FIRST ENERGY METALS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

NOTICE TO READER

These condensed interim financial statements have been prepared by the management of First Energy Metals Limited and have not been reviewed by the auditors of First Energy Metals Limited

FIRST ENERGY METALS LIMITED
Condensed Interim Statements of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

		December 31, 2017		March 31, 2017 *(audited)*
Assets				
Current Assets				
Cash	**$**	**144**	$	36,026
Amounts receivable and prepaid expenses (Note 5)		**8,708**		25,108
Total Current Assets		**8,852**		61,134
Non-current Assets				
Deferred charge		**-**		9,375
Reclamation deposits		**21,000**		18,000
Exploration and evaluation assets (Note 6)		**513,600**		513,600
Total Non-current Assets		**534,600**		540,975
Total Assets	**$**	**543,452**	$	602,109
Liabilities and Shareholders' Equity				
Current Liabilities				
Accounts payable and accrued liabilities (Note 7)	**$**	**6,031**	$	35,574
Due to related parties (Note 8)		**-**		56,629
Other borrowing (Note 9)		**153,079**		-
Total Liabilities		**159,110**		92,203
Shareholders' Equity				
Share capital (Note 11)		**34,722,852**		34,722,852
Warrants reserve		**245,266**		245,266
Share-based payments reserve (Note 11)		**245,600**		201,407
Deficit		**(34,829,376)**		(34,659,619)
Total Shareholders' Equity		**384,342**		509,906
Total Liabilities and Shareholders' Equity	**$**	**543,452**	$	602,109

Going Concern (Note 1)
Subsequent Events (Note 15)

Approved and authorized for issue on behalf of the board of directors on February 23, 2018 by:

/s/*Gurminder Sangha* — Director

/s/*Paul Taggar* — Director

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

FIRST ENERGY METALS LIMITED

Condensed Interim Statements of Operations and Comprehensive Loss

(Expressed in Canadian dollars)

(Unaudited)

	Three Months Ended December 31, **2017**	Three Months Ended December 31, 2016	Nine Months Ended December 31, **2017**	Nine Months Ended December 31, 2016
Expenses				
Exploration costs (Note 6)	$ --	$ --	$ 8,038	$ 260
General and administrative (Note 10)	14,906	10,583	24,367	26,182
Professional fees	4,715	48,549	18,612	79,651
Salaries, fees and benefits (Note 8)	8,580	5,650	61,570	35,805
Shareholder communications	3,545	20,452	13,009	28,143
Share-based compensation (Note 11)	--	--	44,193	131,412
Loss Before Other Income	(31,746)	(85,234)	(169,789)	(301,453)
Other Income				
Interest	--	--	32	35
Total Other Income	--	--	32	35
Net Loss and Comprehensive Loss for the Period	(31,746)	(85,234)	(169,757)	(301,418)
Loss per Common Share, Basic and Diluted	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted Average Number of Shares Outstanding – Basic and Diluted	44,517,273	36,587,429	44,517,273	33,531,392

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

FIRST ENERGY METALS LIMITED

Condensed Interim Statements of Changes in Shareholders' Equity
For the nine months ended December 31, 2017 and 2016
(Expressed in Canadian dollars)
(Unaudited)

	Common Shares Without Par Value		Warrant Reserve	Share-based Payments Reserve	Deficit	Total Equity (Deficiency)
	Shares	Amount				
Balance, March 31, 2016	31,981,559	$ 33,973,547	$ 54,688	$ 71,009	$ (34,302,758)	$ (203,514)
Shares issued for mineral interests	6,420,000	513,600	--	--	--	513,600
Options exercised	70,000	5,914	--	(1,014)	--	4,900
Fair value of share-based compensation	--	--	--	131,412	--	131,412
Net loss for the period	--	--	--	--	(301,418)	(301,418)
Balance, December 31, 2016	38,471,559	$ 34,493,061	$ 54,688	$ 201,407	$ (34,604,176)	$ 144,980
Balance, March 31, 2017	44,517,273	$ 34,722,852	$ 245,266	$ 201,407	$ (34,659,619)	509,906
Fair value of share-based compensation	--	--	--	44,193	--	44,193
Not loss for the period	--	--	--	--	(169,757)	(169,757)
Balance, December 31, 2017	**44,517,273**	**$ 34,722,852**	**$ 245,266**	**$ 245,600**	**$ (34,829,376)**	**$ 384,342**

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

FIRST ENERGY METALS LIMITED

Condensed Interim Statements of Cash Flows

(Expressed in Canadian dollars)

(Unaudited)

