



ONE WORLD  
LITHIUM

## ONE WORLD LITHIUM INC.

(Formerly One World Minerals Inc.)

Management's Discussion & Analysis  
For the three months ended March 31, 2018

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### **Cautionary Notices**

*The Company's Financial Statements and this accompanying MD&A contain statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future exploration plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. The forward-looking statements that are contained in this MD&A involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified under the heading "Risks Related to the Company's Business" in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed under the heading "Risks Related to the Company's Business" and to those that may be discussed as part of particular forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, exploration success, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms and the ability of third-party service providers to deliver services in a timely manner. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.*

### **Introduction**

This Management Discussion and Analysis ("MD&A" or "Report") of the financial condition of One World Minerals Inc. (an exploration stage company) ("One World" or the "Company") and results of operations of the Company, prepared June 14, 2018 (the "Report Date"), should be read in conjunction with the unaudited condensed interim consolidated financial statements including the notes thereto for the three months ended March 31, 2018 and 2017 and the audited financial statements including the notes thereto for the year ended December 31, 2017 (collectively, the "Financial Statements"), which are presented in accordance with International Financial Reporting Standards ("IFRS") and with the Company's accounting policies, as those are described in the notes to the Financial Statements. These Financial Statements, together with this MD&A, are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as potential future performance, and are not necessarily indicative of the results that may be expected in future periods. Unless otherwise indicated, all dollars in this Report are in Canadian dollars.

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This Report may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from the actual results or events. The Company cautions investors that any forward looking statements by the Company are not guarantees of futures performance, as they are subject to significant risks and uncertainties that may cause projected results or events to differ materially from actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the risks and cautionary notices of this MD&A.

### Description of Business

The Company is focused on the acquisition, exploration and development of resource properties in Mexico and the United States. The Company is considered to be in the exploration stage. One World Investments Inc., together with its subsidiary, Lithium Investments Ltd., (collectively referred to as the "Company") was incorporated under the laws of the province of British Columbia on November 9, 1982. On February 27, 2017, the Company voluntarily delisted its common shares from the NEX Board of the TSX Venture Exchange ("Exchange") and on February 28, 2017, the Company changed its name to One World Minerals Inc. and its shares became listed on the Canadian Securities Exchange ("CSE") (symbol OWM.) On January 19, 2018, the Company changed its corporate name to "One World Lithium Inc." (symbol OWLI). The name change reflects the Company's primary focus to explore and develop lithium properties of merit and the potential of its option to earn and acquire up to 90% of the 75,400 hectare Salar del Diablo lithium property in Mexico.

The Company's administrative office is Suite 615 – 800 West Pender Street, Vancouver, BC, V6C 2V6 and its Registered and Records Office is 800 – 885 West Georgia Street, Vancouver, BC, V6E 2H6.

### Highlights and significant events

#### During the period ended March 31, 2018:

##### On January 19, 2018:

- **Name change:** The Company completed its name change from One World Minerals Inc. to One World Lithium Inc. The name change reflects the Company's primary focus to explore and develop lithium properties of merit and the potential of its option to earn and acquire up to 90% of the 75,400 hectare Salar del Diablo lithium property in Mexico.

##### On March 22, 2018:

- **Private placement:** The Company closed a portion of its private placement that was previously announced on November 9, 2017. The Company has raised \$ 1,028,650 through the issuance of 6,857,667 units at a price of \$0.15 per unit. Each Unit was comprised of one common share in the capital of the Company and one non-transferable common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional share, at a price of \$0.20 per warrant share for a period of 24 months from the partial closing date of the Offering. All securities are subject to a four month and one day hold from the closing date. The Company received \$668,200 in 2017 towards this private placement which was included in current liabilities as share subscriptions. No finder's fees were paid in connection with the private

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placement. As at March 31, 2018, in connection with the second tranche of the private placement that closed on May 23, 2018, the Company received \$56,215 subscriptions in advance of issuance of units. Subsequent to period end, 218,075 units were issued against this advance. No Finders' fees were paid in connection to this private placement. The subscriptions advance has been presented in Share Subscriptions as at March 31, 2018.

On March 23, 2018:

- **Stock option grant:** the Company granted incentive stock options allowing the acquisition of 800,000 common shares of the Company at a price of \$0.20 per common share. The stock options are exercisable on or before March 22, 2022 and are fully vested.

