts which contain the legal form of a lease are classified as either finance or operating leases. Finance leases represent leases that transfer substantially all of the risks and rewards of ownership of the leased asset. They are capitalized at the commencement of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments and these capitalized costs are depreciated over the shorter of the period of expected use and the lease term. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease payments are included in the Company's Statements of Loss and Comprehensive Loss on a straight-line basis over the period of the lease. In addition to contracts which take the legal form of a lease, other significant contracts are assessed to determine whether, in substance, they are or contain a lease, if the contractual arrangement contains the use of a specific asset and the right to use that asset.

**Share-based compensation**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

Stock options granted to directors, officers and employees are measured at their fair values determined on their grant date, using the Black-Scholes option pricing model, and are recognized as an expense over the vesting periods of the options on a graded basis. Options granted to consultants or other non-insiders are measured at the fair value of goods or services received from these parties, or at their Black-Scholes fair values if the fair value of goods or services received cannot be measured. A corresponding increase is recorded to equity reserves for share-based compensation recorded.

When stock options are exercised, the cash proceeds along with the amount previously recorded as equity reserves are recorded as share capital. When the right to receive options is forfeited before the options have vested, any expense previously recorded is reversed.

**Share purchase warrants**

Warrants with the right to acquire common shares in the Company are typically issued through the Company's equity financing activities. Where warrants are issued on a stand-alone basis, their fair values are measured on their issuance date using the Black-Scholes option pricing model and are recorded as both an increase to equity reserves and as a share issue cost.

The Company uses the residual value method of accounting for warrants included in a share unit offering. When warrants are attached to common shares issued by the Company as part of a share unit offering, the proceeds from the unit sale are bifurcated first to the common shares at their fair market value on the date of issuance. Any excess in the purchase price of the unit as a whole and the fair market value of the common shares issued on the date of unit sales is attributed to the value of warrants. This fair value is recorded as an increase to equity reserves.

When share purchase warrants are exercised, the cash proceeds along with the amount previously recorded in equity reserves are recorded as share capital.

**Income taxes**

Tax provisions are recognized when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in income in the period in which the change occurs.

Deferred tax assets or liabilities, arising from temporary differences between the tax and accounting values of assets and liabilities, are recorded based on tax rates expected to be enacted when these differences are reversed. Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recovered. This involves an assessment of when those deferred tax assets are likely to be realized, and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as in the amounts recognized in income in the period in which the change occurs.

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in income both in the period of change, which would include any impact on cumulative provisions, and in future periods.

**(Loss) earnings per share**

Basic (loss) earnings per share is calculated by dividing net (loss) earnings by the weighted average number of common shares outstanding during the period which excludes shares held in escrow.

Diluted earnings per share is determined by adjusting the earnings or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of dilutive instruments, which includes stock options and common share purchase warrants, as if their dilutive effect was at the beginning of the period. The calculation of the diluted number of common shares assumes that proceeds received from the exercise of "in-the-money" stock options and common share purchase warrants are used to purchase common shares of the Company at their average market price for the period.

In periods that the Company reports a net loss, basic per share amounts are the same as on a diluted basis as the result would be anti-dilutive.

**Use of estimates and measurement uncertainties**

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the measurements of assets, liabilities, revenues, expenses and certain disclosures reported in these financial statements. Significant estimates made by management include the following:

Valuation of stock options and share purchase warrants

Management uses the Black-Scholes option pricing model to determine the fair value of employee stock options and share purchase warrants issued for goods or services. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options and warrants, future risk-free interest rates and the dividend yield of the Company's common shares.

Income taxes

Provisions for income and other taxes are based on management's interpretation of taxation laws, which may differ from the interpretation by taxation authorities. Such differences may result in eventual tax payments differing from amounts accrued. Reported amounts for deferred tax assets and liabilities are based on management's expectation for the timing and amounts of future taxable income or loss, as well as future taxation rates. Changes to these underlying estimates may result in changes to the carrying value, if any, or deferred income tax assets and liabilities.

Economic recoverability of exploration and evaluation assets

Management has determined that exploration and evaluation costs incurred which were capitalized have future economic benefits and are economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geological and metallurgic information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plans.

**Future changes in accounting policies**

IFRS 9 – Financial Instruments

On July 24, 2014, the IASB issued the complete IFRS 9, Financial Instruments ("IFRS 9"). IFRS 9 introduces new requirements for the classification and measurements of financial assets. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The standard introduces additional changes relating to financial liabilities and amends the impairment model by introducing a new "expected credit loss" model for calculating impairment. It also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. IFRS 9 is effective for reporting periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The adoption of IFRS 9 is not expected to have any significant impact on the financial statements.

IFRS 15 – Revenue from contracts with customers

On May 28, 2014 the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations. IFRS15 is effective for reporting periods beginning on or after January 1, 2018 with early application permitted. Since the Company has no revenue since inception, the adoption of IFRS 15 is not expected to have any significant impact on the financial statements.

IFRS 16 – Leases

On January 13, 2016, the International Accounting Standards Board published a new standard, IFRS 16, Leases, eliminating the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, a lease becomes an on-balance sheet liability that attracts interest, together with a new right-of-use asset. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for reporting periods beginning on or after January 1, 2019, with early application permitted.

