FIRST ENERGY METALS LIMITED

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

(Unaudited – Prepared by Management)

Notice to Reader

These condensed interim financial statements of First Energy Metals Limited have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed interim financial statements, notes to financial statements and the related quarterly Management Discussion and Analysis.

FIRST ENERGY METALS LIMITED

Condensed Interim Statements of Financial Position

(Unaudited -expressed in Canadian dollars)

	Note		September 30, 2018		March 31, 2018
ASSETS					
Current Assets					
Cash		$	18,776	$	376,375
Amounts receivable and prepaid expenses	*4*		24,890		15,816
Total Current Assets			43,666		392,191
Non-current Assets					
Reclamation deposits			11,000		21,000
Exploration and evaluation assets	*5*		83,000		-
Total Non-current Assets			94,000		21,000
Total Assets		$	137,666	$	413,191
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	*6*	$	230,554	$	178,822
Loan payable	*7*		102		76,641
Total Liabilities			230,656		255,463
SHAREHOLDERS' EQUITY					
Share capital	*9*		35,321,206		35,188,833
Warrants reserve			245,266		245,266
Share-based payments reserve	*9*		211,227		245,600
Deficit			(35,870,689)		(35,521,971)
Total Shareholders' Equity			(92,990)		157,728
Total Liabilities and Shareholders' Equity		$	137,666	$	413,191
Going concern	*1*				
Subsequent events	*5,13*				

Approved and authorized for issue on behalf of the board of directors on November 28, 2018 by:

/s/*Gurminder Sangha*
Director

/s/*Jurgen Wolf*
Director

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

FIRST ENERGY METALS LIMITED

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited -expressed in Canadian dollars)

	Note	Three months ended September 30, 2018	Three months ended September 30, 2017	Six months ended September 30, 2018	Six months ended September 30, 2017
Expenses					
Consulting fees	*8*	$ 25,020	$ -	$ 122,458	$ -
Exploration and evaluation costs	*5*	-	6,910	73,814	8,038
General and administrative		169	8,949	435	9,461
Professional fees		12,276	376	17,776	13,897
Salaries, fees and benefits	*8*	5,500	37,990	28,000	52,990
Shareholder communications		25,918	7,088	106,299	9,464
Share-based compensation		-	44,193	-	44,193
Loss Before Other Income		68,883	105,506	348,782	138,043
Other Income					
Interest income		64	32	64	32
Total Other Income		64	32	64	32
Net Loss and Comprehensive Loss for the Period		$ 68,819	$ 105,474	$ 348,718	$ 138,011
Loss per Common Share, Basic and Diluted		$ 0.01	$ 0.01	$ 0.03	$ 0.02
Weighted Average Number of Shares Outstanding – Basic and Diluted		12,379,330	8,903,308	12,379,330	8,903,308

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

FIRST ENERGY METALS LIMITED

Condensed Interim Statements of Changes in Equity

(Unaudited -expressed in Canadian dollars)

		Common Shares Without Par Value					
	Note	Shares	Amount	Warrants Reserve	Share-based Payments Reserve	Deficit	Total Equity
Balance, March 31, 2017		8,903,308	$ 34,722,852	$ 245,266	$ 201,407	$ (34,659,619)	$ 509,906
Fair value of share-based compensation		-	-	-	44,193	-	44,193
Net loss for the period		-	-	-	-	(138,011)	(138,011)
Balance, September 30, 2017		8,903,308	34,722,852	245,266	245,600	(34,797,630)	416,088
Balance, March 31, 2018		12,236,638	35,188,833	245,266	245,600	(35,521,971)	157,728
Shares issued:							
Stock option exercises		140,000	69,373	-	(34,373)	-	35,000
Exploration and evaluation assets		175,000	63,000	-	-	-	63,000
Net loss for the period		-	-	-	-	(348,718)	(348,718)
Balance, September 30, 2018		12,551,638	$ 35,321,206	$ 245,266	$ 211,227	$ (35,870,689)	$ (92,990)

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

FIRST ENERGY METALS LIMITED

Condensed Interim Statements of Cash Flows

(Unaudited -expressed in Canadian dollars)

		Six months ended September 30,		
		2018		**2017**
Cash provided from (used for):				
Operating activities				
Net loss for the period	$	(348,718)	$	(138,011)
Share-based compensation		-		44,193
Changes in non-cash working capital balances:				
Amounts receivable and prepaid expenses		(9,074)		10,291
Deferred charge		-		3,125
Accounts payable and accrued liabilities		51,732		47,552
Net cash used in operating activities		(306,060)		(32,850)
Investing activities				
Reclamation bonds		10,000		(3,000)
Cash used in investing activities		10,000		(3,000)
Financing activities				
Repayments of loans		(76,539)		-
Proceeds from exercise of stock options		15,000		-
Net cash used in financing activities		(61,539)		-
Net decrease in cash during the period		(357,599)		(35,850)
Cash, beginning of the period		376,375		36,026
Cash, end of the period	$	18,776	$	176
Supplemental information				
Shares issued for mineral interests	$	83,000	$	-
Fair value of options exercised	$	34,373	$	-

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

1. Nature of Operations and Going Concern

First Energy Metals Limited ("First Energy" or 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 head office and principal address is 1206 - 588 Broughton Street, Vancouver, BC V6G 3E3 Vancouver. The Company's registered and records office is 25th Floor-700 West Georgia Street, Vancouver, B.C., Canada, V7Y 1B3.