On March 29, 2018:

- **Exercise of stock options:** 100,000 stock options were exercised at \$0.05, for total proceeds of \$5,000.

**Resource Properties**

Until March 31, 2016, the Company capitalized on its Balance Sheet all costs related to exploration and evaluation assets (mineral properties, or properties). Effective April 1, 2016, the Company elected to recognize exploration and evaluation expenditures in its statement of loss in the period incurred in the period, and capitalize only the costs of acquisition of or earning of interest in its exploration and evaluation assets. The Board of Directors is responsible for a quarterly review of the properties and any decisions toward impairment. If the property is considered impaired, accumulated costs are expensed at that time.

The following table shows the activity by category of exploration expenditures for the period ended March 31, 2018 and for the year ended December 31, 2017:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>
<u>Exploration and Evaluation Expenditures</u>	<u>(\$)</u>	<u>(\$)</u>
Consulting	-	12,866
Maintenance fees	-	98,792
Geophysics	179,050	-
Impairment charge on Mogollon Property	31,910	604,880
<b>Total</b>	<b>210,960</b>	<b>716,538</b>

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*The Mogollon Property*

The Mogollon Property is located in Catron County, New Mexico, United States and consists of 64 unpatented and 81 patented lode mining claims that are prospective for gold and silver. Certain portions of the Property are subject to existing net smelter return royalties. On February 28, 2017, the Company entered into an assignment agreement (the "Assignment Agreement"), pursuant to which the Company was assigned all rights and obligations of an option agreement (the "Option Agreement") dated December 22, 2015, between Stand-up Investments ("SUI") and an option holder ("Third Party") in exchange for 5,000,000 common shares of the Company as well as \$75,000 in cash.

Under the terms of the Option Agreement, SUI has the option to acquire a 100% interest in the Mogollon silver-gold project located in New Mexico, US, by making annual payments totaling US\$1,000,000 to the Third Party as follows:

<u>On or before (Date)</u>	<u>Pay to Third Party (US\$)</u>
January 31, 2016	50,000 (Paid by SUI)
December 31, 2016	200,000 (Paid by SUI)
December 31, 2017	200,000
December 31, 2018	275,000
December 31, 2019	275,000
	<u>1,000,000</u>

Pursuant to the Assignment Agreement, the Company is required to assume the remaining payments to the Third Party as follows:

<u>On or before (Date)</u>	<u>Pay to Third Party (US\$)</u>
December 31, 2017	200,000
December 31, 2018	275,000
December 31, 2019	275,000
	<u>750,000</u>

No payments have been made as of March 31, 2018, in addition to the above, the Company was also required to reimburse SUI US\$200,000 (of the \$262,740 previously) paid by SUI to the Third Party on January 30, 2017.

Consideration paid to December 31, 2017 to SUI for the Mogollon Option Agreement:

For value of 5,000,000 shares issued at \$0.04 per share	\$ 200,000
Issuance of 1,500,000 shares in lieu of cash payment	\$ 75,000
Cash reimbursed to SUI US\$200,000	\$ 262,740
<b>Total consideration paid</b>	<b>\$ 537,740</b>

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<b>On or before (Date)</b>	<b>Pay to Third Party (US\$)</b>
May 31, 2018	200,000
May 31, 2019	200,000
May 31, 2020	200,000
May 31, 2021	150,000
	<b>750,000</b>

If the Company decided to continue with the option agreement, it had agreed to make the following additional payments and share issuance to SUI contingent on the Company making the following payments to the Third Party:

<b>On or before (Date)</b>	<b>Pay to SUI (CDN\$)</b>	<b>Pay to SUI (# of shares of OWL)</b>	
April 1, 2018	200,000	5,000,000	(1)
April 1, 2019	-	5,000,000	(2)
	<b>200,000</b>	<b>10,000,000</b>	

- (1) In April 2018, the Company and SUI amended their Assignment Agreement whereby the April 1, 2018 payment of \$200,000 and shares issuance of 5,000,000 was extended to November 30, 2018.
- (2) Subsequent to period end, in April 2018, the April 1, 2019 commitment date for the share issuance was extended to November 30, 2019. SUI became a related party on April 25, 2018, as they share a common officer.