(Expressed in Canadian dollars)

## 4. EXPLORATION AND EVALUATION ASSETS

| | Mackie East | Mackie West | Doc | Treaty Creek | Electrum | Other | Total |
|---|---|---|---|---|---|---|---|
| **ACQUISITION** | | | | | | | |
| **Balance, March 31, 2017** | **$ 1,050,000** | **$ 1,000,000** | **$ 1,038,500** | **$ 1,877,400** | **$ 2,377,400** | **$ 1,623,709** | **$ 8,967,009** |
| Share option payments | - | - | - | - | - | 183,000 | 183,000 |
| Cash option payments | - | - | - | - | - | 256,542 | 256,542 |
| Impairment write-down | - | - | (1,038,500) | - | - | (968,581) | (2,007,081) |
| **Balance, March 31, 2018** | **$ 1,050,000** | **$ 1,000,000** | **$ -** | **$ 1,877,400** | **$ 2,377,400** | **$ 1,094,670** | **$ 7,399,470** |
| | | | | | | | |
| **EXPLORATION** | | | | | | | |
| **Balance, March 31, 2017** | **$ 49,006** | **$ 13,519** | **$ 75,238** | **$ 2,063,688** | **$ 441,299** | **$ 89,792** | **$ 2,732,542** |
| Air transportation | - | - | - | 1,663,953 | 3,409 | - | 1,667,362 |
| Assaying | - | - | - | 423,681 | 16,496 | - | 440,177 |
| Consulting fees | 500 | - | - | 224,180 | 98,868 | - | 323,548 |
| Drilling | - | - | - | 3,015,880 | 7,394 | - | 3,023,274 |
| Field costs | - | - | - | 486,655 | 15,514 | - | 502,169 |
| Geology | - | - | - | 43,568 | - | - | 43,568 |
| Road access | - | - | - | - | 193,662 | - | 193,662 |
| Travel | - | - | - | 5,348 | - | - | 5,348 |
| Impairment write-down | - | - | (75,238) | - | - | (8,581) | (83,819) |
| **Balance, March 31, 2018** | **$ 49,506** | **$ 13,519** | **$ -** | **$ 7,926,953** | **$ 776,642** | **$ 81,211** | **$ 8,847,831** |
| | | | | | | | |
| **CARRYING VALUE** | | | | | | | |
| March 31, 2017 | $ 1,099,006 | $ 1,013,519 | $ 1,113,738 | $ 3,941,088 | $ 2,818,699 | $ 1,713,501 | $ 11,699,551 |
| **March 31, 2018** | **$ 1,099,506** | **$ 1,013,519** | **$ -** | **$ 9,804,353** | **$ 3,154,042** | **$ 1,175,881** | **$ 16,247,301** |

(Expressed in Canadian dollars)

| | Mackie East | Mackie West | Doc | Treaty Creek | Electrum | Other | Total |
|---|---|---|---|---|---|---|---|
| **ACQUISITION** | | | | | | | |
| Balance, March 31, 2016 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Share option payments | 1,000,000 | 1,000,000 | 1,038,500 | 1,877,400 | 1,877,400 | 1,300,000 | 8,093,300 |
| Cash option payments | 50,000 | - | - | - | 500,000 | 323,709 | 873,709 |
| **Balance, March 31, 2017** | **$ 1,050,000** | **$ 1,000,000** | **$ 1,038,500** | **$ 1,877,400** | **$ 2,377,400** | **$ 1,623,709** | **$ 8,967,009** |
| **EXPLORATION** | | | | | | | |
| Balance, March 31, 2016 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Air transportation | 6,512 | - | 32,950 | 491,758 | - | 26,438 | 557,658 |
| Assaying | - | - | - | 46,873 | 99,024 | - | 145,897 |
| Consulting fees | 4,601 | 4,691 | 10,440 | 88,578 | 73,281 | 15,750 | 197,341 |
| Drilling | - | - | 11,150 | 547,197 | 181,352 | - | 739,699 |
| Field costs | 770 | 770 | 19,698 | 475,795 | 78,942 | 4,080 | 580,055 |
| Geology | 3,280 | 8,058 | 1,000 | 82,749 | 8,700 | 1,100 | 104,887 |
| Geophysics | 33,843 | - | - | 270,740 | - | 33,842 | 338,425 |
| Legal fees | - | - | - | 59,665 | - | 8,582 | 68,247 |
| Travel | - | - | - | 333 | - | - | 333 |
| **Balance, March 31, 2017** | **$ 49,006** | **$ 13,519** | **$ 75,238** | **$ 2,063,688** | **$ 441,299** | **$ 89,792** | **$ 2,732,542** |
| **CARRYING VALUE** | | | | | | | |
| March 31, 2016 | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| **March 31, 2017** | **$ 1,099,006** | **$ 1,013,519** | **$ 1,113,738** | **$ 3,941,088** | **$ 2,818,699** | **$ 1,713,501** | **$ 11,699,551** |

**Mackie East, Mackie West and Doc claims**

On April 6, 2016, the Company completed a definitive acquisition agreement with Tudor Holdings involving the issuance of 30,000,000 common shares of the Company at a value of $0.10 per share (issued) (Note 7) in exchange for rights to the Mackie Property located in the Skeena Mining Division of northwestern British Columbia. The 30,000,000 common shares will be subject to an escrow agreement, under which the shares will be released over the next three years. The Mackie Property consists of three main claim groups: Mackie East, Mackie West and the Doc claims.