	For the nine months ended December 31, **2017**	2016
Cash provided by (used in):		
Operating Activities		
Net loss for the period	**$ (169,757)**	$ (301,418)
Share-based compensation	**44,193**	131,412
Changes in non-cash operating assets and liabilities		
Amounts receivable and prepaid expenses	**16,400**	(12,972)
Deferred charge	**9,375**	4,687
Accounts payable and accrued liabilities	**66,907**	44,449
Due to related parties, net	**--**	55,204
Cash provided by (used in) operating activities	**(32,882)**	(78,638)
Investing Activities		
Reclamation bond	**(3,000)**	--
Cash used in investing activities	**(3,000)**	--
Financing Activities		
Proceeds from exercise of options	**--**	4,900
Proceeds from loans from related party	**--**	75,000
Share subscriptions	**--**	101,200
Cash provided by financing activities	**--**	181,100
Increase (Decrease) in cash during the period	**(35,882)**	102,462
Cash, beginning of the period	**36,026**	774
Cash, end of the period	**$ 144**	$ 103,236
Supplemental Schedule of Non-Cash Investing and Financing Activities		
Interest paid	**$ --**	$ --
Income taxes paid	**$ --**	$ --
Non-cash portion of options exercised	**$ --**	$ 1,014

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

1. Nature of Operations and Going Concern

First Energy Metals Limited (the "Company") was incorporated on October 12, 1966 in the Province of British Columbia under the Business Corporations Act of British Columbia, and its principal business activity is the exploration of mineral properties in Canada. The Company's name change from Agave Silver Corp. to First Energy Metals Limited was approved on December 16, 2016, at the Company's Annual General Meeting.

The Company's head office and principal address is located at Suite 900 - 580 Hornby Street, Vancouver, B.C., Canada, V6C 3B6. The Company's registered and records office is at 25th Floor-700 West Georgia Street, Vancouver, B.C., Canada, V7Y 1B3.

These condensed interim financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations, and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses since inception, has no recurring source of revenue, has an accumulated deficit of $34,829,376 and a working capital deficiency of $150,258 at December 31, 2017. These material uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

The Company will need to raise sufficient funds as the Company's current assets are not sufficient to finance its operations and administrative expenses. The Company is evaluating financing options including, but not limited to, the issuance of additional equity and debt. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance (as measured by numerous factors including the progress and results of its projects), the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. In addition to evaluating financing options, the Company implemented cost savings measures.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of Presentation

Statement of Compliance

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting policies and methods of application applied by the Company in these condensed interim financial statements are the same as those applied in the Company's most recent annual financial statements as at and for the year ended March 31, 2017, except for those policies which have changed as a result of the adoption of new and amended IFRS pronouncements effective April 1, 2017.

These condensed interim financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with the Company's most recent annual financial statements as at and for the year ended March 31, 2017. The effects of the adoption of new and amended IFRS pronouncements have been disclosed in Note 3 of these condensed interim financial statements.

3. New, Amended and Future IFRS Pronouncements

The following standards have been published and are mandatory for the Company's annual accounting periods beginning on or after January 1, 2018.

IFRS 9 – Financial Instruments: Classification and Measurement

This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is recorded at amortized costs only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is measured at fair value with changes in fair value through profit or loss. In addition, this new standard has been updated to include guidance on financial liabilities and de-recognition of financial instruments and to include guidance on hedge accounting and allowing entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive income. This standard is effective for years beginning on or after January 1, 2018. The Company is currently evaluating the extent of the impact of the adoption of this standard.

IFRS 16 – Leases

On January 13, 2016, the IASB issued IFRS 16, according to which, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. Respectively, rent expense is to be removed and replaced by the recording of depreciation and finance expense. The standard is effective for annual periods beginning on or after January 1, 2019.

4. Critical Accounting Judgments and Estimates

The preparation of financial statements requires management to make judgments and estimates that affect the amounts reported in the financial statements and notes. By their nature, these judgments and estimates are subject to change and the effect on the financial statements of changes in such judgments and estimates in future periods could be material. These judgments and estimates are based on historical experience, current and future economic conditions, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these judgments and estimates. The more significant areas are as follows:

(a) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in the Share Capital note.

(b) Going Concern

The assessment of the Company's ability to raise sufficient funds to finance its exploration and administrative expenses involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(Expressed in Canadian dollars)

4. Critical Accounting Judgments and Estimates (Continued)

(c) Intangible Exploration and Evaluation Assets

Management is required to assess impairment in respect of intangible exploration and evaluation assets. Note 6 discloses the carrying value of such assets. The triggering events for the potential impairment of exploration and evaluation assets are defined in IFRS 6 *Exploration for and Evaluation of Mineral Properties* and are as follows:

- the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In making the assessment, management is required to make judgments as to the status of each project and its future plans towards finding commercial reserves. The nature of exploration and evaluation activity is such that only a proportion of projects are ultimately successful and accordingly some assets are likely to become impaired in future periods.

