

FIRST ENERGY METALS LIMITED

**FORM 2A
LISTING STATEMENT**

February 22, 2019

1. Table of Contents

1.	Table Of Contents.....	2
2.	Corporate Structure	3
3.	General Development Of The Business	4
4.	Narrative Description Of The Business.....	7
5.	Selected Consolidated Financial Information	38
6.	Management's Discussion And Analysis	41
	Annual MD&A	41
	Interim MD&A	61
7.	Market For Securities.....	68
8.	Consolidated Capitalization	68
9.	Options To Purchase Securities	69
10.	Description Of The Securities	72
11.	Escrowed Securities	75
12.	Principal Shareholders.....	76
13.	Directors And Officers.....	77
14.	Capitalization	84
15.	Executive Compensation	87
16.	Indebtedness Of Directors And Executive Officers.....	87
17.	Risk Factors.....	88
18.	Promoters	91
19.	Legal Proceedings	93
20.	Interest Of Management And Others In Material Transactions	94
21.	Auditors, Transfer Agents And Registrars	94
22.	Material Contracts.....	94
23.	Interest Of Experts.....	95
24.	Other Material Facts	96
25.	Financial Statements	96
	Certificate Of The Issuer.....	98
	Schedule 1 – Financial Statements	99

2. Corporate Structure

- 2.1 State the full corporate name of the Issuer or, if the Issuer is an unincorporated entity, the full name under which the entity exists and carries on business and the address(es) of the Issuer's head and registered office.

First Energy Metals Limited (the “Issuer”, the “Company” or “First Energy”) has its registered office and its principal place of business at 1206 – 588 Broughton Street, Vancouver, BC V6G 3E3.

- 2.2 State the statute under which the Issuer is incorporated or continued or organized or, if the Issuer is an unincorporated entity, the laws of the jurisdiction or foreign jurisdiction under which the Issuer is established and exists. Describe the substance of any material amendments to the articles or other constating or establishing documents of the Issuer.

The Issuer was incorporated under the *Company Act* (British Columbia) on October 12, 1966 under the name Cream Silver Mines Ltd. Effective December 22, 1994 the Issuer changed its name to Cream Minerals Ltd. and consolidated its common share capital on the basis of five (5) old shares for 1 (one) new share. Following the replacement of the *Company Act* (British Columbia) by the *Business Corporations Act* (British Columbia) effective March 29, 2004, the Issuer transitioned under the *Business Corporations Act* (British Columbia). Effective September 21, 2004, the Issuer altered its authorized capital from 50,000,000 common shares without par value to an unlimited number of common shares without par value. By special resolution effective June 23, 2011, shareholders approved the adoption of new articles for the Issuer. Effective October 2, 2013 the Issuer changed its name to Agave Silver Corp. and consolidated its common share capital on the basis of ten (10) old shares for 1 (one) new share. Effective December 16, 2016 the Issuer changed its name to First Energy Metals Limited. Effective February 1, 2018, the Issuer completed a share consolidation on the basis of five (5) old common shares for one (1) new common share.

- 2.3 Describe, by way of a diagram or otherwise, the intercorporate relationships among the Issuer and the Issuer's subsidiaries. For each subsidiary state
- (a) the percentage of votes attaching to all voting securities of the subsidiary represented by voting securities beneficially owned, or over which control or direction is exercised, by the Issuer;
 - (b) the place of incorporation or continuance; and

- (c) the percentage of each class of restricted shares beneficially owned, or over which control or direction is exercised, by the Issuer.

The Issuer does not have any subsidiaries.

- 2.4 If the Issuer is requalifying following a fundamental change or is proposing an acquisition, amalgamation, merger, reorganization or arrangement, describe by way of diagram or otherwise these intercorporate relationships both before and after the completion of the proposed transaction.

Not applicable.

- 2.5 Non-corporate Issuers and Issuers incorporated outside of Canada must describe how their governing legislation or constating documents differ materially from Canadian corporate legislation with respect to the corporate governance principles set out in Policy 4.

The Issuer was incorporated in Canada.

3. General Development of the Business

- 3.1 Describe the general development of the Issuer's business over its three most recently completed financial years and any subsequent period. Include only major events or conditions that have influenced the general development of the Issuer's business. If the business consists of the production or distribution of more than one product or the rendering of more than one kind of service, describe the principal products or services. Also discuss changes in the business of the Issuer that are expected to occur during the current financial year of the Issuer.

During its three most recently completed financial years, the Company has been in the business of acquiring, exploring and developing mineral properties.

Effective May 9, 2015 the Company and Hastings Highland Resources Limited (“Hastings”) entered into an agreement with respect to the exclusive option to earn a 90% interest in Hastings’ Limerick Township nickel-copper property located in Ontario, Canada, however the Company was unable to secure the requisite financing and terminated the option on September 3, 2015.

On October 7, 2016 the Company entered into an agreement to purchase (the “Agreement”) a 100% interest in certain mineral claims (the “Kootenay Property”) covering 4,050 hectares located in the Revelstoke and Nelson Mining Divisions, southeastern British Columbia. Under the terms of the Agreement, the Company purchased a 100% interest in the Kootenay Property by issuing 6,000,000 common shares of the Company. During the year ended March 31, 2018, the Company wrote down the carrying value of its Kootenay Property to nil as the Company does not intend to complete further exploration on the Kootenay

Property. As such, in April 2018, the Company relinquished the Kootenay Property's mineral claims by not paying their annual mineral claim maintenance fees.

Effective January 29, 2018, the Company entered into the Phyllis Agreement to acquire 100% interest in the Phyllis Cobalt Property located in the Kenora Mining District of northwestern Ontario. Consideration is \$140,000 cash and 600,000 shares staged in payments over three years, in addition to exploration expenditures of \$275,000 over a three year period. The vendors have been granted a 3% net smelter returns royalty. The Company may repurchase a 1% net smelter returns royalty from the vendors for \$1,000,000. On May 30, 2018, the Company issued 100,000 common shares and made a cash payment of \$20,000 pursuant to the Phyllis Cobalt Property option.

Effective May 3, 2018, the Company entered into an option agreement pursuant to which the Company can earn 100% interest in the Russel Graphite Property which consists of thirty (30) mineral claims, located in Gatineau area of Quebec Province. Consideration, over a period of two years, is \$37,500 cash, 300,000 shares, and exploration expenditures of not less than \$200,000. The vendor has been granted a 3% net smelter returns royalty of which the Company may repurchase up to 2% for \$1,000,000 cash for each 1%. On May 30, 2018, the Company issued 75,000 common shares pursuant to the Russel Graphite Property option agreement.

Effective June 20, 2018, First Energy entered into an option agreement pursuant to which the Company could acquire a 100% interest in the Highway 95 Property, located in Nevada USA. In October 2018 the Company terminated the option following its decision to focus its efforts and resources on its Phyllis cobalt and Russel graphite properties.

During the financial year ended March 31, 2016, the Company closed a non-brokered private placement of 1,000,000 units at a price of \$0.25 per unit for gross proceeds of \$250,000 and issued 229,500 common shares at a deemed price of \$0.10 per common share in settlement of debt.

During the financial year ended March 31, 2017, the Company closed a non-brokered private placement of 1,189,142 units at a price of \$0.35 per unit for gross proceeds of \$416,200 and issued 20,000 common shares at a deemed price of \$0.35 per share as part of a debt settlement agreement with the Company's former CFO.

During the financial year ended March 31, 2018, the Company completed a non-brokered private placement of 3,333,330 common shares at a price of \$0.15 per share for gross proceeds of \$500,000. 666,665 of the shares issued were flow-through shares. The Company paid a finder's fee of \$11,175 and incurred additional cash share issue costs \$22,844.

On May 7, 2018, the Company issued 140,000 common shares pursuant to the exercise of options at \$0.25 per share for total proceeds of \$35,000.

On May 30, 2018, the Company issued 75,000 common shares pursuant to the Russel Graphite Property option agreement and issued 100,000 common shares pursuant to the Phyllis Cobalt Property option.

On October 15, 2018, the Company closed a non-brokered private placement of 3,555,556 units at a price of \$0.09 per unit and 333,333 flow-through shares at a price of \$0.09 per flow-through share for gross proceeds of \$350,000.

On December 18, 2018, the Company closed a non-brokered private placement of 1,190,476 common shares at a price of \$0.21 per share for gross proceeds of \$250,000.

3.2 Disclose:

- (1)
 - (a) any significant acquisition completed by the Issuer or any significant probable acquisition proposed by the Issuer, for which financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus; and
 - (b) any significant disposition completed by the Issuer during the most recently completed financial year or the current financial year for which *pro forma* financial statements would be required under National Instrument 41-101 *General Prospectus Requirements* if this Listing Statement were a prospectus.
- (2) Under paragraph (1) include particulars of
 - (a) the nature of the assets acquired or disposed of or to be acquired or disposed of;
 - (b) the actual or proposed date of each significant acquisition or significant disposition;
 - (c) the consideration, both monetary and non-monetary paid, or to be paid, to or by the Issuer;
 - (d) any material obligations that must be complied with to keep any significant acquisition or significant disposition agreement in good standing;
 - (e) the effect of the significant acquisition or significant disposition on the operating results and financial position of the Issuer;

- (f) any valuation opinion obtained within the last 12 months required under Canadian securities legislation, a directive of a Canadian securities regulatory authority, or a requirement of a Canadian stock exchange or other Canadian market to support the value of the consideration received or paid by the Issuer or any of its subsidiaries for the assets, including the name of the author, the date of the opinion, the assets to which the opinion relates and the value attributed to the assets; and
- (g) whether the transaction is with a Related Party of the Issuer and if so, disclose the identity of the other parties and the relationship of the other parties to the Issuer.

The Issuer has not completed any significant acquisition, nor is any significant probable acquisition proposed by the Issuer, of the kind referred to in the foregoing instructions. The Issuer has not completed any significant disposition during the most recently completed financial year or during the current financial year of the kind referred to in the foregoing instructions.

- 3.3 Discuss any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on the Issuer's business, financial condition or results of operations, providing forward-looking information based on the Issuer's expectations as of the date of the Listing Statement.

As an exploration company without revenues, the Issuer typically needs more capital than it has available to it or can expect to generate through the sale of its products. In the past, the Issuer has had to raise, by way of equity financing, funds to meet its capital needs. There is no guarantee that the Issuer will be able to continue to raise funds needed for its business. Failure to raise the necessary funds in a timely fashion will limit the Issuer's growth.

4. Narrative Description of the Business

4.1 General

- (1) Describe the business of the Issuer with reference to the reportable operating segments as defined in the Handbook and the Issuer's business in general. Include the following for each reportable operating segment of the Issuer:
 - (a) state the business objectives that the Issuer expects to accomplish in the forthcoming 12-month period;

The Company's business objective for the following 12 months is to carry out a drill program at its Phyllis Cobalt Property. The program is aimed at testing the central Phyllis Cobalt Zone below surface to see the depth and size of the gabbroic intrusion and related cobalt - copper-nickel mineralization. The drill program is a follow up of surface sampling and trenching work carried out by the Company and is in line with the recommended Phase 1 exploration work in the technical report entitled "Technical Report on the Phyllis Cobalt Property, Kenora Mining District, Northwestern Ontario, Canada" dated August 1, 2018 prepared by Kristian Whitehead, B.Sc., P.Geo.

- (b) describe each significant event or milestone that must occur for the business objectives in (a) to be accomplished and state the specific time period in which each event is expected to occur and the costs related to each event;

There are no significant events or milestones that must occur for the additional exploration to be conducted. The Company has the funds available to complete additional exploration.

- (c) disclose the total funds available to the Issuer and the following breakdown of those funds:
- (i) the estimated consolidated working capital (deficiency) as of the most recent month end prior to filing the Listing Statement, and

As at January 31, 2019, the Issuer had estimated working capital of \$321,138.

- (ii) the total other funds, and the sources of such funds, available to be used to achieve the objectives and milestones set out in paragraphs (a) and (b); and

The Issuer's estimated working capital of \$321,138 as at January 31, 2019 constitutes its funds available.

- (d) describe in reasonable detail and, if appropriate, using tabular form, each of the principal purposes, with approximate amounts, for which the funds available described under the preceding paragraph will be used by the Issuer.

	Description	Amount \$
1.	NI 43-101 Report recommended Phase 1 exploration program on the Phyllis Cobalt Property	\$135,250
2.	Estimated professional, regulatory, transfer agent and shareholder information fees (12 months)	\$25,000
3.	Estimated consulting and management fees (12 months)	\$35,000
4.	To provide general working capital to fund ongoing operations	\$125,888
	Total:	\$321,138

- (2) For principal products or services describe:

Not applicable.

- (3) Concerning production and sales, disclose:

Not applicable.

- (4) Describe the competitive conditions in the principal markets and geographic areas in which the Issuer operates, including, if reasonably possible, an assessment of the Issuer's competitive position.

Not applicable.

- (5) With respect to lending operations of an Issuer's business, describe the investment policies and lending and investment restrictions.

Not applicable.

- (6) Disclose the nature and results of any bankruptcy, or any receivership or similar proceedings against the Issuer or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Issuer or any of its subsidiaries, within the three most recently completed financial years or the current financial year.

There have not been any bankruptcy or receivership or similar proceedings against the Issuer within the three most recently completed financial years or the current financial year.

- (7) Disclose the nature and results of any material restructuring transaction of the Issuer within the three most recently completed financial years or completed during or proposed for the current financial year.

There has not been any material reorganization of the Issuer or any of its subsidiaries (if any) within the three most recently completed financial years or the current financial year, other than effective February 1, 2018 the Company consolidated its common share capital on a five old shares

for one new share basis.

- (8) If the Issuer has implemented social or environmental policies that are fundamental to the Issuer's operations, such as policies regarding the Issuer's relationship with the environment or with the communities in which the Issuer does business, or human rights policies, describe them and the steps the Issuer has taken to implement them.

The Issuer has not implemented social or environmental policies that are fundamental to the Issuer's operations.