The Mackie East claims are subject to an option agreement, whereby the Company can acquire a 100% interest in the claims by making property payments totaling $250,000 over the next three years ($50,000 paid). The Mackie East claims are subject to a 2.5% net smelter return ("NSR") royalty.

The Mackie West claims are not subject to an underlying option agreement and will be wholly owned on completion of the acquisition agreement. There are no NSR royalties in respect of these claims.

The Doc claims are subject to an option agreement, whereby the Company can acquire a 100% interest in the claims by making the property payments totaling $2,000,000 over the next three years. The option agreement was amended in November 2016, such that the $50,000 cash payment due in November 2016 was replaced by the issuance of 70,000 common shares of the Company's shares to the optionor (issued with a value of $38,500) (Note 7). The Doc claims are subject to a 2.5% NSR royalty. During the year ended March 31, 2018, the Company recorded a provision for write-down of $1,113,738 to a carrying value of $Nil related to the Doc claims.

**Treaty Creek Property**

On May 10, 2016, the Company entered into a joint venture agreement, under which it acquired a 60% interest in the Treaty Creek Property located in northwestern British Columbia by acquiring a 31% interest from American Creek Resources Ltd. ("American Creek"), which held a 51% stake, and a 29% interest from Teuton Resources Corp. ("Teuton"), which held a 49% interest. The Company acquired the combined 60% interest by issuing 500,000 common shares to each of American Creek and Teuton with a combined value of $1,260,000 (issued) (Note 7). As part of the agreement, the Company agreed to complete a minimum of $1,000,000 in exploration expenditures on the Treaty Creek Property during 2016 (completed).

Pursuant to the agreement, the Company holds a 60% interest and each of American Creek and Teuton hold a 20% interest. Both American Creek's and Teuton's 20% interests are carried during the exploration period until a production notice is given, at which time they will each be responsible for 20% of the costs under and subject to the terms of the joint venture agreement. The Property is subject to 3% NSR royalties and under the terms of the agreement, and the Company is designated as operator of the joint venture.

Finder's fees consisting of 490,000 common shares of the Company were issued on June 14, 2016 with a value of $617,400, in respect to the Company's acquisition of the interests in the Treaty Creek Property (Note 7).

**Electrum Property**

On May 10, 2016, the Company entered into a joint venture agreement, under which it acquired a 60% interest in the Electrum Property located in northwestern British Columbia from American Creek, by issuing 1,000,000 common shares with a value of $1,260,000 (issued) (Note 7) and paying $500,000 (paid). As part of the agreement, the Company also acquired 3,125,000 shares of American Creek by investing $250,000 pursuant to a private placement, at a price of $0.08 per American Creek share (Note 5). Under the terms of the agreement, the Company is designated as operator of the joint venture.

The Electrum Property comprises eight claims, of which six claims are subject to a 2% NSR royalty which can be purchased at any time for $1,000,000.

Finder's fees consisting of 490,000 common shares of the Company were issued on June 14, 2016 with a value of $617,400, in respect to the Company's acquisition of the interests in the Electrum Property (Note 7).

**Eskay North Property**

On May 10, 2016, the Company acquired a 100% interest in a single mining claim in the Skeena Mining Division of northwestern British Columbia, known as the Eskay North Property. As consideration for the claim, the Company issued 750,000 common shares over a twelve-month period (issued with a combined value of $605,000) (Note 7). The Eskay North Property is subject to a 2.5% NSR royalty payable to the vendor.

**Orion Property**

On June 1, 2016, the Company entered into an option agreement to acquire a 100% interest in the Orion Property located in the Skeena Mining Division of northwestern British Columbia by making option payments totaling $700,000 ($100,000 paid) and the issuance of 700,000 common shares over a five-year period (300,000 common shares issued with a value of $375,000) (Note 7). The Property is subject to a 2.5% NSR royalty.

**Fairweather, Delta and High North Property Option Agreements**

On May 24, 2016, the Company entered into agreements with Tudor Holdings to assume option agreements on three properties in the Skeena Mining Division of northwestern British Columbia. The Company was granted the right to acquire the 100% interest in the three properties pursuant to the terms of assignment and assumption agreements. The properties are known as the Fairweather Property, the Delta Property, and the High North Property.

The terms of the acquisition of the three properties are summarized below:

Fairweather Property

The Company has been assigned the right to acquire a 100% interest in the Fairweather Property by paying Tudor Holdings the sum of $37,662, which represents costs paid to date in respect of the property (paid). The agreement also stipulates additional option payments totaling $320,000 ($20,000 paid) and the issuance of up to 700,000 common shares over a five-year period (300,000 common shares issued with a combined value of $502,500) (Note 7). The Property is subject to a 2% NSR royalty. During the year ended March 31, 2018, the Company recorded a provision for write-down of $568,743 to a carrying value of $Nil related to the Fairweather Property.