(d) Deferred Tax Assets

Deferred income tax asset carrying amounts depend on estimates of future taxable income and the likelihood of reversal of timing differences. Where reversals are expected, estimates of future tax rates will be used in the calculation of deferred tax asset carrying amounts. Potential tax assets were deemed not to be recoverable at the current year end.

5. Amounts Receivable and Prepaid Expenses

		December 31, 2017		March 31, 2017
GST/HST	**$**	**8,708**	$	12,866
Prepayments and other receivable		**--**		12,242
Total	**$**	**8,708**	$	25,108

6. Exploration and Evaluation Assets

Details of mineral interests capitalized for the nine months ended December 31, 2017 and year ended March 31, 2017 are as follows:

		Kootenay Lithium		**Total**
Balance – March 31, 2016	$	--	$	--
Shares		513,600		513,600
Balance – March 31, 2017 and December 31, 2017	**$**	**513,600**	**$**	**513,600**

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (Continued)

Kootenay Lithium, Revelstoke and Nelson Mining Division, British Columbia, Canada

On October 7, 2016 the Company entered into an agreement to purchase (the "Agreement") a 100% interest in certain mineral claims (the "Property") covering approximately 4,050 hectares located in the Revelstoke and Nelson Mining Divisions of southeastern British Columbia.

Under the terms of the Agreement, the Company has purchased a 100% interest in the Property by issuing 6,000,000 common shares at a value of $0.08 per share. The Property is subject to a 2.0% Net Smelter Return ("NSR") mineral royalty and a 24% Gross Overriding Royalty ("GOR") on gemstones produced from the Property. The Company will have the option to reduce the NSR to 1.0% by paying $2,500,000 and to purchase one half (50%) of the GOR for $2,000,000.

A vendor of certain claims within the Property also reserves the exclusive right (the "Back In Right") to produce gemstones for its own account from those claims as mutually agreed upon, in return for a 24% GOR payable to the Company. The Company will have the option to purchase 100% of the Back In Right for $1,000,000.

The Company issued finder's fee totaling 420,000 common shares in regards to the transaction, which amount has also been capitalized as an acquisition cost.

Detailed exploration and evaluation expenditures incurred in respect to the Company's mineral property interests owned, leased or held under option are disclosed below.

Period ended December 31, 2017	Kaslo Silver Property, British Columbia	Kootenay Lithium, British Columbia	Total
Incurred during the period			
Land lease and property taxes	$ 260	$ 868	$ 1,128
Field expenses	--	6,910	6,910
Total Expenses	**$ 260**	**$ 7,778**	**$ 8,038**

Period ended December 31, 2016	Kaslo Silver Property, British Columbia	Kootenay Lithium, British Columbia	Total
Incurred during the period			
Land lease and property taxes	$ 260	$ -	$ 260
Total Expenses	$ 260	$ -	$ 260

(Expressed in Canadian dollars)

7. Accounts Payable and Accrued Liabilities

		December 31, 2017		March 31, 2017
Trade payables	**$**	**6,031**	$	25,574
Accrued liabilities		**--**		10,000
Totals	**$**	**6,031**	$	35,574

8. Related Party Transactions and Balances

Remuneration of directors and key management personnel of the Company were as follows:

	For the nine months ended December 31,			
		2017		2016
Salaries, fees and benefits	**$**	**51,120**	$	35,000
Stock based compensation	**$**	**44,193**	$	26,282

Related party balances as at December 31, 2017 and March 31, 2017 were as follows:

Balances at:		**December 31, 2017**		March 31, 2017
Payables:				
Dauntless Developments Ltd. (a)	**$**	**--**	$	38,204
Directors and Officers (b)		**--**		18,425
Totals	**$**	**--**	$	56,629

(a) Dauntless Developments Ltd. ("Dauntless Developments") is a private company controlled by the Company's former President and CEO, Ronald Lang. Dauntless Developments provided the Company with non-interest bearing loans, with no specified terms of repayment. The Company also paid or accrued office rent of $Nil (December 31, 2016 - $18,000) to Dauntless Developments during the period.

(b) The directors' and officers' balances also include fees and expenses owing to directors and officers.

9. Other Borrowing

On December 21, 2017, a total of $153,079 of the Company's current liabilities comprising of accounts payable and amounts due to related parties were directly settled and assumed by unrelated parties (the "Borrowing"). The Borrowing is due on demand, unsecured and bears no interest.