Companies with Asset-backed Securities Outstanding

- 4.2 In respect of any outstanding asset-backed securities, disclose the following information:

Not applicable.

- 4.3 For Issuers with a mineral project, disclose and insert here the information required by Appendix A for each property material to the Issuer.

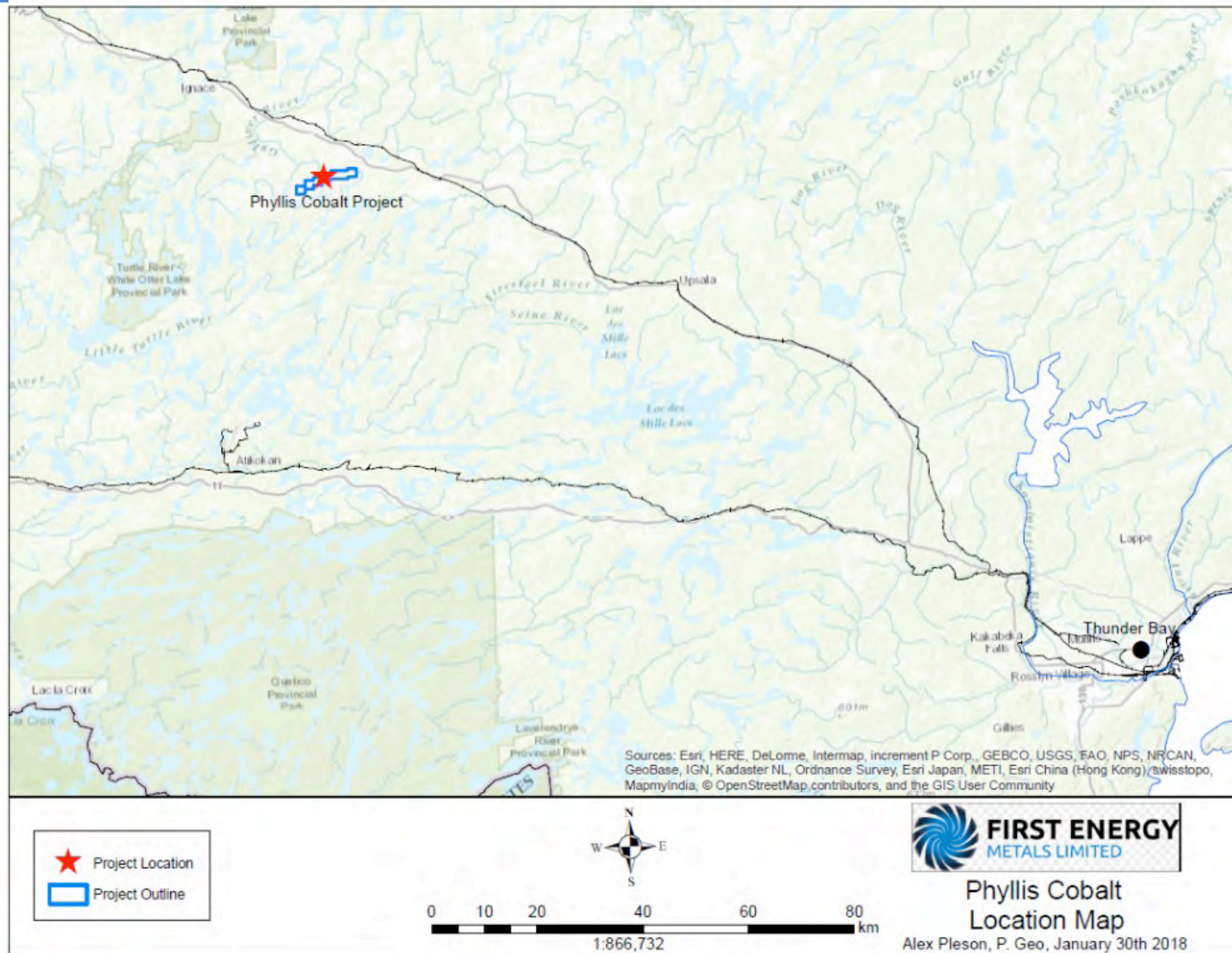
The disclosure in this section 4.3 is summarized and extracted from the technical report entitled "Technical Report on the Phyllis Cobalt Property, Kenora Mining District, Northwestern Ontario, Canada" dated August 1, 2018 (the "Report") prepared by Kristian Whitehead, B.Sc., P.Geo. References to the "author" or "Author" are references to Mr. Whitehead. Other references are references contained in and more fully described in the Report. The Report has been filed on SEDAR and is available on the SEDAR website at www.sedar.com.

- (1) Property Description and Location – Describe:

- (a) the area (in hectares or other appropriate units) and location of the property;

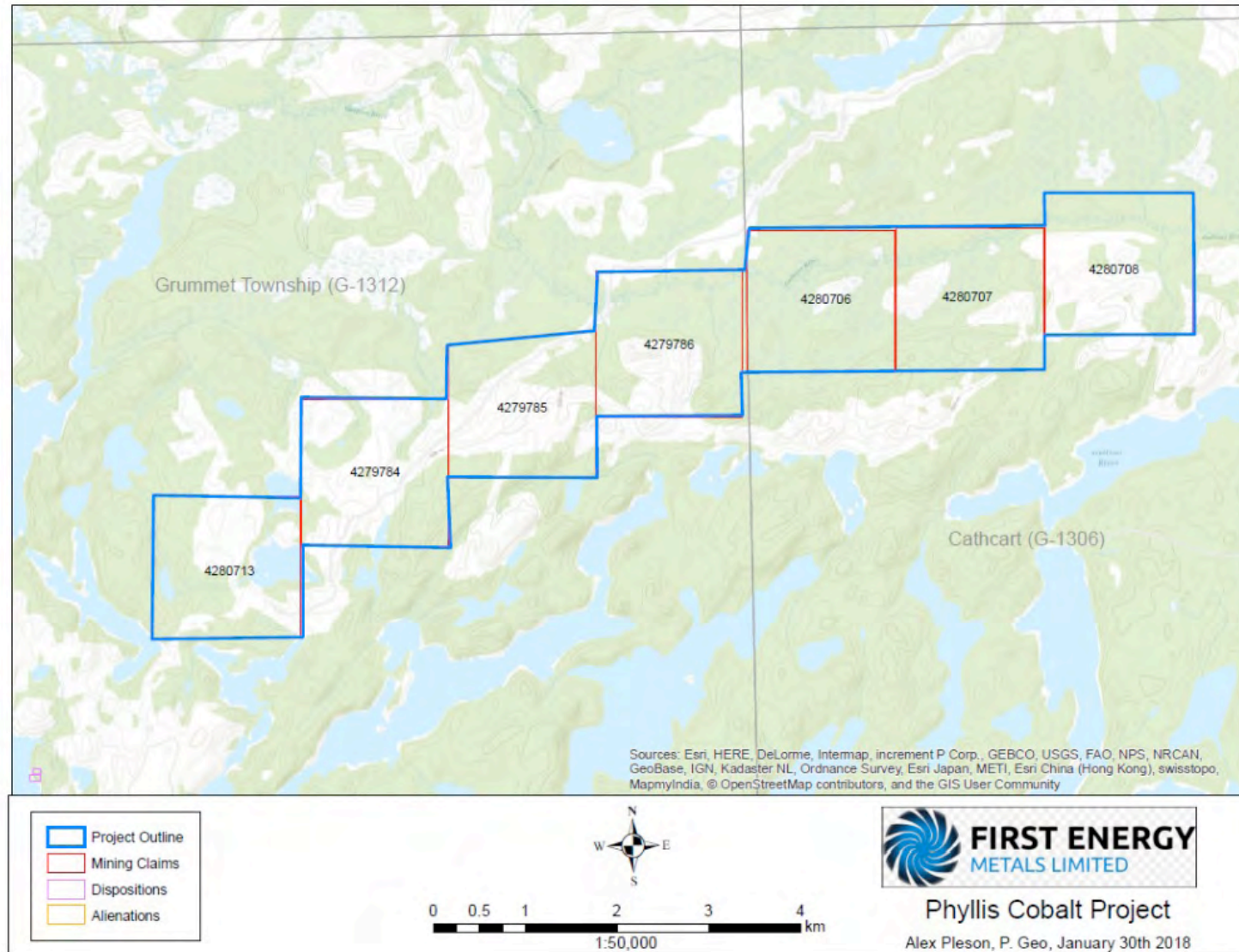
The Phyllis Cobalt Property consists of 123 mineral claims in 117 units totalling 2113 hectares in Grummet and Cathcart townships in Kenora Mining District of Northwestern Ontario, Canada (Figure 1 and 2). Originally the property was comprised of seven mining claims covering 112 units and 1792 hectares land package. As of April 10, 2018, the Ontario Ministry of Energy, Northern Development and Mines changed its claim management system to incorporate online staking by dividing mining lands into cell and boundary claim units. The old claims are now called Legacy claims (see Figure 3). It is located about 192 kilometers to the southwest of Thunder Bay, approximately 30 kilometers to the southeast of the town of Ignace on Highway 11/17.

Figure 1: Property Location Map



FORM 2A – LISTING STATEMENT

Figure 2: Phyllis Cobalt Property Mineral Claim Map



- (b) the nature and extent of the Issuer's title to or interest in the property, including surface rights, obligations that must be met to retain the property and the expiration date of claims, licences and other property tenure rights;

The Property claims were acquired under an agreement dated January 29, 2018 with Alex Pleson and Afzaal Pirzada (“the Optionor”), where First Energy has the option to acquire a 100% interest in the Claims, subject to a 3% Net Smelter Return royalty (see subsection 4.3(1)(c) below) by making the following cash payments, common shares issuances and exploration expenditures:

Table 1: Property agreement

	Cash	Securities	Exploration Expenditure Requirements
<u>On Signing</u>	\$20,000	100,000 Common Shares	Nil
<u>Year 1</u>	\$35,000	150,000 Common Shares	Exploration expenditures of not less than \$75,000 to be incurred on or before January 31, 2019.
<u>Year 2</u>	\$35,000	150,000 Common Shares	Cumulative exploration expenditures of not less than \$100,000 to be incurred on or before January 31, 2020.
<u>Year 3</u>	\$50,000	200,000 Common Shares	Cumulative exploration expenditures of not less than \$125,000 to be incurred on or before May 31, 2021.

The claims were staked on ground by erecting physical posts as required by claim staking regulations in Ontario. In Ontario all mineral claims staked are subject to \$400 per unit worth of eligible assessment work to be undertaken before year 2 anniversary, followed by \$400 per unit per year thereafter.

There are a number of Aboriginal communities and organizations in the Ignace area including Lac Seul First Nation, Seine River First Nation and Wabigoon Lake First Nation. Métis Councils in the area include Atikokan and Area Métis Council, Kenora Métis Council, Northwest Métis Council and Sunset Country Métis Council as represented by the Lake of Woods/Lac Seul, Rainy Lake/Rainy River and Treaty 3 Traditional Territory Consultation Committee and Greenstone Métis Council, Superior North Shore Métis Council and Thunder Bay Métis Council as represented by Lakehead/Michipicoten/Nipigon Traditional Territory Consultation Committee and the Métis Nation of Ontario. Any exploration and mining work in on the property will need to be carried out in consultation with these communities.

- (c) the terms of any royalties, overrides, back-in rights, payments or other agreements and encumbrances to which the property is subject;

The Claims Agreement provides for a royalty equal to 3% Net Smelter Return (“NSR”) from the Claims payable to the Optionor. The royalty will be payable to the Optionor 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 1% of the NSR

for \$1,000,000 at any time up to when a production decision is made which buyback would result in a 2% NSR payable to the Optionor.

(d) all environmental liabilities to which the property is subject;

There is no historical production from the Phyllis Cobalt Property, and the author is not aware of any environmental liabilities which have accrued from historical exploration activity. An exploration work permit Number PR-18-11253 was issued for the property on March 23, 2018 and is valid until March 22, 2021.

(e) the location of all known mineralized zones, mineral resources, mineral reserves and mine workings, existing tailings ponds, waste deposits and important natural features and improvements; and

See section 4.3(6) "*Mineralization*" for a discussion of mineralization on the Property.

(f) to the extent known, the permits that must be acquired to conduct the work proposed for the property and whether permits have been obtained;

There are no known environmental liabilities and no permits have been applied for or acquired for the Property. An exploration work permit for trenching, channel sampling and drilling is in place for the Property.

(2) Accessibility, Climate, Local Resources, Infrastructure and Physiography – Describe:

(a) the means of access to the property;

The Phyllis Cobalt Property has good year-round road access from the town of Thunder Bay, Ontario (Figure 1) via Hwy 17 and 9 km south on a gravel forestry road.

(b) the proximity of the property to a population centre and the nature of transport;

Travel time by road from Thunder Bay to the Property is approximately 2 hours.

(c) to the extent relevant to the mining project, the climate and length of the operating season;

The climate of Thunder Bay region including the Phyllis Cobalt Property area is influenced by Lake Superior, resulting in cooler winter temperatures and warmer summer temperatures for an area extending inland as far as 16 km. The average daily temperatures range from a high of 17.6 °C in July and a low of -14.8 °C in January. The summer period is approximately 97 days in length extending from

the beginning of June to the beginning of September; fall lasts about 60 days and extends to November. The winter season lasts approximately 6 months extending from November through to May. Although the area normally has about six months of snow-free conditions, exploration and mining work can be carried out throughout the year.

- (d) the sufficiency of surface rights for mining operations, the availability and sources of power, water, mining personnel, potential tailings storage areas, potential waste disposal areas, heap leach pads areas and potential processing plant sites; and

The town of Thunder Bay, located about 192 kilometres from the Property, is the largest city in Northwestern Ontario, serving as a regional commercial centre. The town is a major source of workforce, contracting services, and transportation for the forestry, pulp and paper and mining industry. Thunder Bay is a transportation hub for Canada, as the TransCanada highways 11 and 17 link eastern and western Canada. It is close to the Canada-U.S. border and highway 61 links Thunder Bay with Minnesota, United States. Thunder Bay has an international airport with daily flights to Toronto, Ontario and Winnipeg, Manitoba and the United States. There is a large port facility on the St. Lawrence Seaway System which is a principal north-south route from the Upper Midwest to the Gulf of Mexico.