Delta Property

The Company has been assigned the right to acquire a 100% interest in the Delta Property by paying Tudor Holdings the sum of $105,951, which represents costs paid to date in respect of the Property (paid). The agreement also stipulates additional option payments totaling $900,000 over a four-year period are required to be assumed and paid by the Company to acquire the 100% interest ($100,000 paid). Claims comprising the Property are subject to NSR royalties of 2.5% to 3.0%. During the year ended March 31, 2018, the Company recorded a provision for write-down of $205,951 to a carrying value of $Nil related to the Delta Property.

High North Property

The Company has been assigned the right to acquire a 100% interest in the High North Property by paying the sum of $102,468, which represents costs paid to date in respect of the Property (paid). The agreement also stipulates additional option payments totaling $900,000 over a four-year period are required to be assumed and paid by the Company to acquire the 100% interest ($100,000 paid). The Property is subject to a 2.5% NSR royalty. During the year ended March 31, 2018, the Company recorded a provision for write-down of $202,468 to a carrying value of $Nil related to the High North Property.

Reclamation Bonds

During the year ended March 31, 2018, the Company paid $14,000 for a reclamation bond for the Electrum Property to the Minister of Finance.

During the year ended March 31, 2017, the Company paid $66,600 for a reclamation bond for the Mackie Property and $65,000 for a reclamation bond for the Treaty Creek Property to the Minister of Finance. The bonds are recoverable, subject to the Company meeting the B.C. Ministry of Energy and Mines reclamation requirements.

(Expressed in Canadian dollars)

## 5. AVAILABLE-FOR-SALE INVESTMENTS

Pursuant to the Company's joint venture agreement with American Creek related to the Electrum Property, the Company acquired 3,125,000 shares of American Creek by investing $250,000 at a price of $0.08 per American Creek share (Note 4).

| | March 31, 2018 | | March 31, 2017 | |
|---|---|---|---|---|
| | **Cost** | **Fair Value** | **Cost** | **Fair Value** |
| **American Creek:** | | | | |
| 3,125,000 common shares | $ 250,000 | $ 156,250 | $ 250,000 | $ 187,500 |
| | $ 250,000 | $ 156,250 | $ 250,000 | $ 187,500 |

During the year ended March 31, 2018, the Company recognized a fair value adjustment on their investments in the amount of $31,250 (2017 - $62,500). At March 31, 2018, the Company determined its investment in American Creek was permanently impaired and recognized an impairment charge of $93,750.

## 6. PROPERTY AND EQUIPMENT

| | **Building** | **Land** | **Equipment** | **Vehicle** | **Website** | **Total** |
|---|---|---|---|---|---|---|
| **COSTS** | | | | | | |
| Balance, March 31, 2016 | $ - | $ - | $ - | $ - | $ - | $ - |
| Additions | 38,750 | 33,750 | - | 27,000 | 23,424 | 122,924 |
| **Balance, March 31, 2017** | **38,750** | **33,750** | **-** | **27,000** | **23,424** | **122,924** |
| Additions / Reductions | - | - | 90,481 | 3,000 | (1,321) | 92,160 |
| **Balance, March 31, 2018** | **$ 38,750** | **$ 33,750** | **$ 90,481** | **$ 30,000** | **$ 22,103** | **$ 215,084** |
| | | | | | | |
| **ACCUMULATED DEPRECIATION** | | | | | | |
| Balance, March 31, 2016 | $ - | $ - | $ - | $ - | $ - | $ - |
| Depreciation | 937 | - | - | 1,297 | 2,928 | 5,162 |
| **Balance, March 31, 2017** | **937** | **-** | **-** | **1,297** | **2,928** | **5,162** |
| Depreciation | 1,938 | - | 11,310 | 3,562 | 5,691 | 22,501 |
| **Balance, March 31, 2018** | **$ 2,875** | **$ -** | **$ 11,310** | **$ 4,859** | **$ 8,619** | **$ 27,663** |
| | | | | | | |
| **NET BOOK VALUE** | | | | | | |
| March 31, 2017 | $ 37,813 | $ 33,750 | $ - | $ 25,703 | $ 20,496 | $ 117,762 |
| **March 31, 2018** | **$ 35,875** | **$ 33,750** | **$ 79,171** | **$ 25,141** | **$ 13,484** | **$ 187,421** |

## 7. SHAREHOLDERS' EQUITY (DEFICIT)

### Authorized share capital

Unlimited common shares, without par value.
Unlimited preferred shares issuable in series.

### Share issuances

On April 18, 2016, the Company issued 30,000,000 common shares valued at $3,000,000 in connection with the Company's definitive acquisition agreement with Tudor Holdings to acquire the Mackie East, Mackie West and Doc claims (the "Qualifying Transaction") (Notes 1 and 4).

On April 18, 2016, the Company completed a non-brokered private placement of 11,880,000 common shares at a price of $0.10 each for gross proceeds of $1,188,000. The Company paid finder's fees totaling $44,493 and legal costs of $26,021 related to this private placement.