10. General and Administrative

	For the nine months ended December 31,			
		2017		2016
Office and administration	**$**	**24,367**	$	26,182
Total	**$**	**24,367**	$	26,182

(Expressed in Canadian dollars)

11. Share Capital

Authorized - Unlimited number of common shares without par value.

Stock Options

On December 8, 2017, the shareholders approved an amendment to the Company's stock option plan ("the Plan") to change the number of shares in respect of which options may be granted thereunder from a maximum of 2,723,500 shares of the Company to up to 10% of the issued and outstanding shares of the Company. The Plan provides for its directors, employees and consultants to acquire common shares of the Company at a price determined by the fair market value of the shares at the date of grant. The Plan provides for immediate vesting, or vesting at the discretion of the Board at the time of the option grant and are exercisable for a period of up to 10 years. Stock options granted to investor relations' consultants vest over a twelve-month period, with one quarter of such options vesting in each three-month period.

The number of shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, in any 12-month period:

(a) to any one person shall not exceed 5% of the total number of issued and outstanding shares on the grant date on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;
(b) to insiders as a group shall not exceed 10% of the total number of issued and outstanding shares on the grant date on a non-diluted basis, unless the Company has obtained disinterested shareholder approval to exceed such limit;
(c) to any one consultant shall not exceed 2% of the total number of issued and outstanding shares on the grant date on a non-diluted basis; and
(d) to all eligible persons who undertake investor relations activities shall not exceed 2% in the aggregate of the total number of issued and outstanding shares on the grant date on a non-diluted basis.

The following table summarizes information on stock options outstanding at December 31, 2017:

Exercise Price	Number Outstanding and Exercisable	Average Remaining Contractual Life (years)
$0.07	450,000	2.46
$0.11	900,000	3.59
$0.05	900,000	4.53
	2,250,000	**3.74**

A summary of the changes in stock options for the nine months ended December 31, 2017 and year ended March 31, 2017 is presented in the following table:

	Number of Shares	Weighted Average Exercise Price ($)
Balance, fully vested and exercisable at March 31, 2016	1,490,000	0.11
Granted	1,250,000	0.11
Expired	(40,000)	1.60
Cancelled/forfeited	(980,000)	0.08
Exercised	(70,000)	0.07
Balance, March 31, 2017	**1,650,000**	**0.09**
Granted	900,000	0.05
Cancelled/forfeited	(300,000)	0.08
Balance, December 31, 2017	**2,250,000**	**0.08**

(Expressed in Canadian dollars)

11. Share Capital (Continued)

Warrants

As at December 31, 2017, the following share purchase warrants issued in connection with private placements were outstanding:

Number of Warrants	Exercise Price	Expiry Dates
5,945,714	$0.08	January 24, 2019

A summary of the changes in warrants for the nine months ended December 31, 2017 and year ended March 31, 2017 is presented below:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, March 31, 2016	5,000,000	0.10
Issued	5,945,714	0.08
Balance, March 31, 2017	10,945,714	0.09
Expired	(5,000,000)	0.10
Balance, December 31, 2017	**5,945,714**	**0.08**

Share-Based Compensation

On July 11, 2017, the Company granted 900,000 incentive stock options to directors and officers and all of which vested at the date of grant. The options are exercisable at $0.05 per share and will expire on July 11, 2022. The fair value of these options was $44,193 and was recognized as share-based compensation expense during the period ended September 30, 2017. The corresponding share-based compensation expense has a weighted average fair value of $0.05 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	1.45%
Expected stock price volatility	210.50%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

On August 1, 2016, the Company granted 1,250,000 incentive stock options to directors and officers and all of which vested at the date of grant. The options are exercisable at $0.11 per share and will expire on August 1, 2021. The fair value of these options was $131,412 and was recognized as share-based compensation expense during the period ended September 30, 2016. The corresponding share-based compensation expense has a weighted average fair value of $0.11 per option and was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	0.68%
Expected stock price volatility	179.27%
Expected dividend yield and forfeiture rate	0.00%
Expected life of options	5 years

(Expressed in Canadian dollars)

12. Segmented Information

Operating Segments

The Company has one operating segment, which is the exploration and evaluation of mineral properties.

Geographic Segments

The Company's principal operations are carried out in Canada.