The city of Thunder Bay has most of the required supplies for exploration work including grocery stores, hardware stores, exploration equipment supply stores, restaurants, hotels, and a hospital. The population of the city of Thunder Bay was 110,984 people in 2014 (Statistics Canada, www.statcan.gc.ca). Many junior exploration and mining companies are based in Thunder Bay, and thus the city is a source of skilled mining labour.

The town of Ignace located about 30 kilometres to the northwest of the Property is the nearest place to provide lodging for exploration program. The town is located on Highway 17 and has a population of around 1,200 people. There are a few motels and lodges to stay and restaurants for dining. Forestry is a major industry in the area and the largest single land-use. The region has more than 66% productive forest and a number of private timber companies are currently managing forestry operations. There are a number of small sand and gravels pits in the Ignace area, as well as the Butler Quarry (located approximately 8 km west of the Township of Ignace and north of the Trans-Canada Highway), which extracts ornamental stone. There have been four other past producing ornamental stone quarries in the area (Golder report 2013).

A Canadian Pacific (CP) rail corridor runs approximately parallel to Highway 17 through the area also, as does a natural gas pipeline. There are two primary transmission corridors through the area. A 230-kV line which parallels the Trans-Canada Highway in the western half of the area, moving south between Elsie and Sandford Lakes south of Ignace towards Atikokan (Golder report 2013).

There are several lakes, rivers and creeks in and around the Phyllis Cobalt Property area which can be a source of water for exploration work.

(e) the topography, elevation and vegetation;

The Canadian Shield region generally has a low-relief, gently undulating land surface with an elevation of about 150 masl (metres above sea level) in the north and about 450 masl in the south. The property lies in the Severn Uplands, which comprises broadly rolling surfaces of Canadian Shield bedrock that occupies most of northwestern Ontario and which is either exposed at surface or shallowly covered with Quaternary glacial deposits. Terrains in the Severn Uplands contain numerous lakes. The land surface within the area varies somewhat from the region in that there is considerable relief between the lakes in most areas and the ground surface elevation ranges from 368 masl to 554 masl.

Regionally, there are two major moraine ridges that represent dominant topographic features: the Hartman and Lac Seul moraines and associated glacial deposits (e.g., eskers, tills, kames and outwash). (Golder report 2013).

The Ignace area is contained within the Nelson River Drainage Area, which drains into Hudson Bay through the Nelson River. In the Ignace area there are three tertiary watersheds, the Upper English sub-basin, the Wabigoon sub-basin and the Central Rainy sub-basin. The Ignace area is abundant in lakes, which are interconnected by an intricate network of small and medium sized rivers, and by large rivers such as the Wabigoon River, Bending River and Gulliver River. The Township of Ignace and the northeastern part of the Ignace area is located within the Upper English sub-basin which generally drains to the northeast. The Wabigoon sub-basin is in the western part of the Ignace area and is drained by the Wabigoon River to the northwest. The Central Rainy sub-basin, located south and southwest of the Ignace area, is drained largely by the Turtle River which eventually flows into the Rainy River. Given the modestly rugged terrain, modest precipitation and relatively small size of catchment areas, no large areas of floodplain are expected to be present.

Forestry is a major industry in the area and the largest single land-use. The region has more than 66% productive forest and a number of private timber companies are currently managing forestry operations.

(3) History - Describe:

- (a) the prior ownership of the property and ownership changes and the type, amount, quantity and results of the exploration work undertaken by previous owners, and any previous production on the property, to the extent known;

The area surrounding the property has seen, in the past, production of metallic resources and exploration potential for different minerals. The area is part of the

Kenora Mining District, where mining history is closely related to the exploration of gold, which was produced in the past at a number of mines.

The initial cobalt discovery on the Property was made in 2010 by Don Dobransky, named the “Phyllis Central” occurrence. This discovery is characterized by an 80m x 60m outcrop and appears as a fairly structureless gabbro, except for an array of narrow quartz veins and veinlets, which have sharp contacts with the country rock and trend roughly NE-SW and appear to have been intruded relatively recently. The gabbro itself is fine-to medium grained and appears highly altered. The exposed outcrop follows the northern flank of a gentle hill. Earlier excavations focussed in the uppermost parts of the topographic profile. This worked confirmed the presence of economic grades of cobalt mineralization up to 0.33% Co (including 1.2% Cu and 0.39% Ni).

- (b) if a property was acquired within the three most recently completed financial years of the Issuer or during its current financial year from, or is intended to be acquired by the Issuer from, an insider or promoter of the Issuer or an associate or affiliate of an insider or promoter, the name and address of the vendor, the relationship of the vendor to the Issuer, and the consideration paid or intended to be paid to the vendor; and

The Property was not acquired by the Issuer from, or is intended to be acquired by the Issuer from, an insider or promoter of the Issuer or an associate or affiliate of an insider or promoter.

- (c) to the extent known, the name of every person or company that has received or is expected to receive a greater than five per cent interest in the consideration received or to be received by the vendor referred to in subparagraph (b).

Not applicable.

- (4) Geological Setting — The regional, local and property geology.

Regional Geology

Geologically the Property and its surrounding area is situated in the Wabigoon Subprovince, which is part of the western region of the Superior Province of the Canadian Shield – 3 to 2.6-billion-year-old rocks that form the core of the North American continent. An irregularly shaped, granitic intrusion Adele Lake Pluton intrudes the Phyllis Lake Greenstone Belt. There are other batholiths in the Ignace area. These are Neoproterozoic intrusions that were emplaced into the older Raleigh Lake and Bending Lake greenstone belts.

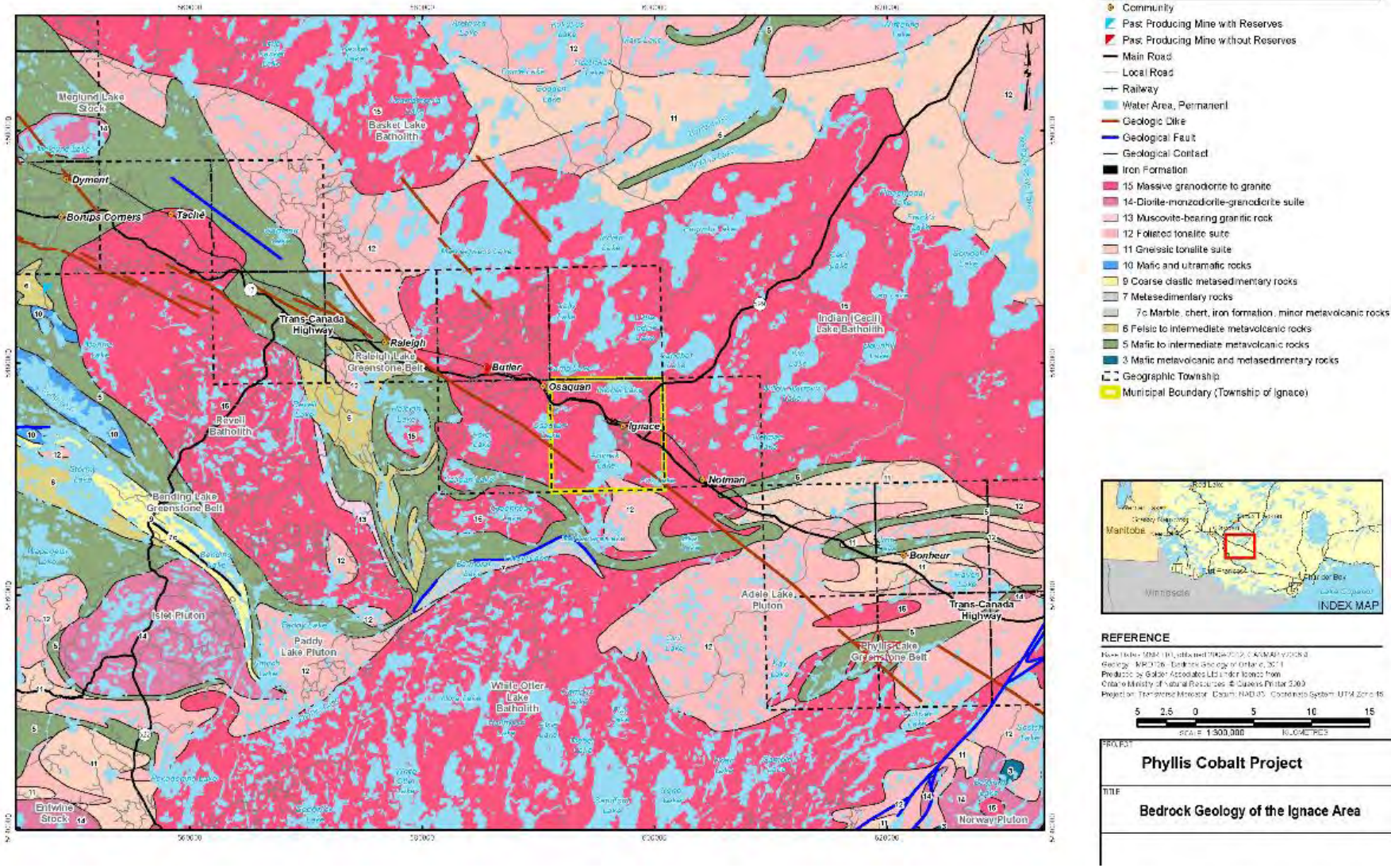


Figure 5: Regional Geology Map

Regional structural trends defined by lithologic contacts, foliations, gneissosity and faults are aligned mainly easterly to northeasterly in the central Wabigoon Subprovince area and indeed in most of the western Superior Province. The easterly trending boundary between the Quetico and Wabigoon subprovinces represents the most regionally extensive structural element in the area. Most structures dip subvertically although local areas of low-dip fabric are observed.

Local and Property Geology

Locally, the Phyllis Cobalt Property area is a part of Central Wabigoon Geological sub-province. The main geological units are Phyllis Lake Greenstone Belt and Adele Lake Pluton. The Phyllis Lake greenstone belt (“Phyllis belt”) attains a width of a few kilometres and extends northeasterly over a distance of about 30 km in the northern central Wabigoon Subprovince area (*see* Figure 4). The Phyllis belt is composed of mafic metavolcanic rocks that show pillows in less deformed areas and widespread amphibolite-facies metamorphism. The metamorphism has transformed the metavolcanic rocks to amphibole gneisses at many localities in the belt. Mafic metavolcanic rocks of the Phyllis belt unconformably overlie biotite tonalite along the northwest side of the belt. The unconformity is marked by a garnetiferous quartzo-feldspathic sandstone unit that attains a thickness of up to a few tens of metres (OGS Report 5422).

A thin felsic tuff within mafic metavolcanic flows in the centre of the Phyllis belt has an age of 2955 Ma. Tonalite gneisses of the Raven gneiss complex on the northwest side of the Phyllis belt is dated at 2989 Ma and probably represent a basement complex on which lavas of the Phyllis belt were deposited. In contrast, biotite tonalite on the southeast side of the Phyllis belt has a U/Pb zircon age of 2817 Ma and represents part of the Pinecone– Savoy domain. The Phyllis belt is included with the Whitton domain (OGS Report 5422).

- (5) Exploration Information — The nature and extent of all exploration work conducted by, or on behalf of, the Issuer on the property, including:
- (a) the results of all surveys and investigations and the procedures and parameters relating to surveys and investigations;
 - (b) an interpretation of the exploration information;
 - (c) whether the surveys and investigations have been carried out by the Issuer or a contractor and if by a contractor, identifying the contractor; and

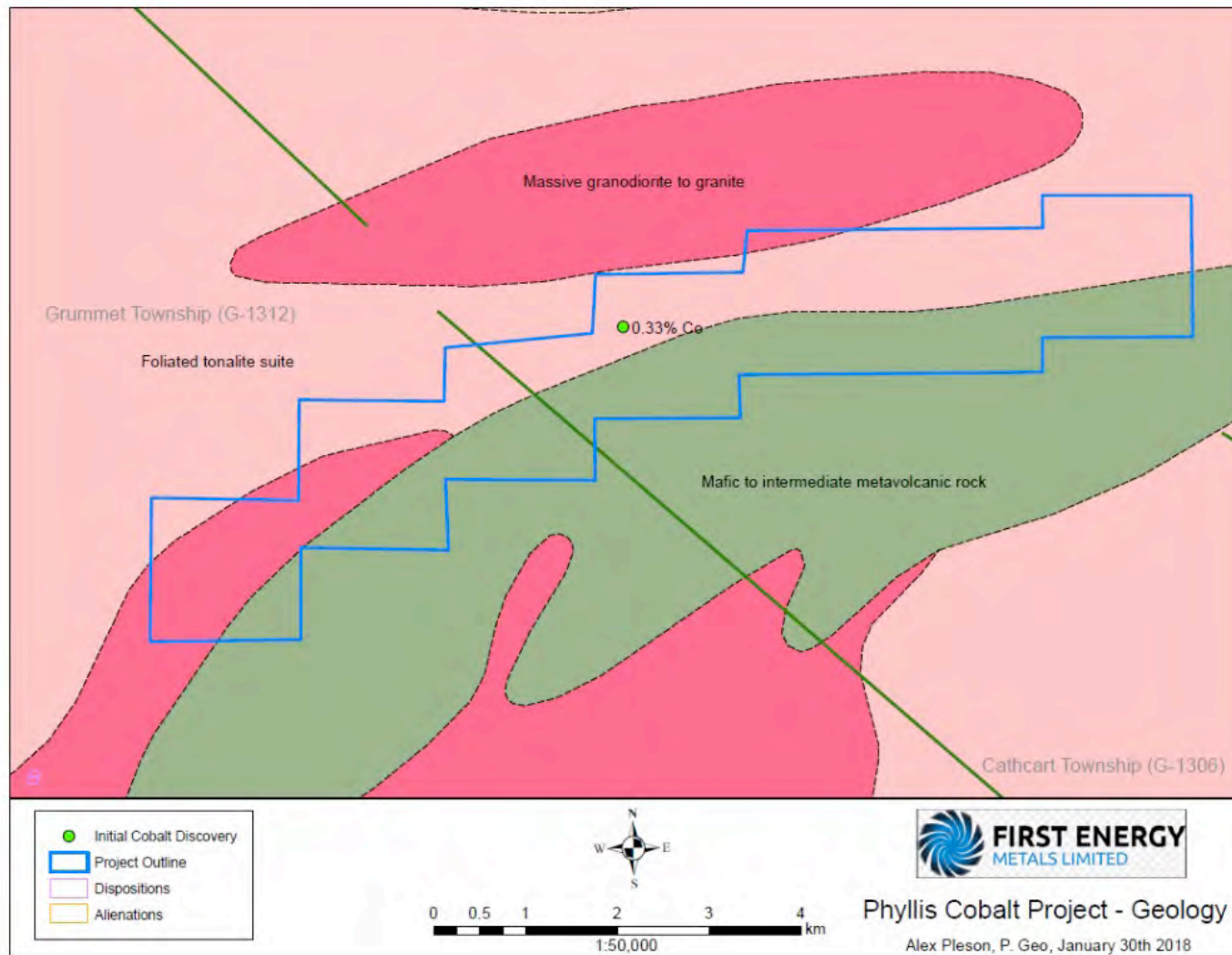


Figure 6: Local Geological Map

- (d) a discussion of the reliability or uncertainty of the data obtained in the program.