On February 1, 2018, the Company completed a share consolidation of its share capital on the basis of five (5) existing common shares for one (1) new common share consolidation (the "Share Consolidation"). All common shares, per common share amounts, stock options and share purchase warrants in these financial statements have been retroactively restated to reflect the Share Consolidation.

These condensed interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. If the going concern assumption is not appropriate for these financial statements then adjustments would be necessary to the carrying amount of assets and liabilities, the reported revenue and expenses and the balance sheet classifications used.

During the period ended September 30, 2018, the Company experienced operating losses and negative operating cash flows with the operations of the Company having been primarily funded by the issuance of share capital. The Company expects to incur further losses in the development of its business, all of which cast significant doubt about the Company's ability to continue as a going concern.

On October 14, 2018, the Company completed a financing for gross proceeds of $350,000, however the Company does not expect these funds will be sufficient to meet its planned exploration expenditures and administrative expenses for the next twelve months. The Company will need to consider further financing 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. Significant Accounting Policies

(a) Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The policies applied in these financial statements are based on International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") issued and outstanding as at November 28, 2018, the date the board of directors approved these unaudited condensed interim financial statements for issue.

(b) Basis of preparation

These unaudited condensed interim financial statements, prepared in conformity with IAS 34, follow the same accounting policies and methods of computation as the most recent audited annual financial statements.

Since these unaudited condensed interim financial statements do not include all disclosures required by the International Financial Reporting Standards ("IFRS") for annual financial statements, they should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2018.

2. Significant Accounting Policies (continued)

(c) Basis of Measurement and Presentation

These unaudited condensed interim financial statements have been prepared using the historical cost convention using the accrual basis of accounting except for some financial instruments, which have been measured at fair value. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included.

(d) New, Amended and Future IFRS Pronouncements

During the period ended September 30, 2018, the Company adopted certain new standards and amendments to standards, none of which had a significant impact on its interim condensed financial statements.

The following standards have been published and are mandatory for the Company's annual accounting periods beginning on or after January 1, 2019:

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.

3. 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.

(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.

(c) Intangible Exploration and Evaluation Assets

Management is required to assess impairment in respect of intangible exploration and evaluation assets. Note 5 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;

(Unaudited - expressed in Canadian dollars)

3. Critical Accounting Judgments and Estimates (continued)

- 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; and
- 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.

4. Amounts Receivable and Prepaid Expenses

		September 30, 2018		March 31, 2018
Prepaid expenses	$	10,000	$	-
Amounts due from the Government of Canada pursuant to GST input tax credits		14,890		15,816
Total	$	24,890	$	15,816

5. Exploration and Evaluation Assets

Exploration and evaluation assets deferred to the statements of financial position at September 30, 2018 and March 31. 2018 are as follows:

		March 31, 2018		Additions		Write-off		September 30, 2018
Phyllis Cobalt	$	-	$	56,000	$	-	$	56,000
Russel Graphite		-		27,000		-		27,000
	$	-	$	83,000	$	-	$	83,000

(a) Phyllis Cobalt Property

On January 29, 2018, the Company entered into an option agreement (the "Phyllis Agreement") to acquire a 100% interest in the Phyllis Cobalt Property which is comprised of certain mineral claims covering 1,750 hectares located in the Kenora Mining District in northwestern Ontario.

Under the terms of the Phyllis Agreement, the Company has the option to acquire a 100% interest in the Phyllis Cobalt Property by making the following option payments, common shares issuances and exploration expenditures:

Due Dates	Option payments ($)	Issuance of First Energy common shares	Minimum exploration expenditures ($)	Cumulative exploration expenditure ($)
On signing (paid and issued)	20,000	100,000	Nil	Nil
Year 1	35,000	150,000	75,000	75,000
Year 2	35,000	150,000	25,000	100,000
Year 3	50,000	200,000	125,000	125,000

(Unaudited - expressed in Canadian dollars)

5. Exploration and Evaluation Assets (continued)

Under the Phyllis Agreement, the Phyllis Cobalt Property is subject to a royalty equal to 3% NSR upon commencement of commercial production. The Company will have the option to reduce the NSR to 2.0% by paying $1,000,000.