In addition, the Company has granted SUI a 1% net smelter return royalty ("NSR") upon commencement of commercial production.

Subsequent to period end, the Company has not successfully amended the February 28, 2018 payment of \$200,000 US to the Third Party and has elected to terminate the Option Agreement with the Third Party and the Assignment Agreement with SUI and therefore Management has provided an impairment provision of \$31,910 (December 31, 2017: \$604,880) against the carrying amount of the Mogollon Property.

**The Salar del Diablo Property (formerly the Rico Litio Property)**

On October 10, 2017, the Company completed the acquisition of Lithium Investments Ltd. ("LIL") by acquiring all of the shares of LIL from its shareholders in exchange for 10,000,000 common shares and a \$100,000 cash payment made 30 days after the close (November 10, 2017). All shares issued on October 10, 2017 were measured at \$0.235 per share, being the Company's closing price on that date on the CSE.

The principal assets of LIL consist of the rights and interests under an option and joint venture agreement (the "Option Agreement") with third parties to acquire up to a 90% interest in the Salar del Diablo (formerly the Rico Litio Property) in Mexico (the "Salar del Diablo Property"). On October 10, 2017, the Company completed the acquisition of Lithium Investments Ltd. ("LIL") by acquiring all of the shares of LIL from its shareholders in exchange for 10,000,000 common shares and a \$100,000 cash payment made 30 days after the close (November 10, 2017). In order to earn an 80% interest in the Salar del Diablo, LIL is required to issue 2,700,000 shares (1,000,000 shares were issued on October 10, 2017, for a total value of \$235,000, being the total value of the shares on the date of issuance) and make payments up to US\$1,250,000 to the third parties in stages assuming the project goes to commercial production. In addition, up until the delivery

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of a bankable feasibility report (the "BS Report") on the Salar del Diablo Property LIL is responsible for all exploration expenditures. After the delivery of the BS Report each Joint Venture party ("JV Party") is responsible for their prorated share of future funding. If either JV Party fails to contribute its share of the project cost their interest shall be diluted proportionally until their interest reaches 10% or less. Should the underlying JV Party's interest dilute below a 10% equity interest or less, a 2% NSR royalty replaces the 10% equity interest and the other party will have the right at any time prior to the commencement of commercial production but not the obligation to purchase one-half of the NSR for US\$5,000,000.

For accounting purposes, the acquisition of LIL has been recorded as an asset acquisition as LIL is not considered to be a business when applying the guidance within IFRS 3.

Consideration paid:

For value of 10,000,000 shares issued to LIL at \$0.235 per share	\$ 2,350,000
For value of 1,000,000 shares issued to Joint Venture Third Party at \$0.235 per share	\$ 235,000
Cash paid	\$ 100,000
<b>Total consideration paid</b>	<b>\$ 2,685,000</b>

The purchase agreement of LIL requires the Company to continue making the following additional payments and share issuance to the former shareholders of LIL:

<b>On or before (Date)</b>		<b>Pay to LIL (CDN\$)</b>	<b>Pay to LIL (# of shares of OWL)</b>
October 10, 2019	\$	200,000	12,500,000
October 10, 2020	\$	300,000	-
October 10, 2021	\$	400,000	-
	<b>\$</b>	<b>900,000</b>	<b>12,500,000</b>

In connection with the Salar del Diablo property, the Company, advanced \$264,703 during the year ended December 31, 2017) in respect of geological sampling.

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**Results of Operations**

- **Quarter ended March 31, 2018 ("2018 Quarter") results as compared with the quarter ended March 31, 2017 ("2017 Quarter")**

	Three months ended March 31		Variance	
	2018	2017		
Professional fees	\$ 22,886	\$ 50,471	(27,585)	(55%)
Consulting fees	90,875	59,340	31,535	53%
Management and director fees	-	15,000	(15,000)	(100%)
Office, rent and phone	17,559	15,509	2,050	13%
Transfer agent and filing fees	5,456	11,956	(6,500)	(54%)
Investor relations	-	3,000	(3,000)	(100%)
Exploration & evaluation expenses	210,960	-	210,960	100%
	<b>\$ 347,736</b>	<b>\$ 155,276</b>	<b>\$ 192,460</b>	<b>124%</b>
Amortization	2,550	-		
Interest and financing costs	12,233	3,839	8,394	219%
Share based payments	154,171	190,715	(36,544)	(19%)
	<b>\$ 516,690</b>	<b>\$ 349,830</b>	<b>\$ 164,309</b>	<b>47%</b>