On May 10, 2016, an aggregate of 150,000 stock options of the Company were exercised at a price of $0.20 each, resulting in the issuance of 150,000 common shares of the Company for gross proceeds of $30,000.

On June 14, 2016, the Company completed a non-brokered private placement consisting of 13,000,000 units at a price of $0.10 per unit for gross proceeds of $1,300,000. Each unit is comprised of one common share and one share purchase warrant. Each warrant entitles the holder to purchase an additional common share at an exercise price of $0.10 per share for a period of two years from closing. No value was attributed to the warrant component of the unit. The Company paid legal costs of $39,990 related to this private placement.

On June 14, 2016, the Company issued 500,000 common shares to each of American Creek and Teuton with a combined total of 1,000,000 common shares valued at $100,000 related to the Treaty Creek Property (Note 4).

On June 14, 2016, the Company issued 1,000,000 common shares valued at $100,000 related to the Electrum Property (Note 4).

On June 14, 2016, the Company issued 980,000 common shares valued at $1,234,800 as finder's fees in respect to the Company's acquisition of the interests in the Treaty Creek and Electrum properties (Note 4).

On June 14, 2016, the Company issued 250,000 common shares valued at $315,000 related to the Eskay North Property (Note 4).

On June 22, 2016, the Company issued 250,000 common shares valued at $345,000 related to the Orion Property (Note 4).

On July 21, 2016, the Company issued 250,000 common shares valued at $475,000 related to the Fairweather Property (Note 4).

On July 21, 2016, an aggregate of 300,000 stock options of the Company were exercised at a price of $0.10 each, resulting in the issuance of 300,000 shares of the Company for gross proceeds of $30,000.

On August 11, 2016, the Company completed a non-brokered private placement consisting of 3,070,000 common shares at a price of $1.00 each for gross proceeds of $3,070,000. The Company paid finders' fees totaling $186,066 and legal costs of $13,319 related to this private placement.

On November 29, 2016, the Company issued 250,000 common shares valued at $137,500 related to the Eskay North Property (Note 4).

On November 29, 2016, the Company issued 50,000 common shares valued at $27,500 related to the Fairweather Property (Note 4).

On December 19, 2016, the Company issued 70,000 common shares valued at $38,500 related to the Doc Property (Note 4).

On January 27, 2017, an aggregate of 50,000 stock options of the Company were exercised at a price of $0.10 each, resulting in the issuance of 50,000 common shares of the Company for gross proceeds of $5,000.

On March 22, 2017, an aggregate of 50,000 stock options of the Company were exercised at a price of $0.10 each, resulting in the issuance of 50,000 common shares of the Company for gross proceeds of $5,000.

On April 10, 2017, an aggregate of 11,000,000 share purchase warrants of the Company were exercised at a price of $0.10 each, resulting in the issuance of 11,000,000 shares of the Company for proceeds of $1,100,000.

On May 31, 2017, the Company issued 250,000 common shares valued at $152,500 related to the Eskay North Property, and issued 50,000 common shares valued at $30,500 related to the Orion Property (Note 4).

On June 6, 2017, an aggregate of 50,000 stock options of the Company were exercised at a price of $0.10 each, resulting in the issuance of 50,000 common shares of the Company for proceeds of $5,000.

On August 21, 2017, the Company closed the first tranche of a non-brokered private placement consisting of 717,200 flow-through common shares ("FT Shares") at a price of $0.80 per FT Share, 1,139,452 non-flow-through common shares ("Non-FT Shares") at a price of $0.64 per Non-FT Share, and 1,263,639 units at a price of $0.64 per unit for gross proceeds of $2,111,740. Each unit consists of one common share and one share purchase warrant. Each whole warrant entitles the holder to purchase one common share at a price of $1.00 per share for a period of two years.

On August 30, 2017, the Company closed the second tranche of a non-brokered private placement consisting of 925,000 FT Shares at a price of $0.80 per FT Share for gross proceeds of $740,000. In connection with both the first and second tranches of this private placement, the Company paid finders' fees totaling $83,726, issued 98,802 finders' warrants valued at $38,180, issued 95,147 finders' common shares valued at $75,166, and incurred other share issuance costs totaling $103,521. The finders' warrants were valued using the Black-Scholes option pricing model using the following weighted average assumptions: term of 2 years; expected volatility of 93.60%; risk-free rate of 1.31%; and expected dividends of Nil.

On October 30, 2017, the Company closed a non-brokered private placement consisting of 410,000 units at a price of $0.70 per unit for gross proceeds of $287,000. Each unit consists of one common share and one-half of one transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $1.00 for a period of two years. A value of $45,100 was attributed to the warrant component of the units.

**Share subscriptions received in advance**

As at March 31, 2018, the Company received $628,000 related to a private placement that closed on April 16, 2018 (Note 15).

**Escrow shares**

As at March 31, 2018, 13,758,750 (March 31, 2017 – 22,931,250) common shares are held in escrow and released over 36 months following the April 6, 2016 completion of the Company's Qualifying Transaction.