(b) Russel Graphite Property

On May 3, 2018, the Company entered into an option agreement (the "Russel Agreement") to acquire a 100% interest in the Russel Graphite Property which is comprised of 30 mineral tenures covering a contiguous block of 1798.06 hectares of land located in the Gatineau area of Quebec.

Under the terms of the Russel Agreement, the Company has the option to acquire a 100% interest in the Russel Graphite Property by making the following option payments, common shares issuances and exploration expenditures:

(i) $7,500 in cash and the issuance of 75,000 common shares (issued) of the Company as soon as practicable following the signing of this agreement and receipt of TSX Venture Exchange approval;
(ii) $10,000 in cash and the issuance of 100,000 shares on or before the first anniversary date of this agreement, conditional on exploration expenditures of not less than $50,000 being incurred on or before December 31, 2018;
(iii) $20,000 in cash and issuance of 125,000 shares on or before the second anniversary date of this Agreement, conditional on cumulative exploration expenditures of not less than $150,000 being incurred on or before December 31, 2019;

Under the Russel Agreement, the Russel Graphite Property is subject to a royalty equal to 3% NSR upon commencement of commercial production. The Company will have the option to reduce the NSR by 2.0% by paying $1,000,000 for each 1% of royalty.

(c) Highway 95

On June 20, 2018, the Company entered into an option agreement (the "Highway 95 Agreement"), subject to TSX Venture Exchange approval, to acquire a 100% interest in the Highway 95 Property, which is comprised of 2,400 acres located in Nye County Nevada, USA.

On November 9, 2018 the Company terminated the Highway 95 Agreement, as the Company intends to focus its resources on its Russell Graphite and Phyllis Cobalt properties.

Exploration and evaluation expenditures recorded in the statements of loss and comprehensive loss for the six months ended September 30, 2018 and 2017 are as follows:

Six months ended September 30, 2018	Kaslo Silver Property, British Columbia	Kootenay Lithium, British Columbia	Phyllis Cobalt, Ontario	Russel Graphite, Quebec	General Exploration	Total
Assays and sampling	$ -	$ -	$ 1,642	$ -	$ -	$ 1,642
Geological and geophysical	-	-	40,886	21,000	4,500	66,386
Field expenditures	-	-	-	-	1,495	1,495
Land lease and property taxes	-	4,291	-	-	-	4,291
Total	$ -	$ 4,291	$ 40,886	$ 21,000	$ 5,995	$ 73,814

Six months ended September 30, 2017	Kaslo Silver Property, British Columbia	Kootenay Lithium, British Columbia	Phyllis Cobalt, Ontario	Russel Graphite, Quebec	General Exploration	Total
Land lease and property taxes	$ 260	$ 868	$ -	$ -	$ -	$ 1,128
Total	$ 260	$ 868	$ -	$ -	$ -	$ 1,128

(Unaudited - expressed in Canadian dollars)

6. Accounts Payable and Accrued Liabilities

		September 30, 2018		March 31, 2018
Trade and other payables	$	157,555	$	128,251
Accrued liabilities		11,469		8,500
Amounts due to related parties		61,530		42,071
Total	$	230,554	$	178,822

7. Loan payable

On December 21, 2017, the Company entered into a loan agreement by which 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 "Loan"). The Company paid $76,437 against the Loan during the year end March 31, 2018, paid $76,539 the during the six months ended September 30, 2018, and with the remaining balance of $102. The Loan is due on demand, unsecured and bears no interest.

8. Related Party Transactions and Balances

Remuneration of directors and key management personnel of the Company for the three and six months ended September 30, 2018 and 2017 were as follows:

	For the three months ended September 30,				For the six months ended September 30,			
		2018		2017		2018		2017
Consulting fees charged by directors of the Company	$	3,020	$	5,040	$	5,520	$	5,040
Salaries, fees and benefits		10,000		22,500		28,000		37,500

Related party balances as at September 30, 2018 and March 31, 2018 were as follows:

		September 30, 2018		March 31, 2018
Amounts due to directors and officers of the Company	$	63,656	$	42,071
Amounts due to former directors and officers and companies controlled by former directors and officers		-		1,750
Totals	$	63,656	$	43,821

The directors' and officers' balances also include fees and expenses owing to directors and officers incurred in the normal course of business.

9. Share Capital

(a) Authorized - Unlimited number of common shares without par value.

On February 1, 2018, the Company completed a share consolidation of its share capital on the basis of five (5) existing common shares for one (1) new common share consolidation. All common shares, per common share amounts, stock options and share purchase warrants in these financial statements have been retroactively restated to reflect the Share Consolidation.