Net general and administrative expenses for the 2018 Quarter were \$516,690 (2017: \$349,830). Significant differences in the general and administrative expenses for the Period include:

- Professional fees decreased to \$20,775 (2017: \$50,471) as a result of reclassifying some professional fees as consulting fees.
- Consulting fees increased to \$90,875 (2017: \$59,340) as a result of reclassifying some professional fees as consulting fees.
- Management fees decreased to \$nil (2017: \$15,000) as a result of ceasing to accrue the former CFO's fees.
- Office, rent and phone increased to \$17,559 (2017: \$15,509) due to an increase in activity and general usage.
- Exploration and evaluation expenditures increased to \$210,960 (2017: \$nil), due to the impairment of the Mogollon property and related expenses to the Salar del Diablo property.
- Interest and financing costs were incurred in respect of the credit facility entered on February 22, 2017 and prior year loans.
- Share-based payments is a non-cash item, resulting from the application of the Black-Scholes Option Pricing Model using assumptions in respect of expected dividend yield average risk-free interest rates, expected life of the options and expected volatility, is intended to represent the fair value determined under the Black-Scholes model of the vested portion of existing options during the period. A share-based payments expense of \$154,171 was recognized during the Quarter (2017 Quarter: \$190,715).



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**Summary of Quarterly Results**

The following table sets out selected financial information of the Company for the current eight quarterly periods ending with March 31, 2018:

Three months ended	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17	Dec-16	Sep-16	Jun-16
		\$	\$	\$	\$	\$	\$	\$
Total revenue		-	-	-	-	-	-	-
Net loss and comprehensive loss	516,690	981,386	705,443	266,915	333,692	77,614	77,447	82,396
Loss per share	(0.01)	0.02	0.01	0.00	0.02	0.01	0.02	0.02

**Liquidity and Financial Condition**

As at March 31, 2018 and December 31, 2017, the Company had the following:

	March 31, 2018	December 31, 2017
	(\$)	(\$)
<b>Financial Assets</b>		
Cash	62,859	46,409
Receivables	11,826	9,464
	<b>74,685</b>	<b>55,873</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	742,645	775,005
Loans payable	57,411	56,425
Share subscriptions	56,215	668,200
Long term liabilities		
Credit facility	83,242	74,350
	<b>939,513</b>	<b>1,573,980</b>
<b>Working capital deficit</b>	(781,586)	(1,443,757)

The Financial Statements are prepared on a 'going concern' basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company's ability to continue as a going concern is dependent on its ability to raise additional funds or the attainment of profitable operations. The Company will need to raise or borrow money for exploration and administration expenditures, and to settle current liabilities, and to ensure it maintains sufficient funds to keep any claims and property agreements in good standing. Current sources of funding are undetermined, and management continues to review potential financing options. Although the Company has been successful at raising funds in the past through the issuance of share capital and entering into loan agreements, there is no guarantee it will be successful or able to continue to do so in the future, and there can be no assurance that the Company will have sufficient financing to meet its future

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capital requirements or that additional financing will be available on terms acceptable to the Company in the future. See "*Highlights, significant events and various transactions*" in this Report.)

#### **Compensation of Key Management Personnel**

Key management personnel consist of current and former Directors and Officers of the Company, as to the President, the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), and the Corporate Secretary of the Company. At the Report Date, key management personnel consisted of Douglas Fulcher (President, CEO and a Director), Jeannine Webb (CFO and Corporate Secretary until March 28, 2018), John Hamilton (CFO, effective April 26, 2018) and Directors: Allan Williams, Terri Anne Welyki (until May 2, 2018) and Kevin Milledge (effective May 23, 2018).

Rent	Pamicon Developments Ltd. A company controlled by a Director and Officer of the Company
Office	Maritime Resources Corp. A company controlled by an Officer of the Company.
Consulting	Venturex Consulting, a company owned by Jeannine Webb the CFO and Corporate Secretary of the Company

Key management personnel consist of the directors and executive officers of the Company. The remuneration, including stock-based compensation, of key management personnel during the periods ended March 31, 2018 and 2017 were as follows:

	For the three months ended	
	March 31, 2018	March 31, 2017
Management fees	-	15,000
Share based payments	-	315,000
	<u>\$</u>	<u>\$</u>
	-	330,000

At March 31, 2018, the Company has accrued \$120,090 (2017: \$75,090) owing to an executive officer of the Company. As of January 1, 2018, the Company ceased to accrue any further management fees. Subsequent to period end, the Company and the executive officer has agreed to a settlement. See Subsequent events.