**Stock options**

The Company adopted an incentive stock option plan (the "Option Plan") which allows the Company's Board of Directors, at its discretion and in accordance with TSX-V requirements, to grant non-transferable options to purchase common shares to its directors, officers, employees and technical consultants to the Company. The number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares. Such options will be exercisable for a period of up to ten years from the date of grant and vesting terms will be determined at the time of grant by the Board of Directors.

On April 19, 2016, the Company granted 2,850,000 stock options with an exercise price of $0.10 per share expiring April 19, 2026. The fair value of the stock options was estimated to be $254,904 using the Black-Scholes option pricing model with the following assumptions: term of 10 years; expected volatility of 100%; risk-free rate of 1.49%; and expected dividends of Nil.

On March 7, 2017, the Company granted 300,000 stock options with an exercise price of $0.55 per share expiring March 7, 2019. The fair value of the stock options was estimated to be $89,049 using the Black-Scholes option pricing model with the following assumptions: term of 2 years; expected volatility of 100%; risk-free rate of 0.74%; and expected dividends of Nil.

(Expressed in Canadian dollars)

On October 2, 2017, the Company granted 600,000 stock options with an exercise price of $1.00 per share expiring October 2, 2019. The fair value of the stock options was estimated to be $173,772 using the Black-Scholes option pricing model with the following assumptions: term of 2 years; expected volatility of 94.51%; risk-free rate of 1.53%; and expected dividends of Nil.

On March 15, 2018, the Company granted 1,200,000 stock options with an exercise price of $0.55 per share expiring March 15, 2020, with 25% of the options vesting every three months from the date of grant. The fair value of the stock options was estimated to be $218,016 using the Black-Scholes option pricing model with the following assumptions: term of 2 years; expected volatility of 90.45%; risk-free rate of 1.77%; and expected dividends of Nil.

On March 15, 2018, the Company granted 300,000 stock options with an exercise price of $0.45 per share expiring March 15, 2020, , with 25% of the options vesting every three months from the date of grant. The fair value of the stock options was estimated to be $61,260, of which $5,549 was recognized during the year using the Black-Scholes option pricing model with the following assumptions: term of 2 years; expected volatility of 90.45%; risk-free rate of 1.77%; and expected dividends of Nil.

Changes in stock options for the year ended March 31, 2018 and for the year ended March 31, 2017 are as follows:

| | **March 31, 2018** | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | **Number of stock options** | | **Exercise price** | Number of stock options | | Exercise price |
| Outstanding, beginning | **2,750,000** | **$** | **0.15** | 150,000 | $ | 0.20 |
| Granted | **2,100,000** | **$** | **0.66** | 3,150,000 | $ | 0.14 |
| Exercised | **(50,000)** | **$** | **0.10** | (550,000) | $ | 0.13 |
| Outstanding, ending | **4,800,000** | **$** | **0.38** | 2,750,000 | $ | 0.15 |
| Exercisable, ending | **4,500,000** | **$** | **0.37** | 2,750,000 | $ | 0.15 |

Stock options outstanding as at March 31, 2018 are as follows:

| **Grant Date** | **Number of stock options** | **Exercise Price** | **Expiry Date** |
|---|---|---|---|
| April 19, 2016 | 2,400,000 | $0.10 | April 19, 2026 |
| March 7, 2017 | 300,000 | $0.55 | March 7, 2019 |
| October 2, 2017 | 600,000 | $1.00 | October 2, 2019 |
| March 15, 2018 | 1,200,000 | $0.55 | March 15, 2020 |
| March 15, 2018 | 300,000 | $0.45 | March 15, 2020 |
| | 4,800,000 | | |

(Expressed in Canadian dollars)

### Warrants

Changes in share purchase warrants for the year ended March 31, 2018 and for the year ended March 31, 2017 are as follows:

| | **March 31, 2018** | | | March 31, 2017 | | |
|---|---|---|---|---|---|---|
| | **Number of warrants** | | **Exercise price** | Number of warrants | | Exercise price |
| Outstanding, beginning | 13,000,000 | $ | 0.10 | - | $ | - |
| Issued | 1,567,441 | $ | 0.99 | 13,000,000 | $ | 0.10 |
| Exercised | (11,000,000) | $ | 0.10 | - | $ | - |
| Outstanding, ending | **3,567,441** | **$** | **0.49** | 13,000,000 | $ | 0.10 |

Share purchase warrants outstanding as at March 31, 2018 are as follows:

| **Issue Date** | **Number of warrants** | **Exercise Price** | **Expiry Date** |
|---|---|---|---|
| June 14, 2016 * | 2,000,000 | $0.10 | June 14, 2018 |
| August 22, 2017 | 1,263,639 | $1.00 | August 21, 2019 |
| August 22, 2017 | 43,302 | $0.85 | August 21, 2019 |
| August 30, 2017 | 55,500 | $0.85 | August 31, 2019 |
| October 30, 2017 | 205,000 | $1.00 | October 30, 2019 |
| | 3,567,441 | | |

** Exercised subsequent to March 31, 2018.*

## 8. RELATED PARTY TRANSACTIONS

During the year ended March 31, 2018, Nil stock options (2017 - 2,850,000 stock options) with a fair value of $Nil (2017 - $254,904) were granted to officers and directors of the Company.