First Energy Metals Ltd. has carried out exploration work on the Property in two stages where the first stage was to evaluate and confirm historical data on the property by carrying out prospecting and sampling on historically reported mineralization zones and trends. The second stage comprised on trenching and channel sampling as a follow up of February 2018 work. To date, total exploration expenditures on the property are \$89,029.

Prospecting and Sampling

The Stage one program was carried out in February 2018 comprised of prospecting to locate historical cobalt (Co) showing; trenching and sampling to confirm reported cobalt, copper and nickel mineralization; and geological mapping to further explore the cobalt mineralization along its trend. Another purpose of the current work was to locate ground geophysical survey areas and drill hole targets for the next phase of exploration.

A total of 31 grab rock samples collected and submitted to Activation Laboratories (ACTLABS) in Thunder Bay, Ontario, were tested either at its Thunder Bay or Ancaster labs in Ontario. Actlabs is an independent group of laboratories accredited to both [ISO 17025 with CAN-P-1579](#) for specific registered tests.

Exploration Results:

Following are highlights of the results, for details refer to Table 4 and Figure 6.

- Overall results of 31 samples indicate cobalt (Co) values in the range of 0.001% (10 parts per million “ppm”) to 0.435% (4,350 ppm), copper (Cu) 0.03% to 0.602%, and nickel (Ni) 0.004% to 0.48%.
- Two samples from historical Central Blast Pit show average 0.33% cobalt, 0.254% copper and 0.0195% nickel.
- Seven samples from south historical blast pit show average 0.021% cobalt, 0.299% copper, and 0.176% nickel.
- Cobalt- copper-nickel mineralization is hosted by fine to medium grained highly altered gabbro rocks.
- The samples tested for gold, platinum and palladium returned with low values these precious metals.

Table 4: February 2018 Samples description and assay results

Sample ID	Co (%)	Cu (%)	Ni (%)	UTM	Easting	Northing	Location	Lithology	Sulphide Type	Sulphide (%)	Texture
152851	0.013	0.133	0.032	15	617855	5456732	North Pit	Cg. Gabbro	Cpy + Py +Po	15	semi-massive f.g to m.g.
152852	0.004	0.032	0.004	15	617855	5456732	North Pit	Fg. Gabbro	tr cpy, py	2	disseminated f.g
152853	0.003	0.106	0.011	15	617855	5456732	North Pit	Mg. Gabbro	cpy, py	20	semi-massive f.g to m.g.
152854	0.006	0.073	0.017	15	617855	5456731	North Pit	Fg. Gabbro	Cpy + Py + Tr Pent	2	disseminated, f.g.
152855	0.008	0.553	0.047	15	617855	5456731	North Pit	Mg. Gabbro	Cpy + Py + Tr Pn	25	massive sulphide m.g.
152856	0.005	0.338	0.018	15	617855	5456731	North Pit	Mg. Gabbro	Cpy + Py + Tr Pn	4	disseminated f.g, tr m.g blebs cpy
152857	0.435	0.210	0.015	15	617855	5456730	Central Pit	Mg. Gabbro	Py + Cpy + Po	40	massive sulphide lense (25cm wide) in Gabbro
152858	0.006	0.065	0.010	15	617855	5456730	Central Pit	Fg. Gabbro	tr cpy, py	2	disseminated f.g
152859	0.003	0.030	0.014	15	617855	5456730	Central Pit	Aplite	tr cpy, py on margin	2	disseminated f.g on margins of dyke
152860	0.218	0.298	0.024	15	617855	5456730	Central Pit	Mg. Gabbro	Py + Cpy + Po	25	semi massive sulph with m.g blebs of cpy
152861	0.008	0.049	0.006	15	617856	5456730	Central Pit	Fg. Gabbro	cpy, py	4	disseminated f.g, minor cpy blebs
152862	0.004	0.054	0.014	15	617856	5456730	Central Pit	Fg. Gabbro	cpy, py	4	disseminated f.g, minor cpy blebs
152863	0.004	0.063	0.016	15	617857	5456730	Central Pit	Fg. Gabbro	cpy, py	4	disseminated f.g, minor cpy blebs
152864	0.003	0.029	0.007	15	617857	5456730	Central Pit	Fg. Gabbro	cpy, py	1	disseminated f. g
152865	0.009	0.099	0.051	15	617857	5456730	Central Pit	Fg. Gabbro	cpy, py	1	disseminated f. g
152866	0.007	0.075	0.017	15	617862	5456729	East Zone	Fg. Gabbro	cpy, py	2	disseminated f.g, minor cpy blebs

Sample ID	Co (%)	Cu (%)	Ni (%)	UTM	Easting	Northing	Location	Lithology	Sulphide Type	Sulphide (%)	Texture
152867	0.003	0.026	0.011	15	617862	5456729	East Zone	Fg. Gabbro	cpy, py	2	disseminated f.g, minor cpy blebs
152868	0.015	0.134	0.054	15	617862	5456729	East Zone	Mg. Gabbro	cpy, py	10	semi-massive f.g to m.g.
152869	0.011	0.107	0.034	15	617862	5456729	East Zone	Fg. Gabbro	cpy, py	2	disseminated f.g, minor cpy blebs
152870	0.011	0.111	0.021	15	617862	5456729	East Zone	Mg. Gabbro	cpy, py	12	semi-massive f.g to m.g.
152871	0.007	0.077	0.025	15	617862	5456724	South Pit	Fg. Gabbro	cpy, py	1	disseminated f. g
152872	0.011	0.459	0.114	15	617862	5456724	South Pit	Mg. Gabbro	cpy, py	12	semi-massive f.g to m.g.
152873	0.037	0.119	0.341	15	617862	5456724	South Pit	Fg. Gabbro	cpy, py	8	disseminated f.g, minor cpy blebs
152874	0.027	0.129	0.257	15	617862	5456722	South Pit	Fg. Gabbro	cpy, py	8	disseminated f.g, minor cpy blebs
152875	0.006	0.034	0.037	15	617862	5456722	South Pit	Fg. Gabbro	cpy, py	1	disseminated f. g
152876	0.004	0.027	0.018	15	617862	5456722	South Pit	Fg. Gabbro	cpy, py	1	disseminated f. g
152877	0.048	0.100	0.480	15	617862	5456721	South Pit	Mg. Gabbro	cpy, py, po	15	semi-massive f.g to m.g., lense of sulphides
152878	0.024	0.324	0.032	15	617862	5456721	South Pit	Fg. Gabbro	cpy, py	4	disseminated f.g, minor cpy blebs
152879	0.006	0.062	0.019	15	617862	5456721	South Pit	Fg. Gabbro	cpy, py	2	disseminated f.g, minor cpy blebs
152880	0.001	0.361	0.005	15	617862	5456721	South Pit	Fg. Gabbro	cpy, py	4	disseminated f.g, minor cpy blebs
152881	0.002	0.602	0.006	15	617862	5456723	South Pit	Fg. Gabbro	cpy, py	4	disseminated f.g, c.g cpy bleb

FORM 2A – LISTING STATEMENT

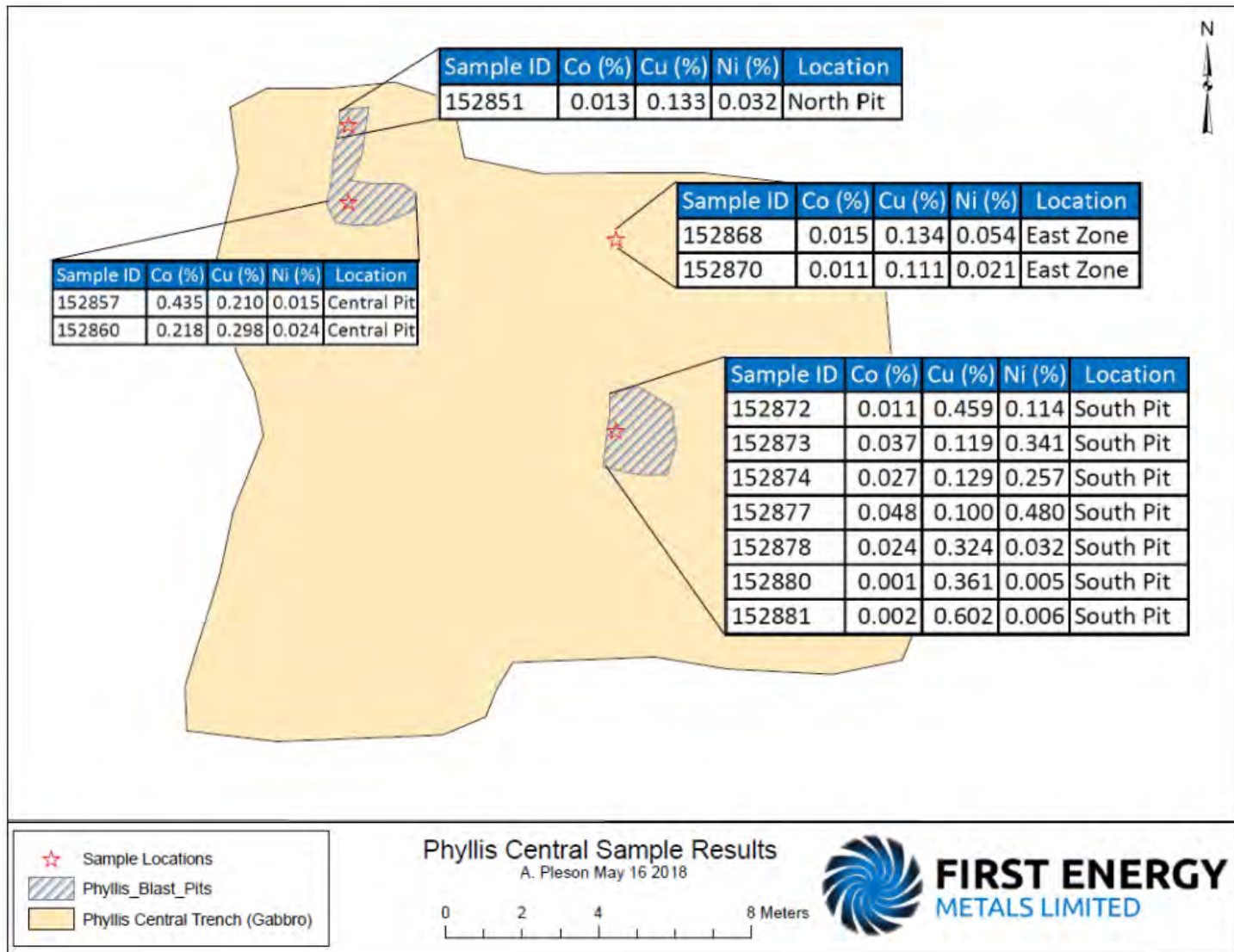


Figure 7: February 2018 sample locations and assay results.

Trenching and Channel Sampling

In June 2018, the second phase of exploration started which included one week of trenching work to follow the mineralized structures, where 20 channel samples were selected from the newly exposed area and 9 grab samples were taken along the trend by experienced prospectors. The sulphide mineralization was successfully traced for 500m within the intrusion associated to the original showing. All 29 samples were submitted to Agat laboratories in Thunder Bay, ON for analysis of Ni, Cu, and Co. The analysis used for Co assay is 4-acid near total digestion with ICP-MS finish. A few pictures of the trenching work are presented below. The assay results were still pending till the filing of this report.