#### *Other related party transactions*

Effective May 1, 2016, the Company entered into an office rental agreement in which an officer and director is a shareholder. For the period ended March 31, 2018 and 2017, the Company was charged rent and office expenses as follows:

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	For the three months ended	
	March 31, 2018	March 31, 2017
Rent and office	21,981	6,000

At March 31, 2018, the Company owes \$53,173 (2017: \$14,596) for rent and office.

**Capital Management**

The Company's objectives when managing capital are to safeguard its assets and its ability to continue as a going concern, to pursue the development of its exploration and evaluation assets, if any, and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity and cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets.

The Company is primarily dependent on the capital markets as its source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support for its projects.

The Company is not subject to externally imposed capital restrictions, and there were no changes to the Company's approach to capital management during the period.

**Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet arrangements.

**Additional Disclosure for Venture Issuers**

**New accounting standards**

- IFRS 2, "Share-based payment" (amended standard) is effective for annual periods beginning on or after January 1, 2018.
- IFRS 7, "Financial Instruments: Disclosure" is effective (proposed) for annual periods beginning on or after January 1, 2018.
- IFRS 9, "Financial Instruments: Classification and Measurement" is effective for annual periods beginning on or after January 1, 2018. The Company adopted IFRS 9 retrospectively, without restatement of prior year financial statements. IFRS 9 replaces the provisions of IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39") that relate to the recognition, classification, and measurements of financial assets and financial liabilities, derecognition of financial instruments and impairment of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value. The approach in IFRS 9 is based on how the Company manages its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. The application of IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities, and there was also no

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impact to the carrying value of any of the Company's financial assets or liabilities on the date of transition.

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration: This interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. It covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. It does not apply when an entity measures the related asset, expense or income on initial recognition at fair value or at the fair value of the consideration received or paid at a date other than the date of initial recognition of the non-monetary asset or non-monetary liability. Also, the Interpretation need not be applied to income taxes, insurance contracts or reinsurance contracts. This interpretation is effective for reporting periods beginning on or after January 1, 2018.
- Annual improvements to IFRSs (2014-2016 Cycle) is effective for annual periods beginning on or after January 1, 2018.
- IFRS 16, "Leases": is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact of these new and amended standards on its financial statements. The impact is not expected to have a material impact on the statements of financial position or results of operations.

E&E acquisition costs: All direct costs related to the acquisition of mineral property interests (E&E Assets) are capitalized into intangible assets on a property by property basis. Expenditures made in connection with a right to acquire a property and or explore in an exploration area for a period in excess of one year, are capitalized.

E&E exploration expenditures: Exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as the depletion base.

#### Financial Instruments & Financial Risk Management

The Company has classified accounts payable and accrued liabilities, loans payable, promissory notes payables and due to related parties as other financial liabilities.

The carrying values of accounts payable and accrued liabilities, loans payable, promissory notes payables and due to related parties approximate their fair values due to the short-term maturity of these financial instruments.

#### Financial Risk Management

##### (a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash. The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial

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institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution. The Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk as it relates to its accounts payable and loans payable.

The Company's current and expected remaining contractual maturities for its financial liabilities with agreed repayment periods are presented below. The table includes the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to satisfy the liabilities.

<b>As at March 31, 2018</b>	<b>1 – 3 months</b>	<b>1 - 5 years</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Accounts payable and accrued liabilities	742,645	-	742,645
Loans payable	57,411	-	57,411
Share subscriptions	56,215		56,215
Credit facility	-	83,242	83,242

#### (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk. The Company is not exposed to significant market risk and overall the Company's market risk has not changed significantly from the prior year.