As at March 31, 2018, a total of $96,566 (March 31, 2017 - $12,949) was owing to officers and directors of the Company and is included in accounts payable and accrued liabilities.

### Key management compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The Company paid and/or accrued management fees of $96,000 (2017 - $90,000) to Morfopoulos Consulting Associates Ltd, a company controlled by the Chief Financial Officer of the Company, for management, accounting and administrative services.

The Company paid and/or accrued consulting fees of $180,000 (2017 - $165,800) to Ray Marks, the Executive VP and director of the Company, for management and supervision of field operations. The Company also paid and/or accrued a total of $145,890 (2017 - $208,272) to Ray Marks for exploration-related expenditures (labour, logistics, third party costs) incurred on behalf of the Company during the period.

The Company paid and/or accrued management fees and other office costs of $Nil (2017 - $32,750) to Earlston Management Corp., a company with former directors in common, for various administrative and other corporate services, including all reasonable reimbursable expenses incurred in the performance of its services.

The Company paid and/or accrued salaries and wages of $88,807 (2017 - $30,600) to Walter Storm, the Chief Executive Officer of the Company.

The Company paid and/or accrued management fees of $48,000 (2017 - $20,000) to Tudor Holdings, a company controlled by an officer and director of the Company. As at March 31, 2018, $4,200 (March 31, 2017 - $20,000) is owing to this company and included in accounts payable.

On May 10, 2016, the Company entered into a credit facility agreement with Tudor Holdings for up to $650,000 for the purpose of funding the acquisition, exploration and development of the Company's mineral properties. The credit facility is due to be repaid on May 10, 2020, is unsecured and non-convertible, with an interest rate of 8% per annum. As at March 31, 2018, the amount of $650,000 in principal and $14,888 in interest is owing on this credit facility.

The Company paid and/or accrued consulting fees of $20,000 (2017 - $Nil) to Robert Quinn, a director of the Company.

**Other related party transactions**

During the year ended March 31, 2017, the Company entered into various agreements with Tudor Holdings, a company controlled by an officer and director of the Company to acquire various exploration and evaluation assets (Note 4).

During the year ended March 31, 2018, the Company received a short-term loan of $240,000 from Walter Storm, the Chief Executive Officer of the Company. The loan is unsecured, non-interest bearing and due on demand (Note 15).

## 9. LEASE OBLIGATION

On June 16, 2017, the Company entered into a four year finance lease for field equipment. The Company paid $10,000 plus taxes on signing as its first lease payment and is required to pay $1,605 per month plus taxes until May 2021. The present value of the total lease obligation was $85,295 using the financing rate of 3.99%. As at March 31, 2018, $19,573 of the lease obligation is due within one year and $39,820 is due to be repaid over the remaining term of the lease. During the year ended March 31, 2018, the Company recorded a total accretion expense of $255 related to this lease obligation.

## 10. FLOW-THROUGH LIABILITY

On August 30, 2017, the Company closed a non-brokered private placement and issued a total of 1,642,200 FT Shares at a price of $0.80 per FT Share for gross proceeds of $1,313,760. The FT Shares premium liability was calculated to be $114,752. The Company is required to incur eligible Canadian Exploration Expenditure by August 2019. Upon renunciation of the expenses to the investors, the FT Shares premium liability will be reversed as a recovery of deferred income tax assets previously not recognized. During the year ended March 31, 2018 the Company recognized a gain on settlement of flow-through liability of $114,752 (2017 - $Nil).

## 11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at March 31, 2018, the Company's financial instruments are comprised of cash, available-for-sale investments, and accounts payable and accrued liabilities. The fair values of advances, loan payable and accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity. Fair values of financial instruments are classified in a fair value hierarchy based on the inputs used to determine fair values. The levels of the fair value hierarchy are as follows:

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

As at March 31, 2018, the fair value of cash and available-for-sale investments (Note 5) held by the Company was based on level 1 of the fair value hierarchy. The fair value of the Company's credit facility approximate the carrying values as the contractual interest rates are comparable to current market interest rates.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below**:**

### Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its cash. The Company limits exposure to credit risk by maintaining its cash with large financial institutions. The Company does not have cash that is invested in asset backed commercial paper.

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. As at March 31, 2018, the Company had cash of $302,362 to settle current liabilities of $2,940,095. All of the Company's current financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms. The Company requires additional cash to meet the payment obligations.

**Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and equity prices.

Interest rate risk

Interest rate risk arises from changes in market rates of interest that could adversely affect the Company. The Company's current exposure to interest rate risk is limited to its cash and cash equivalents yielding interest income at varying rates. The Company's interest obligations on its credit facility, loan payable and certain accounts payable balances, are fixed. The Company's current exposure to interest rate risk is insignificant.

Foreign currency risk

Foreign currency risk arises from fluctuations in foreign currencies versus the Canadian dollar that could adversely affect reported balances and transactions denominated in those currencies. The Company currently has no assets or liabilities and has nominal expenses denominated in a foreign currency, so it is not exposed to any significant foreign currency risk.

Equity price risk

Equity price risk arises from market fluctuations in equity prices that could adversely affect the Company's operations. The Company's current exposure to equity price risk is limited to declines in the values and volumes including those of its own shares, which could impede its ability to raise additional funds when required.