Photos of June 2018 Trenching and Channel sampling work

Table 5: Channel sampling details

Sample ID	Type	Easting	Northing	UTM Zone	Name	From (m)	To (m)	Length (m)	Azimuth	Sulphide Min. (%)	Description
88101	Channel	617855	5456732	15	CH18-1	0	1	1	51	4	c.g gabbro, massive, strong disseminated py, po and minor cpy. Minor blebs of m.g cpy
88102	Channel					1	2	1		6	c.g gabbro, massive, strong disseminated py, po and minor cpy. Minor blebs of m.g cpy
88103	Channel					2	3	1		5	fractured gabbro, m.g, with qtz/carb veinlet (4cm), rusty, weak diss py/po/cpy and minor blebs of cpy, stringers of v.f.g. py/cpy mix.
88104	Channel	617855	5456727	15	CH18-2	0	1	1	54	6	c.g massive gabbro, diss po/py/cpy, minor blebs of cpy, 20cm portion has shallow fractures, rusty with euhedral py, minor cpy associated fractures, minor fracture fills with mostly cpy
88105	Channel					1	2	1		6	m.g gabbro, shallow fractures with massive cpy (locally 15%), disseminated sulphides throughout (po,py,cpy, pent), moderately dipping qtz/carb veinlet with cpy/py subhedral
88106	Channel					2	3	1		4	c.g gabbro with minor diss sulphides and fracture fills/stringers of cpy/py f.g
88107	Channel	617861	5456729	15	CH18-3	0	1	1	60	1	m.g. gabbro, wk sulphides, diss, trace blebs of py.
88108	Channel					1	2	1		6	rusty m.g gabbro, fractured, with relic quartz vein or lense surrounded by fractures filled with cpy/py,

FORM 2A – LISTING STATEMENT

January 2015

Page 26

Sample ID	Type	Easting	Northing	UTM Zone	Name	From (m)	To (m)	Length (m)	Azimuth	Sulphide Min. (%)	Description
88109	Channel					0	1	1		4	c.g gabbro, massive, strong disseminated py, po and minor cpy. Minor blebs of m.g cpy
88110	Channel					1	2	1		7	semi-massive patches of sulphides in c.g gabbro, related to highly fractured/rusty zone through gabbro
88111	Channel					2	3	1		5	m.g. gabbro, wk sulphides, diss, trace blebs of py, highly fractured, vuggy
88112	Channel					3	4	1		3	massive 50cm aplite/iron stained dyke or vein in m.g gabbro, minor sulphides in vein, diss sulphides in gabbro, patchy blebs of cpy/py throughout gabbro.
88113	Channel	617858	5456728	15	CH18-4	4	4.5	0.5	52	6	vertical dipping stringers, carb veinlet with massive sulphides (cpy/py) in f.g to m.g gabbro. Highly altered and fractured
88114	Select Cut	617861	5456719					0.5		10	semi-massive sulphides in vertical veinlet through m.g gabbro, cpy+po+py
88115	Select Cut	617859	5456717					0.5		12	semi-massive blebby sulphides in c.g gabbro, minor quartz influence (relic vein?), stringer-controlled f.g cpy with minor f.g euhedral py
88116	Select Cut	617853	5456723					0.7		9	highly rusty and fractured f.g gabbro, carb alt., with massive patches of cpy blebs,
88117	Grab	617855	5456731							20	massive rusty zone, highly altered gabbro, mostly weathered out sulphides, vuggy, orange rust, easy to break apart.
88118	Grab	617855	5456688							15	semi-massive c.g cpy in m.g gabbro

FORM 2A – LISTING STATEMENT

January 2015

Page 27

Sample ID	Type	Easting	Northing	UTM Zone	Name	From (m)	To (m)	Length (m)	Azimuth	Sulphide Min. (%)	Description
88119	Channel	617862	5456728		CH18-5	0	1	1	54	5	minor blebs of cpy in c.g gabbro, diss (2-3% sulphides) throughout
88120	Channel					1	2	1		8	strong diss py and cpy, with increase in blebs of c.g cpy hosted in m.g gabbro
88121	Channel					2	3	1		35	massive pent, po, py, cpy, coarse grained sulphides in c.g gabbro
88122	Channel					3	4	1		20	massive po or pent v.c.g. in gabbro
294351	Grab	617616	5456787	15							M.g gabbro, 5% diss sulphides, including cpy, py
294352	Grab	617642	5456745	15							m.g gabbro, 10% semi-massive to blebby sulphides, 2% cpy
294353	Grab	617214	5456513	15							f.g to m.g gabbro, minor f.g diss sulphides, 5% blebs of cpy, tr po or pent
294401	Grab	617608	5456768	15							very rusty, gossaned outcrop, pods/lenses of massive to semi-massive sulphides, (2:1 cpy:py) ~ 25%, most likely gabbro host rock although very rusty
294402	Grab	617507	5456663	15							gabbro, 6% diss f.g cpy and py, minor pods of cpy throughout, blebby.
294403	Grab	617638	5456739	15							gabbro, rusty, vuggy, euhedral py, blebs of cpy (3%), diss po +pent (2%)
294404	Grab	617635	5456740	15							dark, f.g. intrusive, stringer cpy (3%), diss po/py/pent (2%), blebs of c.g cpy and py throughout, slightly green tinge to rock

FORM 2A – LISTING STATEMENT

January 2015

Page 28

- (6) Mineralization — The mineralization encountered on the property, the surrounding rock types and relevant geological controls, detailing length, width, depth and continuity together with a description of the type, character and distribution of the mineralization.

Cobalt- copper-nickel mineralization is hosted by fine to medium grained highly altered gabbro rocks. Sulphides are disseminated to semi-massive and massive in the form of chalcopyrite, pyrite, and pentlandite.

Deposit Types

Although cobalt (Co) is well known for the blue dyes that bear its name, metallic cobalt is a lustrous silver-grey. Metallic cobalt is ferromagnetic (can be magnetized) and has a very high melting point of 1500 degrees Celsius. It is a critical ingredient in high temperature and wear-resistant strategic metals as well as high temperature magnets and rechargeable batteries. In particular, cobalt is a key ingredient in the production of lithium batteries (Source: <https://www.geologyforinvestors.com/cobalt-commodity-overview/>).

There are no pure cobalt mines, only copper and nickel mines relatively enriched in cobalt to make it viable to recover it as a by-product. The large nickel copper complexes such as Sudbury, [Norilsk](#) and the copper-cobalt deposits in Central Africa really are dependent on buoyant prices for copper and nickel to determine how much cobalt will be produced in the end. The cobalt produced is also the net result of a complex smelting and refining process to produce sellable copper and nickel. These huge complexes require a large and long-life copper/nickel deposit to support its large capex and long amortization period (<https://investingnews.com/daily/resource-investing/critical-metals-investing/cobalt-investing/cobalt-canada-europe/>).

There are very minor deposits where cobalt is the primary commodity, but these only make up 3% of world-wide production. Hence the cobalt market is a function of the nickel and copper markets as supply is determined by how much demand there is for these markets. Artisanal mining of cobalt is a significant source of production in the Democratic Republic of Congo but does not occur elsewhere.

Deposit Models

There are four major types of deposit models for cobalt, which are: Sediment hosted deposits; Hydrothermal and volcanogenic deposits; Magmatic Sulphides deposits; and Laterite type deposits (British Geological Survey).

Sediment hosted deposits are mainly copper deposits with cobalt as a by-product. These deposits account for over 50% of world's cobalt production and are a large, diverse class of deposits that include some of the richest and largest copper deposits with associated silver and cobalt. They are also important sources of silver and

from the central Africa Copperbelt of Zambia and Zaire are the world's most important source of cobalt

(http://www.empr.gov.bc.ca/Mining/Geoscience/PublicationsCatalogue/GeoFiles/Pages/1996-1_sediment.aspx).

Hydrothermal and volcanogenic deposits groups together a wide range of deposit styles and mineral assemblages. The key process is precipitation from hydrothermal fluids passing through the host rock often sourced from, or powered by, volcanic activity. Ores can be found where minerals have been remobilized along fault planes, in veins, fissures and cracks, or as metasomatic replacement of host rocks. Some major examples of hydrothermal and volcanogenic deposits, most of which have been historically worked for cobalt, are listed in the following table.

Table 3: Hydrothermal and volcanogenic deposit locations

Hydrothermal Deposit Type	Location
Ophiolite-hosted massive sulphide (Outokumpu type)	Keretti, Finland; Deemi, China; Outokumpu district, Finland
Ophiolite-related cobalt arsenide	Bou Azzer, Morocco
Epigenetic Au-co-U bearing sulphides	Kuusamo, Finland; Great Bear Magmatic zone, Canada
Epigenetic Cu-Au-Co	Idaho Cobalt Belt, USA; Greenmount, Australia
Iron oxide-hosted polymetallic (Olympic Dam Type)	NICO and Sue-Dianne, Canada; Olympic Dam, South Australia

(Source: <https://www.cobaltinstitute.org/hydrothermal-and-volcanogenic.html>)

Magmatic Sulphides deposits for cobalt are formed when a mafic to ultramafic melt becomes saturated in sulphur (generally because of contamination from crustal-derived sulphur), an immiscible liquid sulphide phase will form, into which nickel, cobalt and platinum-group elements (PGE) preferentially partition. These elements are thus scavenged from the residual magma and are deposited in discrete sulphide-rich layers.

Magmatic sulphide deposits cover a wide range of morphologies, ages and mineralization styles. The most common types are:

- **Basal deposits** (sulphur saturation of mafic magma causes dense cobalt and nickel sulphides to be concentrated in basal sections of magma chambers);
- **Stratabound deposits** (fractional crystallization in large gabbroic magma chambers causes deposition of discrete sulphide layers containing cobalt, nickel, copper and platinum-group minerals); and,

- **Deposits in extrusive ultramafic rocks** (Komatiite flows become sulphur saturated by differentiation and host rock assimilation. Dense cobalt, nickel and platinum-group minerals are deposited in depressions in footwall rocks).

Generally, the metal-rich layers will be found as lenses at or near the base of intrusions where the dense sulphide minerals have settled out from the lighter silicate-rich host rocks. Many of these deposits are very old and occur in rocks of Proterozoic and Archean age (4000 to 2500 million years ago). Subsequent alteration by tectonic and metamorphic forces commonly remobilizes the ore minerals into elongate masses or veins of sulphide-matrix breccias (Smith, et al. 2001).

Mineralization is generally in the form of massive interstitial or disseminated sulphides. The main minerals are pyrrhotite, pentlandite and chalcopyrite, all of which can contain cobalt in substitution for other metals. Specific cobalt sulphides, such as linnaeite or carrollite, are generally restricted to remobilized vein deposits (Cobalt Institute and BGS).

The largest and most economically important magmatic sulphide deposits include:

- Norilsk, Russia (basal deposit)
- Merensky Reef, South Africa (stratabound deposits)
- Kambalda, Western Australia (extrusive ultramafic deposits)
- Sudbury, Canada

Phyllis cobalt Property also fall under magmatic sulphides category.

Laterite type deposits in tropical and subtropical climates intense weathering of ultramafic rocks may cause significant cobalt and nickel enrichment in surficial residual deposits known as laterites. Cobalt dispersed in silicates and sulphides within the host rock is remobilized and deposited in weathered layers as hydroxides and oxides near the surface and as silicate at deeper levels. These deposits are generally about 20 metres thick and mid-Tertiary to recent in age. They are principally worked for nickel with cobalt as a by-product. The cobalt is contained within limonite and goethite as well as erythrite and asbolite. At deeper levels, weathering of ultramafic rocks is less intense and the nickeliferous mineral garnierite is formed.

Serpentine-rich zones in saprolite at the base of laterites restrict the circulation of groundwater and thus the amount of cobalt enrichment. It also interferes with the processing of the ore as individual grains need to be crushed in order to liberate ore minerals from gangue intergrowths. Grades of cobalt in laterite deposits vary widely in the range 0.1 to 1.5% Co.

Topography plays an important role in the formation of laterite deposits. The most extensive deposits are found on gently dipping slopes where groundwater can freely

circulate to encourage weathering. Therefore, deposits are often associated with areas of gentle tectonic deformation causing slow uplift. Important examples are found in New Caledonia and Cuba due to large areas of serpentinized peridotites and ideal weathering conditions (Source Cobalt Institute and BGS).

- (7) Drilling — The type and extent of drilling including the procedures followed and an interpretation of all results.

No drilling was done on the Phyllis Cobalt Property by First Energy Metals Limited.

- (8) Sampling and Analysis — The sampling and assaying including:
- (a) a description of sampling methods and the location, number, type, nature, spacing and density of samples collected;
 - (b) identification of any drilling, sampling or recovery factors that could materially impact the accuracy or reliability of the results;
 - (c) a discussion of sample quality and whether the samples are representative of any factors that may have resulted in sample biases;
 - (d) rock types, geological controls, widths of mineralized zones, cut-off grades and other parameters used to establish the sampling interval; and
 - (e) quality control measures and data verification procedures.

Sample Preparation, Analyses And Security

The samples for Stage 1 program completed in February 2018 were shipped to Activation Laboratories (ACTLABS) in Thunder Bay, Ontario and were tested either at its Thunder Bay or Ancaster labs in Ontario. Actlabs is an independent group of laboratories accredited to both [ISO 17025 with CAN-P-1579](#) for specific registered tests.

The samples were assayed using the following ACTLABS packages:

- Code 8 AR ICP-MS: A 0.5 g sample is digested in aqua regia and diluted volumetrically to 250 ml with 18 megaohm water. CANMET reference materials for the appropriate elements are digested the same way and are used as a verification standard(s). Samples are analyzed on a Varian Vista 735 ICP-OES or ICP-MS.

- Precious Metals package, Code 1C- ICP OES Fire Assay (FA-ICP): A 30 g sample is mixed with fire assay fluxes (borax, soda ash, silica, litharge) and with Ag added as a collector and the mixture is placed in a fire clay crucible. The mixture is then preheated at 850°C, intermediate 950°C and finish 1060°C. After

cooling the sample solution is analyzed for Au, Pt, Pd by ICP/OES using a Varian 735 ICP. The instrument is recalibrated every 45 samples. On each tray of 42 samples there are two method blanks, three sample duplicates, and 2 certified reference materials (Source: Actlabs website). ACTLABS has its quality assurance and quality control (QA/QC) program.

The samples collected for Stage 2 exploration work carried out in June 2018 were assayed at Agat Laboratories in Thunder Bay, Ontario. Samples were assayed with AGAT – Code 201378 – 4-Acid Digestion (Co, Ni, Cu selection) which is described on their website as follows:

Multi-acid digestion uses a combination of HCl (hydrochloric acid), HNO₃ (nitric acid), HF (hydrofluoric acid) and HClO₄ (perchloric acid). Because hydrofluoric acid dissolves silicate minerals, these digestions are often referred to as 'near-total digestions'. A 0.25 g sample is digested with four acids beginning with hydrofluoric, followed by a mixture of nitric and perchloric acids. The samples are then analyzed using an Agilent 735 ICP. QC for the digestion is 14% for each batch, 5 method reagent blanks, 10 in-house controls, 10 samples duplicates, and 8 certified reference materials. An additional 13% QC is performed as part of the instrumental analysis to ensure quality in the areas of instrumental drift.