#### (i) Interest rate risk

Interest rate risk consists of two components:

(a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and

(b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

#### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company incurs certain expenses in currencies other than the Canadian dollar. The Company is subject to foreign currency risk as a result of fluctuations in exchange rates. The Company manages this risk by maintaining bank accounts in US dollars to pay these foreign currency expenses as they arise. Receipts in foreign

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currencies are maintained in those currencies. The Company does not undertake currency hedging activities. The Company also does not attempt to hedge the net investment and equity of integrated foreign operations.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

There were no changes in the Company's approach to managing the above risks.

### Disclosure of Outstanding Share Data

Common shares, stock options and share purchase warrants issued and outstanding as at the period end are described in detail in the Financial Statements, and as at the Report Date are as follows:

<u>At Report Date</u>	
Issued and Outstanding	74,359,715
Warrants	10,838,332
Stock Options	4,800,000
<b>Fully Diluted</b>	<b>89,998,047</b>

### Proposed Transactions

The Company does not have any proposed transactions that have been approved by the board of directors. Management of the Company continues to review and evaluate potential exploration properties.

### Subsequent Events

- On April 11, 2018, the Company announced the grant of incentive stock options allowing the acquisition of 300,000 common shares of the Company at a price of \$0.20 per common share. The stock options are exercisable on or before April 11, 2020 and are fully vested.
- On April 25, 2018, the Company announced the resignation of Jeannine Webb ("Webb") as Chief Financial Officer and Corporate Secretary effective March 28, 2018 replaced by John N. Hamilton as Interim Chief Financial Officer and Corporate Secretary of the Company effective as of April 25, 2018. The parties have agreed to settle a portion of the debt owing to Webb through a debt settlement at a deemed price of \$0.15 by the issuance of 160,000 common shares of the Company. The shares will be subject to a four month and one day hold from trading from the closing date.
- On May 11, 2018 –the Company granted incentive stock options to a consultant of the Company to purchase up to 500,000 common shares of the Company at a price of \$0.15 per common share. The stock options are exercisable on or before February 15, 2019 with 100,000 vesting on June 15, 2018, another 200,000 vesting on September 15, 2018 and the balance vesting on October 15, 2018

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- On May 23, 2018, the Company appointed Kevin Milledge to the board effective May 23, 2018. Stock options to purchase up to 100,000 common shares of the Company were granted at a price of \$0.15 per share. The stock options are exercisable on or before May 23, 2020 and are fully vested.
- On May 23, 2018, the Company closed the second tranche of its previously announced non-brokered private placement. The Company raised an additional \$522,100 through the Issuance of 3,480,665 units at a price of \$0.15 per unit. Each Unit consists of one common share in the capital of the Company and one non-transferable common share purchase warrant. Each warrant will entitle the holder thereof to acquire one additional share, at a price of \$0.20 per warrant share for a period of 24 months from the closing date of the Offering. All securities are subject to a four month and one day hold from the closing date. The aggregate gross proceeds under the first and second tranche totalled \$1,550,750.
- On May 25, 2018 the Company announced a non-brokered private placement up to 10,000,000 units at a price of \$0.20 per Unit for gross proceeds of up to \$2,000,000. All funds are stated in Canadian dollars. Each Unit will consist of one common share of the Company and one-half of a non-transferable Common Share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.25 for a period of 24 months from the closing of the offering.

#### **Risks and Uncertainties Related to the Company's Business**

Resource exploration is a speculative business and involves a high degree of risk. There is a significant probability that the expenditures made by the Company in exploring its properties, if any, will not result in discoveries of commercial quantities of minerals. A high level of ongoing expenditures is required to locate and estimate ore reserves, which are the basis for further development of a property. Capital expenditures to attain commercial production stage could be substantial. The following sets out the principal risks faced by the Company.

Exploration. The Company is seeking mineral deposits on exploration projects where there are not yet established commercial quantities. There can be no assurance that economic concentrations of minerals will be determined to exist on the Company's property holdings within existing investors' investment horizons or at all. The failure to establish such economic concentrations could have a material adverse outcome on the Company and its securities. The Company's planned programs and budgets for exploration work are subject to revision at any time to take into account results to date. The revision, reduction or curtailment of exploration programs and budgets could have a material adverse outcome on the Company and its securities.

Market. The Company's securities trade on public markets and the trading value thereof is determined by the evaluations, perceptions and sentiments of both individual investors and the investment community taken as a whole. Such evaluations, perceptions and sentiments are subject to change; both in short term time horizons and longer term time horizons. An adverse change in investor evaluations, perceptions and sentiments could have a material adverse outcome on the Company and its securities.