13. Financial Instruments and Risk Management

Fair Value

The Company classifies its cash, amounts receivable (excluding sales tax receivable) and reclamation bonds as loans and receivables. Accounts payable and accrued liabilities, amounts due to related parties, other borrowing and share subscription payable are classified as borrowings and other financial liabilities. As of December 31, 2017, the statement of financial position carrying amounts of these financial instruments closely approximate their fair values, except for accounts payable and accrued liabilities, amounts due to related parties where the fair value may be less than carrying amounts due to liquidity risks (Note 1).

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following provides the valuation method of the Company's financial instruments as at December 31, 2017 and March 31, 2017:

	Level	**As at December 31, 2017**	As at March 31, 2017
Loans and receivables	**1**	**$ 21,144**	$ 54,026
Other financial liabilities	**1**	**$ 159,110**	$ 92,203

13. Financial Instruments and Risk Management (Continued)

Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining a sufficient cash balance. As at December 31, 2017, the Company had cash of $144 to settle current liabilities of $159,110. Further information relating to liquidity risk is disclosed in Note 1.

Currency Risk

The Company has no significant exposure at December 31, 2017 to currency risk through its financial instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, short-term investment, reclamation bonds and amounts receivable. The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

The Company deposits its cash with a high credit quality major Canadian financial institution as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses. To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

Interest Rate Risk

The Company has no significant exposure at December 31, 2017 to interest rate risk through its financial instruments. Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. In respect of financial assets, the Company's policy is to invest cash at floating rates of interest in order to maintain liquidity while achieving a satisfactory return. Fluctuations in interest rates impact the amount of return the Company may realize but interest rate risk is not significant to the Company. The Company had no cash equivalents at December 31, 2017.

There were no transfers from levels or change in the fair value measurements of financial instruments for the nine months ended December 31, 2017 and the year ended March 31, 2017.

14. Management of Capital

The Company primarily considers shareholders' equity in the management of its capital. The Company manages its capital structure and makes adjustments to it based on funds available to the Company, in order to support exploration and development of mineral properties. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining sufficient level of funds, to support continued evaluation and maintenance of the Company's existing properties, and to acquire, explore and develop other precious metals, base metals and industrial mineral deposits;
- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal; and
- To obtain the necessary financing if and when it is required.

The properties in which the Company currently holds an interest are in the exploration stage and the Company is dependent on external financing to explore and take the project to development. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and attempt to raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and development of its mineral properties, the Company's management informs the Board of Directors as to the quantum of expenditures for review and approval prior to commencement of work. In addition, the Company may issue new equity, incur additional debt, enter into joint venture agreements or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the nine months ended December 31, 2017 compared to the year ended to March 31, 2017. The Company is not subject to externally imposed capital requirements. Further information relating to management of capital is disclosed in Note 1.

15. Subsequent Events

a) Effective February 1, 2018, the Company consolidated its share capital, stock options and share purchase warrants on a 5-to-1 basis. The Company's new ISIN and CUSIP numbers are CA32016U2074 and 2016U207, respectively.

b) Subsequent to December 31, 2017, the Company completed a non-brokered private placement for gross proceeds of $407,500 by issuing 2,716,665 common shares at a price of $0.15 per common share. In addition, the Company issued 616,665 flow-through shares at a price of $0.15 for gross proceeds of $92,500.

(Expressed in Canadian dollars)

15. Subsequent Events (continued)

c) Subsequent to December 31, 2017, the Company entered into an option agreement ("Claims Agreement") to acquire a 100% interest in the Phyllis Cobalt property (the "Claims"). The Claims property is 112 units totaling 1,750 hectares of land in the Kenora Mining District in northwestern Ontario.

Under the terms of the agreement, First Energy will acquire 100% interest in the claims by making cash payments, issuing stock and completing exploration work as follows:

Cash payments:

i)	$	20,000	as soon as practicable following TSXV approval (*not paid to date)*
ii)		35,000	on or before January 31, 2019
iii)		35,000	on or before January 31, 2020
iv)		50,000	on or before May 31, 2021
	$	140,000	

Share issuances:

i)	100,000	as soon as practicable following TSXV approval (*not paid to date)*
ii)	150,000	on or before January 31, 2019
iii)	150,000	on or before January 31, 2020
iv)	200,000	on or before May 31, 2021
	600,000	total shares

Exploration Expenditures:

i)	75,000	on or before January 31, 2019
ii)	100,000	on or before January 31, 2020
iii)	125,000	on or before May 31, 2021
	300,000	total exploration expenditures

The Claims Agreement also provides for a royalty equal to 3% Net Smelter Return ("NSR") from the Claims payable by First Energy. The royalty will be payable for as long as First Energy and/or its successors and assigns hold any interest in the Claims. First Energy will have a right to purchase a 1% NSR for $1,000,000 at any time up to when a production decision is made.