(b) Issued share capital

The Company had 12,551,638 common shares issued and outstanding as at September 30, 2018 (March 31, 2018 – 12,551,638)

(Unaudited - expressed in Canadian dollars)

9. Share Capital (continued)

Fiscal 2019

On May 7, 2018, the Company issued 140,000 common shares pursuant to the exercise of stock options for total proceeds of $35,000.

On May 30, 2018, the Company issued 100,000 common shares valued at $36,000 pursuant to the Phyllis Agreement towards acquiring a 100% interest the Phyllis Cobalt Property.

On May 30, 2018, the Company issued 75,000 common shares valued at $27,000 pursuant to the Russel Agreement towards acquiring a 100% interest the Russel Graphite Property.

c) Stock Options

The Company has a shareholder approved "rolling" stock option plan (the "Plan") in compliance with the TSX-V's policies. Under the Plan, the maximum number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding common shares at the time of granting. The exercise price of each stock option shall not be less than the discounted market price of the Company's stock at the date of grant. Such options will be exercisable for a period of up to 10 years from the date of grant. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee will not, within a twelve-month period, exceed five percent (5%) of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed, within a twelve-month period, two percent (2%) of the issued and outstanding common shares. Options may be exercised no later than 90 days following cessation of the optionee's position with the Company or 30 days following cessation of an optionee conducting investor relations activities' position.

The continuity for stock options for the six months ended September 30, 2018 is as follows:

Expiry date	Exercise price	Balance March 31, 2018	Issued	Exercised	Expired/ Cancelled	Balance September 30, 2018
July 11, 2022	$ 0.25	140,000	-	(140,000)	-	-
Weighted average exercise price		$ 0.25	$ -	$ 0.25	$ -	$ -

d) Share Purchase Warrants

The continuity for share purchase warrants for the six months ended September 30, 2018 is as follows:

Expiry date	Exercise price	Balance March 31, 2018	Issued	Exercised	Expired/ Cancelled	Balance September 30, 2018
January 24, 2019	$ 0.40	1,189,142	-	-	-	1,189,142
Weighted average exercise price		$ 0.40	$ -	$ -	$ -	$ 0.40

The weighted average remaining life of share purchase warrants outstanding at September 30, 2018 was 0.32 years.

e) Share-Based Payments Reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments. This reserve also includes the value attributed to warrants on unit private placements. At the time that the stock options or warrants are exercised, the corresponding amount will be transferred to share capital.

The fair value of each option granted to employees, officers, and directors was estimated on the date of grant using the Black-Scholes option-pricing model.

(Unaudited - expressed in Canadian dollars)

10. Segmented Information

The Company operates in one business segment being the acquisition and exploration of exploration and evaluation assets and operates in two geographic segments being Canada and USA. The total assets relate to exploration and evaluation assets and have been disclosed in Note 5.

11. 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 and share subscription payable are classified as borrowings and other financial liabilities. As of September 30, 2018, 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 September 30, 2018 and March 31, 2018:

	Level		September 30, 2018		March 31, 2018
Loans and receivables	1	$	29,776	$	397,375
Other financial liabilities	1	$	230,656	$	255,463

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 September 30, 2018, the Company had cash of $18,776 to settle current liabilities of $230,656. Further information relating to liquidity risk is disclosed in Note 1.

Interest Rate Risk

The Company has no significant exposure at September 30, 2018 to interest rate 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

11. Financial Instruments and Risk Management (continued)

investment, reclamation bonds and amounts receivable. The carrying amount of financial assets recorded in the 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.

Currency Risk

The Company has no significant exposure at September 30, 2018 to currency 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.

There were no transfers from levels or change in the fair value measurements of financial instruments for the period ended September 30, 2018 and year ended March 31, 2018.

12. 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.

12. Management of Capital (continued)

There were no changes in the Company's approach to capital management during the period ended September 30, 2018 compared to the year ended to March 31, 2018. The Company is not subject to externally imposed capital requirements. Further information relating to management of capital is disclosed in Note 1.

13. Subsequent events

Subsequent to September 30, 2018, the Company:

- announced on October 14, 2018, it had completed a non-brokered private placement ("Placement") for gross proceeds of $350,000. The Placement includes issuing 3,555,556 units at a price of $0.09 per unit ("Unit") for gross proceeds of $320,000. Each Unit will consist of one common share and one transferable common share purchase warrant (a "Warrant"). Each Warrant will entitle the holder to purchase an additional common share for a price of $0.12 per share for a period of two years from the date of closing of the private placement. The Placement also includes a second private placement for gross proceeds of $30,000 from the sale of 333,333 flow through shares at a price of $0.09 per flow through share.
- on November 9, 2018, terminated its Highway 95 Agreement, as the Company intends to focus on its Russell Graphite and Phyllis Cobalt properties.