Commodity Price. The Company's exploration projects are primarily related to exploration for gold, other precious metals and base metals. These minerals have recently been the subject of significant price

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fluctuations, and as such, there can be no assurance that that investors' evaluations, perceptions, beliefs and sentiments will continue to favour these target commodities. An adverse change in these commodities' prices, or in investors' beliefs about trends in those prices, could have a material adverse outcome on the Company and its securities.

Title. Although the Company exercises the usual due diligence with respect to title to any properties in which it may have interests, there is no guarantee that title to the properties will not be challenged or impugned. The Company's mineral property interests, if any, may be subject to prior unregistered agreements or transfers or land claims, and title may be affected by undetected defects.

Financing. Exploration and development of mineral deposits is an expensive process, and frequently the greater the level of interim stage success the more expensive it can become. The Company has no producing properties and generates no operating revenues; therefore, for the foreseeable future, it will be dependent upon borrowing funds and/or selling equity in the capital markets to provide financing for its operations and any continuing exploration budgets. While the Company has been successful in obtaining financing from the capital markets in recent years, there can be no assurance that the capital markets will remain favourable in the future, and/or that the Company will be able to raise the financing needed to continue its operations and exploration programs on favourable terms, or at all. Restrictions on the Company's ability to finance could have a material adverse outcome on the Company and its securities.

Share Price Volatility and Price Fluctuations. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies, particularly junior mineral exploration companies, like the Company, have experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that these price fluctuations and volatility will not continue to occur.

Key Personnel. The Company's exploration efforts are dependent to a large degree on the skills and experience of certain of its key personnel. The Company does not maintain "key man" insurance policies on these individuals. Should the availability of these persons' skills and experience be in any way reduced or curtailed, this could have a material adverse outcome on the Company and its securities.

Competition. Significant and increasing competition exists for the limited number of mineral property acquisition opportunities available. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than the Company, the Company may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

Realization of Assets. Exploration and evaluation assets may comprise a substantial portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values.



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Environmental and Other Regulatory Requirements. The current or future operations of the Company, including development activities and commencement of production on its properties, generally require permits from various governmental authorities and such operations are and will be subject to laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety and other matters. Companies engaged in the development and operation of mines and related facilities could experience increased costs, and delays in production and other schedules as a result of the need to comply with applicable laws, regulations and permits. There can be no assurance that approvals and permits required to commence production on its properties will be obtained on a timely basis, or at all. Additional permits and studies, which may include environmental impact studies conducted before permits can be obtained, may be necessary prior to operation of the properties in which the Company has interests and there can be no assurance that the Company will be able to obtain or maintain all necessary permits that may be required to commence construction, development or operation of mining facilities at these properties on terms which enable operations to be conducted at economically justifiable costs. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or extraction operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or abandonment or delays in development of new mineral exploration properties.

History of Net Losses; Accumulated Deficit; Lack of Revenue from Operations. The Company has incurred net losses to date. The Company has not yet had any revenue from its exploration activities. Even if the Company commences development of certain properties it may acquire an interest in, the Company may continue to incur losses. There is no certainty that the Company will produce revenue, operate profitably or provide a return on investment in the future.

Uninsurable. The Company and its subsidiaries may become subject to liability for pollution, fire, explosion and other risks against which it cannot insure or against which it may elect not to insure. Such events could result in substantial damage to property and personal injury. The payment of any such liabilities may have a material, adverse effect on the Company's financial position.

Legal Proceedings. As at the date of the Report, there were no legal proceedings against or by the Company.

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Critical Accounting Estimates. In the preparation of financial information, management makes judgments, estimates and assumptions that affect, amongst other things, the carrying value of its mineral property assets. All deferred mineral property expenditures are reviewed, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the deferred costs, a provision is made for the impairment in value. Management's estimates of exploration, operating, capital and reclamation costs, if any, are subject to certain risks and uncertainties which may affect the recoverability of mineral property costs. Although management has used its best judgment to estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its properties. The Company also uses the Black-Scholes Option Pricing Model in relation to share based payments. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted/vested during the period.

#### **Additional Information**

Additional information relating to the Company can also be found on SEDAR at [www.sedar.com](http://www.sedar.com)