## 12. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. As at March 31, 2018, the Company's shareholders' equity was $13,749,780 and it had current liabilities of $2,940,095. The Company's objectives when managing capital are to maintain financial viability and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company's current capital was received from the issuance of common shares as well as a loan and a credit facility from related parties. The net proceeds raised to date will only be sufficient to identify and evaluate a limited number of assets and businesses. Additional funds may be required to finance the Company's future business opportunities.

The Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the year ended March 31, 2018.

## 13. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

**During the year ended March 31, 2018**

The Company issued a total of 300,000 common shares valued at $183,000 for the acquisitions of exploration and evaluation assets (Notes 4 and 7).

In connection with the August 2017 private placement, the Company issued 98,802 finders' warrants valued at $38,180 and issued 95,147 finders' common shares valued at $75,166 (Note 7).

In August 2017, the Company issued a total of 1,642,200 FT Shares at $0.80 per FT Share for gross proceeds of $1,313,760, resulting in a flow-through share premium liability of $114,752.

The Company recorded a reversal in the amount of $4,472 between reserves and share capital in connection with stock options exercised.

Included in accounts payable and accrued liabilities as at March 31, 2018 is $2,091,043 related to exploration and evaluation assets, $66,937 related to share issuance costs and $233,328 in accrued interest expense.

The Company entered into a four year finance lease for field equipment and recognized equipment additions of $85,296 (Note 7).

**During the year ended March 31, 2017**

The Company issued a total of 34,100,000 common shares valued at $8,093,300 for the acquisitions of exploration and evaluation assets (Notes 4 and 7).

Included in accounts payable and accrued liabilities as at March 31, 2017 is $24,097 related to exploration and evaluation assets.

The Company recorded a reversal in the amount of $36,540 between reserves and share capital in connection with stock options exercised.

(Expressed in Canadian dollars)

## 14. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

| Years ended March 31, | | 2018 | | 2017 |
|---|---|---|---|---|
| Loss for the year | $ | (3,689,268) | $ | (1,382,001) |
| Expected income tax recovery | | (969,000) | | (359,000) |
| Permanent differences and other | | 107,000 | | 90,000 |
| Impact of flow-through shares | | 345,000 | | - |
| Share issue costs | | (69,000) | | - |
| Change in unrecognized deductible temporary differences | | 586,000 | | 269,000 |
| Total income tax recovery | $ | - | $ | - |

The significant components of the Company's unrecorded deferred tax assets and liabilities are as follows:

| | | March 31, 2018 | | March 31, 2017 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| Non-capital losses available for future periods | $ | 720,000 | $ | 391,000 |
| Share issue costs | | 107,000 | | 64,000 |
| Exploration and evaluation assets | | 211,000 | | 2,000 |
| Available-for-sale investments | | 13,000 | | 8,000 |
| **Unrecognized deferred tax assets** | $ | 1,051,000 | $ | 465,000 |

The Company's non-capital losses expire as follows:

| | 2018 | Expiry Date Range | 2017 | Expiry Date Range |
|---|---|---|---|---|
| **Temporary Differences** | | | | |
| Exploration and evaluation assets | $ 783,000 | No expiry date | $ 6,000 | No expiry date |
| Property and equipment | $ (113,000) | No expiry date | $ (52,000) | No expiry date |
| Share issue costs | $ 396,000 | 2039 to 2042 | $ 248,000 | 2038 to 2041 |
| Available-for-sale investments | $ 94,000 | No expiry date | $ 63,000 | No expiry date |
| Non-capital losses available for future periods | $ 2,783,000 | 2030 to 2038 | $ 1,559,000 | 2030 to 2037 |
| | $ 2,783,000 | 2030 to 2038 | $ 1,559,000 | 2030 to 2037 |

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

## 15. SUBSEQUENT EVENTS

On April 16, 2018, the Company closed a non-brokered private placement, consisting of 2,080,000 shares at a price of $0.40 per share and 2,920,000 units at a price of $0.40 per unit, for aggregate gross proceeds of $2,000,000. Each unit consists of one common share and one-half of one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.65 per share for a period of two years from the closing. In connection with the offering, the Company paid a cash finder's fee of $9,115.

In April 2018, the Company repaid $240,000 to Walter Storm, the Chief Executive Officer of the Company related to the short-term loan provided to the Company (Note 8).

On June 11, 2018, the Company issued 2,000,000 common shares, pursuant to the exercise of 2,000,000 warrants for proceeds of $200,000.

On July 5, 2018, the Company closed a non-brokered private placement, consisting of 1,000,000 units at a price of $0.35 per unit, for aggregate gross proceeds of $350,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.55 per share for a period of two years from the closing. In connection with the offering, the Company paid a cash finder's fee of $21,000 and issued 60,000 finders' warrants. Each finders' warrant entitles the holder to purchase one common share at a price of $0.45 per share for a period of two years from the date of closing.

On July 26, 2018, the Company closed a non-brokered private placement, consisting of 2,857,142 units at a price of $0.35 per unit, for aggregate gross proceeds of $1,000,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of $0.55 per share for a period of two years from the closing.