The samples collected by the Author were shipped to ALS Laboratories Thunder Bay Ontario, using ALS package ME-ICP61 - Four Acid Digestion with ICP-AES Finish; plus, ore grade package OG62 for over limit cobalt or any other element. All these laboratories are independent Canadian certified labs.

Data Verification

The author visited the property on June 24, 2018 to verify the recently completed 2018 exploration work and historical exploration areas, mineralized outcrops and collect necessary geological data. The existing data consisted of rock chip sampling, visiting reported approachable old trenching areas and onsite discussions. A total of eight samples were collected by the author from various rock outcrops and channel sampling areas (Table 6). Assay results indicated cobalt values in the range of 75 parts per million (ppm) to 3560 ppm (0.356%), copper 629 ppm to 8750 ppm (0.875%), and nickel 113 ppm to 2170 ppm (Table 7).

All the 2018 exploration work was carried out under the supervision of Alex Pleson who is also one of the Property vendors. Mr. Pleson is a registered professional geoscientist in Ontario. For the present study, the sample preparation, security and analytical procedures used by the laboratories are considered adequate. No officer, director, employee or associate of First Energy Metals Ltd. was involved in sample preparation. The author was able to verify location of February 2018 and June 2018 sampling and trenching areas during his June 24, 2018 property visit. A limited search of tenure data on the MNDM Ontario website on June 23, 2018, conforms to the data supplied by First Energy Metals Limited. However, the limited

research by the author does not express a legal opinion as to the ownership status of the Phyllis Cobalt Property.

Historical grades and assay data are taken from MNDMF assessment reports and OGS geological reports which are deemed reliable. Historical geological descriptions taken from the above-mentioned sources were prepared and approved by the professional geologists or engineers and are deemed reliable.

- (9) Security of Samples — The measures taken to ensure the validity and integrity of samples taken.

See section 4.3(8) “*Sample Preparation, Analyses And Security*” above.

- (10) Mineral Resources and Mineral Reserves — The mineral resources and mineral reserves, if any, including:

- (a) the quantity and grade or quality of each category of mineral resources and mineral reserves;
- (b) the key assumptions, parameters and methods used to estimate the mineral resources and mineral reserves; and
- (c) the extent to which the estimate of mineral resources and mineral reserves may be materially affected by metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, political and other relevant issues.

No mineral resource estimates were done by First Energy Metals Limited.

- (11) Mining Operations — For development properties and production properties, the mining method, metallurgical process, production forecast, markets, contracts for sale of products, environmental conditions, taxes, mine life and expected payback period of capital.

Not applicable.

- (12) Exploration and Development — A description of the Issuer's current and contemplated exploration or development activities, to the extent they are material.

Interpretation And Conclusions

Geologically, the Phyllis Cobalt Property and its surrounding area is situated in the Wabigoon Subprovince, which is part of the western region of the Superior Province of the Canadian Shield – 3 to 2.6 billion year old rocks that form the core of the North American continent. An irregularly shaped, granitic intrusion Adele Lake Pluton intrudes the Phyllis Lake Greenstone Belt. Also, there are other

batholiths in the Ignace area. The Phyllis belt is composed of mafic metavolcanic rocks that show pillows in less deformed areas and widespread amphibolite-facies metamorphism. The metamorphism has transformed the metavolcanic rocks to amphibole gneisses at many localities in the belt. Mafic metavolcanic rocks of the Phyllis belt unconformably overlie biotite tonalite along the northwest side of the belt. The unconformity is marked by a garnetiferous quartzo-feldspathic sandstone unit that attains a thickness of up to a few tens of metres.

Cobalt- copper-nickel mineralization on the property is hosted by fine to medium grained highly altered gabbro rocks. Mineralization is generally in the form of massive interstitial or disseminated sulphides. The main minerals are pyrrhotite, pentlandite and chalcopyrite, all of which can contain cobalt in substitution for other metals.

There are four major types of deposit models for cobalt, which are: Sediment hosted deposits; Hydrothermal and volcanogenic deposits; Magmatic sulphides deposits; and Laterite type deposits. Phyllis cobalt Property falls under magmatic sulphides category.

First Energy Metals Ltd. has carried out exploration work on the Property in two stages where the first stage was to evaluate and confirm historical data on the property by carrying out prospecting, trenching and sampling on historically reported mineralization zones and trends. The second stage comprised of trenching and channel sampling as a follow up of February 2018 work. To date, total exploration expenditures on the property are \$89,029.

The Stage one program was carried out in February 2018. A total of 31 grab rock samples were collected and were submitted to Activation Laboratories (ACTLABS) in Thunder Bay, Ontario. Following are highlights of the results.

- Overall results of 31 samples indicate cobalt (Co) values in the range of 0.001% (10 parts per million “ppm”) to 0.435% (4,350 ppm), copper (Cu) 0.03% to 0.602%, and nickel (Ni) 0.004% to 0.48%.
- Two samples from historical Central Blast Pit show average 0.33% cobalt, 0.254% copper and 0.0195% nickel.
- Seven samples from south historical blast pit show average 0.021% cobalt, 0.299% copper, and 0.176% nickel.
- Cobalt- copper-nickel mineralization is hosted by fine to medium grained highly altered gabbro rocks.
- The samples tested for gold, platinum and palladium returned with low values for these precious metals.

In June 2018, the Company started Stage 2 of exploration as a follow up of the prospecting and sampling work of February 2018. The work comprised prospecting and sampling along cobalt mineralization trend; striping, trenching and channel sampling around the original cobalt showing and other new mineralization discovered during trenching; and geological mapping of the

contact zone between greenstone belt and granitic intrusions. The samples for this work were submitted to Agat laboratories in Thunder Bay, and the results were pending till the filing of this report.

The author visited the property on June 24, 2018 to verify the recently completed 2018 exploration work and historical exploration areas, mineralized outcrops and collect necessary geological data. The existing data consisted of rock chip sampling, visiting reported approachable old trenching areas and onsite discussions. The author was able to verify location of February 2018 and June 2018 sampling and trenching areas during his June 24, 2018 property visit. The samples from property visit were delivered by the author to ALS Laboratories in Thunder Bay Ontario, an accredited laboratory in Canada. The samples were assayed using ALS package ME-ICP61 - Four Acid Digestion with ICP-AES Finish; plus, ore grade package OG62 for over limit cobalt or any other element. A total of eight samples were collected by the author from various rock outcrops and channel sampling areas (Table 6). Assay results indicated cobalt values in the range of 75 parts per million (ppm) to 3560 ppm (0.356%), copper 629 ppm to 8750 ppm (0.875%), and nickel 113 ppm to 2170 ppm.

The data presented in this report is based on published assessment reports available from First Energy Metals Limited, Ontario MNDMF, the Geological Survey of Canada, and the Ontario Geological Survey. All the consulted data sources are deemed reliable. The data collected during the course of present study is considered sufficient to provide an opinion about the merit of the Property as a viable exploration target.

Based on its favourable geological setting indicating cobalt- copper-nickel mineralization hosted by fine to medium grained highly altered gabbro rocks, results of exploration work by First Energy Metals Limited and findings of present study, it is concluded that the Property is a property of merit and possess a good potential for discovery of economic concentration of cobalt-copper-nickel mineralization through further exploration. Good road access, availability of exploration and mining services in the vicinity makes it a worthy mineral exploration target. The historical and current exploration data collected on the Property provides the basis for a follow-up work program.

The author believes the present study has met its original objectives.

Recommendations

In the qualified person's opinion, the character of the Phyllis Cobalt Property is sufficient to merit the following phased work program, where the second phase is contingent upon the results of the first phase.

Phase 1 – Geophysical Surveying and Diamond Drilling Work

The Phase 1 exploration work will comprise of two main tasks which include a 15

line-kilometre ground induced polarization (IP) survey and a 300-meter diamond core drill program targeting the immediate main area of the Phyllis Cobalt Zone".

Task 1 – Ground Induced Polarization Geophysical Survey

A 15 line-kilometre IP survey is proposed around the main Phyllis Cobalt Zone at 100-meter line spacing to cover 1500-meter area along strike. This survey will not only help to check the presence of subsurface mineralization but also provide information regarding azimuth and dip of the contact zone between greenstone and the granitic intrusion.

Task 2 – Diamond Core Drilling

A 300-meter diamond drill program is also recommended to check the subsurface extension of the main Phyllis Cobalt Zone. This drilling will comprise of two drill holes down to a depth of 150 metre each.

Total estimated budget for Phase 1 program is \$135,250 and it will take about eight to weeks time to complete this work.

Phase 2 – Detailed Drilling and Resource Estimation

If results from the first phase are positive, then a detailed drilling program would be warranted to check the targets identified in the ground geophysical survey and to further trace any mineralization intercepted in Phase 1 drilling. The scope of work for drilling and location of drill holes would be determined based on the findings of Phase 1 investigations.

Budget

Table 8: Phase 1 budget

Item	Unit	Unit Rate (\$)	Number of Units	Total
Task 1: Ground Geophysics (3D IP Survey)				
Line cutting	km	\$1,000	15	\$15,000
IP Survey Cost	km	\$2,200	15	\$33,000
GPS Survey	km	\$150	15	\$2,250
Mobilization and demobilization	lump sum	\$2,000	1	\$2,000
Project Management	days	\$650	5	\$3,250
Sub Total				\$55,500
Task 2: Exploratory Drilling				
Exploratory Drilling	m	\$100	300	\$30,000
Core Logging	days	\$550	7	\$3,850

Drill supervision	days	\$500	10	\$5,000
Drill Pads	Pads	\$1,000	3	\$3,000
Core Cutting and Packing	m	\$25	300	\$7,500
Accommodations and Meals	day	\$250	30	\$7,500
Supplies	ls	\$2,000	1	\$2,000
Sample Assays	sample	\$50	150	\$7,500
Transportation Road	km	\$1	5,000	\$3,000
Data Compilation	days	\$650	5	\$3,250
Report Writing	days	\$650	5	\$3,250
Project Management	days	\$650	6	\$3,900
Sub Total				\$79,750
Total Phase 1 Budget				\$135,250

- 4.4 For Issuers with Oil and Gas Operations disclose and insert here the information required by Appendix B (in tabular form, if appropriate).

The Issuer does not have any oil and gas operations.

5. Selected Consolidated Financial Information

- 5.1 Annual Information — Provide the following financial data for the Issuer in summary form for each of the last three completed financial years and any period subsequent to the most recent financial year end for which financial statements have been prepared, accompanied by a discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

- (a) net sales or total revenues;
- (b) income from continuing operations, in total and on a per share basis and fully diluted per share basis, calculated in accordance with the Handbook;
- (c) net income or loss, in total and on a per share and fully diluted per share basis, calculated in accordance with the Handbook;
- (d) total assets;
- (e) total long-term financial liabilities as defined in the Handbook;
- (f) cash dividends declared per share for each class of share; and
- (g) such other information as would enhance an investor's understanding of the Issuer's financial condition and results of operations and would highlight other trends in financial condition and results of operations.

The following financial information is derived from the Issuer's audited financial statements for the years indicated and the Company's unaudited financial statements for the six months ended September 30, 2018. This summary is qualified by, and should be read in conjunction with, the Issuer's financial statements, including the notes thereto and the accompanying management's discussion and analysis, included elsewhere in this Listing Statement. The Issuer's fiscal year-end is March 31.

	Unaudited for the six months ended September 30, 2018	Audited for the year ended March 31, 2018	Audited for the year ended March 31, 2017	Audited for the year ended March 31, 2016
Total revenue	Nil	Nil	Nil	Nil
Total income (loss)	(\$348,718)	\$(862,352)	\$(356,861)	\$(111,593)
Basic and diluted income (loss) per share	\$(0.03)	\$(0.09)	\$(0.06)	\$(0.02)
Total assets	\$137,666	\$413,191	\$602,109	\$48,288
Total long-term financial liabilities	Nil	Nil	Nil	Nil
Cash dividends per share	Nil	Nil	Nil	Nil

Discussion of the factors affecting the comparability of the data, including discontinued operations, changes in accounting policies, significant acquisitions or significant dispositions and major changes in the direction of the Issuer's business:

The net loss for the year ended March 31, 2018 was \$862,352 compared to a net loss for the year ended March 31, 2017 of \$356,861. The increase in net loss of \$505,491 was primarily due to the following:

- Consulting fees increased by \$50,720 which increase was primarily due to consulting fees incurred with respect to corporate development and potential transactions and acquisitions;
- Exploration and evaluations expenditures increased by \$33,815 which increase was primarily due to \$32,929 of exploration expenditures incurred as part of the Phyllis Cobalt property exploration program;
- Salaries, fees and benefits increased by \$23,323 which increase is due primarily to an increase in salaries being paid to the CEO and CFO;
- Shareholder communications increased by \$8,878 which increase was primarily due to costs associated with the Company's completion of its share consolidation during the financial year ended March 31, 2018; and
- During the financial year ended March 31, 2018, the Company had a \$513,600 exploration and evaluation write-down of its Kootenay Lithium Property as the Company will not be completing further exploration work on the property and will be relinquishing the property's mineral claims.

The increases noted above were offset by decreases in other operating expenses which were consistent with the Company's activities. Notable decreases were realized on the following expense items:

- General administrative decreased by \$5,490;
- Professional fees decreased by \$32,140 which decrease was due primarily to a reduction in legal fees incurred; and
- Share-based compensation decreased by \$87,219 which decrease in expense is due to both the Company issuing fewer stock options and the estimated fair value of the stock options granted being lower in the financial year ended March 31, 2018.

5.2 Quarterly Information — For each of the eight most recently completed quarters ending at the end of the most recently completed financial year, provide the information required in paragraphs (a), (b) and (c) of Section 5.1.

	Q4 Mar 31, 2018	Q3 Dec 31, 2017	Q2 Sep 30, 2017	Q1 Jun 30, 2017	Q4 Mar 31, 2017	Q3 Dec 31, 2016	Q2 Sep 30, 2016	Q1 Jun 30, 2016
Total Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Profit (Loss)	\$(692,627)	\$(31,715)	\$(105,474)	\$(32,536)	\$(55,443)	\$(85,234)	\$(178,900)	\$(37,284)
Basic and Diluted Profit (Loss) per Share	\$(0.07)	\$(0.00)	\$(0.02)	\$(0.00)	\$(0.01)	\$(0.01)	\$(0.03)	\$(0.00)

Significant variations in the net loss between periods are primarily due to the write-down of exploration and evaluation assets, and stock-based compensation as well as fluctuations in general administrative expenses.

5.3 Dividends – disclose:

- any restriction that could prevent the Issuer from paying dividends; and
- the Issuer's dividend policy and, if a decision has been made to change the dividend policy, the intended change in dividend policy.

The Issuer has not paid dividends in the past and does not anticipate paying dividends in the near future. The Issuer expects to retain any earnings to finance future growth and, when appropriate, retire debt.

5.4 Foreign GAAP — An Issuer may present the selected consolidated financial information required in this section on the basis of foreign GAAP if:

- the Issuer's primary financial statements have been prepared using foreign GAAP; and
- if the Issuer is required under applicable securities legislation to have reconciled its financial statements to Canadian GAAP at the time of filing its financial statements or the Issuer has otherwise done so, a cross reference to the notes to the financial statements containing the reconciliation of the financial statements to Canadian GAAP is included.

Not applicable.

6. Management's Discussion and Analysis

Annual MD&A

- 6.1 Date - Specify the date of the MD&A. The date of the MD&A must be no earlier than the date of the auditor's report on the financial statements for the Issuer's most recently completed financial year.

The following management's discussion and analysis for the Issuer is as of July 27, 2018.

- 6.2 Overall Performance - Provide an analysis of the Issuer's financial condition, results of operations and cash flows. Discuss known trends, demands, commitments, events or uncertainties that are reasonably likely to have an effect on the Issuer's business. Compare the Issuer's performance in the most recently completed financial year to the prior year's performance. The analysis should address at least the following:
- (a) operating segments that are reportable segments as those terms are used in the Handbook;
 - (b) other parts of the business if
 - (i) they have a disproportionate effect on revenues, income or cash needs, or
 - (ii) there are any legal or other restrictions on the flow of funds from one part of the Issuer's business to another;
 - (c) industry and economic factors affecting the Issuer's performance;
 - (d) why changes have occurred or expected changes have not occurred in the Issuer's financial condition and results of operations; and
 - (e) the effect of discontinued operations on current operations.

Years ended March 31, 2017 and March 31, 2018

Overall Performance

During the financial year ended March 31, 2018, the Company entered into the Phyllis Agreement to acquire 100% interest in the Phyllis Cobalt Property located in the Kenora Mining District of northwestern Ontario. 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 and subsequently completed a non-brokered private placement of 3,333,330 common shares at a price of \$0.15

per share for gross proceeds of \$500,000.

During the year ended March 31, 2018, the Company also wrote down the carrying value of its Kootenay Property to nil as the Company does not intend to complete further exploration on the Property.

Results of Operations

The net loss for the year ended March 31, 2018 was \$862,352 compared to a net loss for the year ended March 31, 2017 of \$356,861. The increase in net loss of \$505,491 was primarily due to the following:

- Consulting fees increased by \$50,720 which increase was primarily due to consulting fees incurred with respect to corporate development and potential transactions and acquisitions;
- Exploration and evaluations expenditures increased by \$33,815 which increase was primarily due to \$32,929 of exploration expenditures incurred as part of the Phyllis Cobalt property exploration program;
- Salaries, fees and benefits increased by \$23,323 which increase is due primarily to an increase in salaries being paid to the CEO and CFO;
- Shareholder communications increased by \$8,878 which increase was primarily due to costs associated with the Company's completion of its share consolidation during the financial year ended March 31, 2018; and
- During the financial year ended March 31, 2018, the Company had a \$513,600 exploration and evaluation write-down of its Kootenay Lithium Property as the Company will not be completing further exploration work on the property and will be relinquishing the property's mineral claims.

The increases noted above were offset by decreases in other operating expenses which were consistent with the Company's activities. Notable decreases were realized on the following expense items:

- General administrative decreased by \$5,490;
- Professional fees decreased by \$32,140 which decrease was due primarily to a reduction in legal fees incurred; and
- Share-based compensation decreased by \$87,219 which decrease in expense is due to both the Company issuing fewer stock options and the estimated fair value of the stock options granted being lower in the financial year ended March 31, 2018.

Liquidity and Capital Resources

Since inception, the Company's capital resources have been primarily limited to proceeds raised from equity financings. The Company's liquidity depends primarily on its ability to obtain external financing to meet the Company's future operating expenditures.

The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

At March 31, 2018, First Energy had working capital of \$136,728 compared to a working capital deficiency of \$31,069 at March 31, 2017, and an accumulated deficit of \$35,521,971 at March 31, 2018 compared to \$34,659,619 at March 31, 2017.

First Energy began the year ended March 31, 2018, with \$36,026 in cash. During the year ended March 31, 2018, the Company expended \$46,195 on operating activities, net of working capital changes, expended \$3,000 on investing activities and generated \$389,544 from financing activities which was attributable to \$465,981 as net proceeds from a private placement and \$76,437 in loan repayments, to end at March 31, 2018 with \$376,375 in cash.

Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. However, these funds will not be sufficient to meet all exploration expenditures for its property commitments as well its ongoing operations, therefore the Company will need to seek additional sources of financing. While the Company was successful in obtaining its most recent financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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 presented have been retroactively restated to reflect the Share Consolidation.

On February 22, 2018, the Company completed a non-brokered private placement for gross proceeds of \$500,000 by way issuing 2,666,665 common shares at a price of \$0.15 per common share for gross proceeds of \$400,000 and issuing an additional 666,665 flow-through shares at a price of \$0.15 for gross proceeds \$100,000. The Company paid finder's fees of \$11,175 and incurred additional cash share issue costs \$22,844.

On May 7, 2018, the Company issued 140,000 common shares pursuant to the exercise of options at \$0.25 per share for total proceeds of \$35,000.

On May 30, 2018, the Company issued 75,000 common shares pursuant to the Russel Graphite Property option agreement and issued 100,000 common shares pursuant to the Phyllis Cobalt Property option.

Selected Annual Financial Information

- 6.3 Provide the following financial data derived from the Issuer's financial statements for each of the three most recently completed financial years:
- (a) net sales or total revenues;
 - (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis;
 - (c) net income or loss, in total and on a per-share and diluted per-share basis;
 - (d) total assets;
 - (e) total long-term financial liabilities; and
 - (f) cash dividends declared per-share for each class of share.

The following financial information is derived from the Issuer's audited financial statements for the years indicated. This summary is qualified by, and should be read in conjunction with, the Issuer's financial statements, including the notes thereto and the accompanying management's discussion and analysis, included elsewhere in this Listing Statement. The Issuer's fiscal year-end is March 31.

	Audited for the year ended March 31, 2018	Audited for the year ended March 31, 2017	Audited for the year ended March 31, 2016
Total revenue	Nil	Nil	Nil
Total income (loss)	\$(862,352)	\$(356,861)	\$(111,593)
Basic and diluted income (loss) per share	\$(0.09)	\$(0.06)	\$(0.02)
Total assets	\$413,191	\$602,109	\$48,288
Total long-term financial liabilities	Nil	Nil	Nil
Cash dividends per share	Nil	Nil	Nil

- 6.4 Variations - Discuss the factors that have caused period to period variations including discontinued operations, changes in accounting policies, significant acquisitions or dispositions and changes in the direction of the Issuer's business, and any other information the Issuer believes would enhance an understanding of, and would highlight trends in, financial condition and results of operations.

Not applicable.

- 6.5 Results of Operations - Discuss management's analysis of the Issuer's operations for the most recently completed financial year, including:

- (a) net sales or total revenues by operating business segment, including any changes in such amounts caused by selling prices, volume or quantity of goods or services being sold, or the introduction of new products or services;
- (b) any other significant factors that caused changes in net sales or total revenues;
- (c) cost of sales or gross profit;
- (d) for Issuers that have significant projects that have not yet generated operating revenue, describe each project, including the Issuer's plan for the project and the status of the project relative to that plan, and expenditures made and how these relate to anticipated timing and costs to take the project to the next stage of the project plan;
- (e) for resource Issuers with producing mines, identify milestones such as mine expansion plans, productivity improvements, or plans to develop a new deposit;
- (f) factors that caused a change in the relationship between costs and revenues, including changes in costs of labour or materials, price changes or inventory adjustments;
- (g) commitments, events, risks or uncertainties that you reasonably believe will materially affect the Issuer's future performance including net sales, total revenue and income or loss before discontinued operations and extraordinary items;
- (h) effect of inflation and specific price changes on the Issuer's net sales and total revenues and on income or loss before discontinued operations and extraordinary items;
- (i) a comparison in tabular form of disclosure you previously made about how the Issuer was going to use proceeds (other than working capital) from any financing, an explanation of variances and the impact of the variances, if any, on the Issuer's ability to achieve its business objectives and milestones; and
- (j) unusual or infrequent events or transactions.

The Company's net loss for the year ended March 31, 2018 was \$862,352 compared to a net loss for the year ended March 31, 2017 of \$356,861. The increase in net loss of \$505,491 was primarily due to a \$513,600 exploration and evaluation write-down of its Kootenay Lithium Property, an increase in

consulting fees of \$50,720 and an increase of exploration and evaluations expenditures of \$33,815. The increases noted above were offset by primarily by a decrease in share-based compensation of \$87,219 and a decrease in professional fees of \$32,140. See section 6.2 under “Results of Operations” for further particulars.

6.6 Summary of Quarterly Results - Provide the following information in summary form, derived from the Issuer’s financial statements, for each of the eight most recently completed quarters:

- (a) net sales or total revenues;
- (b) income or loss before discontinued operations and extraordinary items, in total and on a per-share and diluted per-share basis; and
- (c) net income or loss, in total and on a per-share and diluted per-share basis.

Discuss the factors that have caused variations over the quarters necessary to understand general trends that have developed and the seasonality of the business.

	Q2 Sep 30, 2018	Q1 Jun 30, 2018	Q4 Mar 31, 2018	Q3 Dec 31, 2017	Q2 Sep 30, 2017	Q1 Jun 30, 2017	Q4 Mar 31, 2017	Q3 Dec 31, 2016
Total Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Profit (Loss)	\$(68,819)	\$(279,899)	\$(692,627)	\$(31,715)	\$(105,474)	\$(32,536)	\$(55,443)	\$(85,234)
Basic and Diluted Profit (Loss) per Share	\$(0.03)	\$(0.00)	\$(0.07)	\$(0.00)	\$(0.02)	\$(0.00)	\$(0.01)	\$(0.01)

Significant variations in the net loss between periods are primarily due to the write-down of exploration and evaluation assets, and stock-based compensation as well as fluctuations in general administrative expenses.

During the quarter ended June 30, 2018, increases in consulting fees, exploration and evaluations expenditures and shareholder communications resulted in a higher than average loss for the quarter.

During the quarter ended March 31, 2018 the Company wrote down the \$513,600 carrying value of its Kootenay Lithium Property which was the main cause of the variation during that quarter.

During the quarter ended September 30, 2017 the Company recorded \$44,193 in stock-based compensation which increased the Company’s loss for the quarter to a higher than average one.

During the quarter ended September 30, 2016 the Company recorded \$131,412 in stock-based compensation which resulted in a higher than average loss for the quarter.

- 6.7 Liquidity - Provide an analysis of the Issuer's liquidity, including:
- (a) its ability to generate sufficient amounts of cash and cash equivalents, in the short term and the long term, to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;
 - (b) trends or expected fluctuations in the Issuer's liquidity, taking into account demands, commitments, events or uncertainties;
 - (c) its working capital requirements;
 - (d) liquidity risks associated with financial instruments;
 - (e) if the Issuer has or expects to have a working capital deficiency, discuss its ability to meet obligations as they become due and how you expect it to remedy the deficiency;
 - (f) balance sheet conditions or income or cash flow items that may affect the Issuer's liquidity;
 - (g) legal or practical restrictions on the ability of subsidiaries to transfer funds to the Issuer and the effect these restrictions have had or may have on the ability of the Issuer to meet its obligations; and
 - (h) defaults or arrears or anticipated defaults or arrears on
 - a. dividend payments, lease payments, interest or principal payment on debt,
 - b. debt covenants during the most recently completed financial year, and
 - c. redemption or retraction or sinking fund payments; and
 - (i) details on how the Issuer intends to cure the default or arrears.

Since inception, the Company's capital resources have been primarily limited to proceeds raised from equity financings. The Company's liquidity depends primarily on its ability to obtain external financing to meet the Company's future operating expenditures.

The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

At March 31, 2018, First Energy had working capital of \$136,728 compared to a working capital deficiency of \$31,069 at March 31, 2017, and an accumulated

deficit of \$35,521,971 at March 31, 2018 compared to \$34,659,619 at March 31, 2017.

First Energy began the year ended March 31, 2018, with \$36,026 in cash. During the year ended March 31, 2018, the Company expended \$46,195 on operating activities, net of working capital changes, expended \$3,000 on investing activities and generated \$389,544 from financing activities which was attributable to \$465,981 as net proceeds from a private placement and \$76,437 in loan repayments, to end at March 31, 2018 with \$376,375 in cash.

6.8 Capital Resources - Provide an analysis of the Issuer's capital resources, including

- (a) commitments for capital expenditures as of the date of the Issuer's financial statements including:
 - (i) the amount, nature and purpose of these commitments,
 - (ii) the expected source of funds to meet these commitments, and
 - (iii) expenditures not yet committed but required to maintain the Issuer's capacity, to meet the Issuer's planned growth or to fund development activities;
- (b) known trends or expected fluctuations in the Issuer's capital resources, including expected changes in the mix and relative cost of these resources; and
- (c) sources of financing that the Issuer has arranged but not yet used.

Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. However, these funds will not be sufficient to meet all exploration expenditures for its property commitments as well its ongoing operations, therefore the Company will need to seek additional sources of financing. While the Company was successful in obtaining its most recent financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

6.9 Off-Balance Sheet Arrangements - Discuss any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Issuer including, without limitation, such considerations as liquidity and capital resources. This discussion shall include their business purpose and

activities, their economic substance, risks associated with the arrangements, and the key terms and conditions associated with any commitments, including:

- (a) a description of the other contracting part(ies);
- (b) the effects of terminating the arrangement;
- (c) the amounts receivable or payable, revenues, expenses and cash flows resulting from the arrangement;
- (d) the nature and amounts of any other obligations or liabilities arising from the arrangement that could require the Issuer to provide funding under the arrangement and the triggering events or circumstances that could cause them to arise; and
- (e) any known event, commitment, trend or uncertainty that may affect the availability or benefits of the arrangement (including any termination) and the course of action that management has taken, or proposes to take, in response to any such circumstances.

At March 31, 2018, the Company had no off-balance sheet arrangement such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

6.10 Transactions with Related Parties - Discuss all transactions involving related parties as defined by the Handbook.

During the financial year ended March 31, 2018 the Company paid or accrued \$11,120 in consulting fees to directors of the Company.

During the financial year ended March 31, 2018 the Company paid or accrued \$80,750 in salaries, fees and benefits to directors of the Company.

During the financial year ended March 31, 2018 the Company recorded \$44,193 in share-based payments in connection with the grant of stock options to directors and officers of the Company.

6.11 Fourth Quarter - Discuss and analyze fourth quarter events or items that affected the Issuer's financial condition, cash flows or results of operations, including extraordinary items, year-end and other adjustments, seasonal aspects of the Issuer's business and dispositions of business segments.

First Energy began the fourth quarter ended March 31, 2018, with \$144 in cash. During the three months ended March 31, 2018, the Company expended \$166,391

on operating activities, net of working capital changes, and generated \$542,622 from financing activities which was attributable to \$465,981 from net proceeds from a private placement and \$76,641 in loan borrowing, net of loan borrowings repayments, to end at March 31, 2018 with \$376,375 in cash.

- 6.12 Proposed Transactions - Discuss the expected effect on financial condition, results of operations and cash flows of any proposed asset or business acquisition or disposition if the Issuer's board of directors, or senior management who believe that confirmation of the decision by the board is probable, have decided to proceed with the transaction. Include the status of any required shareholder or regulatory approvals.

No asset or business acquisition or disposition is proposed by the Company as at the date of this MD&A.

- 6.13 Changes in Accounting Policies including Initial Adoption - Discuss and analyze any changes in the Issuer's accounting policies, including:

- (a) for any accounting policies that management has adopted or expects to adopt subsequent to the end of the most recently completed financial year, including changes management has made or expects to make voluntarily and those due to a change in an accounting standard or a new accounting standard that you do not have to adopt until a future date:
- (i) describe the new standard, the date the Issuer required to adopt it and, if determined, the date the Issuer plans to adopt it,
 - (ii) disclose the methods of adoption permitted by the accounting standard and the method management expects to use,
 - (iii) discuss the expected effect on the Issuer's financial statements, or if applicable, state that management cannot reasonably estimate the effect, and
 - (iv) discuss the potential effect on the Issuer's business, for example technical violations or default of debt covenants or changes in business practices; and
- (b) for any accounting policies that management has initially adopted during the most recently completed financial year,
- (i) describe the events or transactions that gave rise to the initial adoption of an accounting policy,

- (ii) describe the accounting principle that has been adopted and the method of applying that principle,
- (iii) discuss the effect resulting from the initial adoption of the accounting policy on the Issuer's financial condition, changes in financial condition and results of operations,
- (iv) if the Issuer is permitted a choice among acceptable accounting principles,
 - (A) state that management made a choice among acceptable alternatives,
 - (B) identify the alternatives,
 - (C) describe why management made the choice that you did, and
 - (D) discuss the effect, where material, on the Issuer's financial condition, changes in financial condition and results of operations under the alternatives not chosen; and
- (v) if no accounting literature exists that covers the accounting for the events or transactions giving rise to management's initial adoption of the accounting policy, explain management's decision regarding which accounting principle to use and the method of applying that principle.

(a) Statement of Compliance

The Company's financial statements for the financial year ended March 31, 2018, including comparatives, have been prepared in accordance with International Accounting Standard 1, Presentation of Financial Statements ("IAS 1") 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 July 27, 2018, the date the board of directors approved the financial statements for the financial year ended March 31, 2018 for issue.

(b) Basis of Measurement and Presentation

These 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.

(c) Cash

Cash consists of cash held in bank accounts. For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

(d) Exploration and Evaluation Assets

Exploration and evaluation acquisition costs are considered assets and capitalized at cost. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance.

Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the accounts upon payment. When the technical and commercial viability of a mineral interest has been demonstrated and a development decision has been made, accumulated expenses will be tested for impairment before they are reclassified to assets and amortized on a unit of production basis over the useful life of the ore body following commencement of commercial production.

Costs incurred before the Company has acquired, or obtained an option to acquire, mineral rights to an area are expensed.

Mineral property exploration expenditures are expensed until the property reaches the development stage.

The recoverability of the amounts capitalized as mineral property assets is dependent upon the determination of economically recoverable mineral deposits, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. If it is determined that exploration and evaluation assets are not recoverable, the property is abandoned, or management has determined an impairment in value, the property is written down to its estimated recoverable amount.

(e) Financial Instruments and Risk Management

All financial instruments are classified into one of five categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Fair value through

profit or loss financial assets is measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified cash as fair value through profit or loss. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities. Management did not identify any material embedded derivatives, which require separate recognition and measurement.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

Liquidity risk on amounts due to creditors and amounts due to related parties were significant to the Company's statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is indirectly related to changing metal prices and the price of silver and gold in particular.

(f) Equipment

Equipment is recorded at cost and depreciated over its estimated useful life. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of operations and comprehensive loss during the financial period in which they are incurred.

Depreciation is recognized using the straight-line basis over the estimated useful lives of the various classes of equipment, ranging from three to five years. Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

(g) Impairment of Tangible and Intangible Assets

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

Where it is possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Each of the Company's exploration and evaluation properties is considered to be a cash-generating unit for which impairment testing is performed.

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

A reversal of an impairment loss is recognized immediately in profit or loss.

Management's estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. A mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavorable economic, legal regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are key factors considered as part of the ongoing assessment of the recoverability of the carrying amount of exploration and evaluation assets. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, the capitalized costs are written down to the estimated recoverable amount. Although management has made its best 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 projects.

(h) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

(i) Foreign Currency Translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency

determinations were made through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

(j) Share-Based Payments

The Company accounts for stock options issued to directors and employees at the fair value determined on the grant date using the Black-Scholes option pricing model. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date the goods and services are received.

Share purchase warrants issued are recorded at estimated fair values determined on the grant date using the Black-Scholes model. If and when the stock options or share purchase warrants are ultimately exercised, the applicable amounts of their fair values in the reserve accounts are transferred to share capital. If and when the stock options or share purchase warrants are ultimately expired, the applicable amounts of their fair values in the reserve accounts are transferred to deficit.

(k) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issue of the units are allocated between common shares and share purchase warrants on a pro-rata basis based on the relative fair values as

follows: the fair value of the common shares is based on the market closing price on the date the units are issued and fair value of the share purchase warrants is determined using the Black-Scholes option pricing model.

(l) Earnings (Loss) per Common Share

Basic earnings (loss) per common share is calculated by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share are the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and share purchase warrants are used to repurchase common shares at the average price during the period.

(m) Flow-through Shares

Share capital includes flow-through shares which is a unique Canadian tax incentive pursuant to certain provisions of the Canadian Income Tax Act. Proceeds from the issuance of flow-through shares are used to fund qualified Canadian exploration and evaluation projects and the related income tax deductions are renounced to the subscribers of the flow-through shares. The premium paid for flow-through shares in excess of the market value of the shares without flow-through features, at the time of issue, is credited to other liabilities and recognized in income at the time qualifying expenditures are incurred. The Company also recognizes a deferred tax liability with a corresponding charge in the statement of operations when the qualifying exploration and evaluation expenditures are renounced. If the Company has sufficient tax assets to offset the deferred tax liability, the liability will be offset by the recognition of a corresponding deferred tax asset and recovery of deferred income taxes through profit or loss in the reporting period.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through expenditure commitments.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(n) Decommissioning Liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

(o) Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation

(p) 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.

6.14 Financial Instruments and Other Instruments - For financial instruments and other instruments:

- (a) discuss the nature and extent of the Issuer's use of, including relationships among, the instruments and the business purposes that they serve;
- (b) describe and analyze the risks associated with the instruments;
- (c) describe how management manages the risks in paragraph (b), including a discussion of the objectives, general strategies and instruments used to manage the risks, including any hedging activities;
- (d) disclose the financial statement classification and amounts of income, expenses, gains and losses associated with the instrument; and
- (e) discuss the significant assumptions made in determining the fair value of financial instruments, the total amount and financial statement classification of the change in fair value of financial instruments recognized in income for the period, and the total amount and financial statement classification of deferred or unrecognized gains and losses on financial instruments.

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, loan payable and share subscription payable are classified as borrowings and other financial liabilities. As of March 31, 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.

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 March 31, 2018 and 2017:

		As at March 31	
	Level	2018	2017
Loans and receivables	1	\$397,375	\$54,026
Other financial liabilities	1	\$255,463	\$92,203

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 March 31, 2018, the Company had cash of \$376,375 to settle current liabilities of \$255,463.

Interest Rate Risk

The Company has no significant exposure at March 31, 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, shortterm 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.

Currency Risk

The Company has no significant exposure at March 31, 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 years ended March 31, 2018 and 2017.

Interim MD&A

6.15 Date - Specify the date of the interim MD&A.

The following management discussion and analysis for the Issuer is as at November 28, 2018.

6.16 Updated Disclosure - Interim MD&A must update the Issuer's annual MD&A for all disclosure required by sections 6.2 to 6.14 except sections 6.3 and 6.4. This disclosure must include:

- (a) a discussion of management's analysis of
 - (i) current quarter and year-to-date results including a comparison of results of operations and cash flows to the corresponding periods in the previous year;

- (ii) changes in results of operations and elements of income or loss that are not related to ongoing business operations;
 - (iii) any seasonal aspects of the Issuer's business that affect its financial condition, results of operations or cash flows; and
- (b) a comparison of the Issuer's interim financial condition to the Issuer's financial condition as at the most recently completed financial year-end.

Six-month period ended September 30, 2018

Results of Operations

The net loss and comprehensive loss for the six months ended September 30, 2018 was \$348,718 compared to a net loss and comprehensive loss for the six months ended September 30, 2017 of \$138,011. The increase in net loss of \$210,707 was due primarily to the following:

- Consulting fees for the six months ended September 30, 2018 were \$122,458 (2017 - \$Nil) and consisted primarily of consulting fees incurred with respect to corporate development and potential transactions, financings and acquisitions;
- Exploration and evaluations expenditures increased by \$65,776 from \$8,038 in the six months ended September 30, 2017 to \$73,814 in the six months ended September 30, 2018. The increase was primarily due to \$40,886 of exploration expenditures incurred as part of the Phyllis Cobalt property exploration program and \$21,000 of exploration expenditures incurred on the Russel Graphite property;
- Shareholder communications increased by \$96,835 from \$9,464 in the six months ended September 30, 2017 to \$106,299 in the six months ended September 30, 2018. The increase was primarily due to costs associated with the updating the Company's website, the increase of the Company's online and digital media presence as well as exploring other shareholder communication initiatives.

The increases noted above were offset by decreases in other operating expenses which were consistent with the Company's activities. Notable decreases were realized on the following expense items:

- Share-based compensation decreased from \$44,193 in the six months ended September 30, 2017, the fair value of the stock options granted during that period, to nil in the six months ended September 30, 2018;
- Salaries, fees and benefits decreased by \$24,990 to \$28,000 in the six months ended September 30, 2018 from \$52,990 in the six months ended September 30, 2017. The decrease is due primarily to a decrease in salaries being paid to the CFO.

Liquidity and Capital Resources

Since inception, the Company's capital resources have been primarily limited to proceeds raised from equity financings. The Company's liquidity depends primarily on its ability to obtain external financing to meet the Company's future operating expenditures.

The Company is not exposed to any externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

At September 30, 2018, First Energy had working capital deficit of \$186,990 compared to working capital of \$136,728 at March 31, 2018, and an accumulated deficit of \$35,870,869 at September 30, 2018 compared to an accumulated deficit \$35,521,971 at March 31, 2018.

First Energy began the period ended September 30, 2018, with \$376,375 in cash. During the period ended September 30, 2018, the Company expended \$306,060 on operating activities, net of working capital changes, generated \$10,000 from investing activities and expended \$61,539 on financing activities which consisted of \$76,539 in loan repayments and net of \$15,000 in proceeds from stock option exercises, to end at September 30, 2018 with \$18,776 in cash.

Management estimates that these funds will not provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months and, therefore the Company will need to seek additional sources of financing. While the Company was successful in obtaining its most recent financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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 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.

On October 14, 2018, the Company announced 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 consists 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.

Summary of Quarterly Results

	Q1 Jun 30, 2018	Q4 Mar 31, 2018	Q3 Dec 31, 2017	Q2 Sep 30, 2017	Q1 Jun 30, 2017	Q4 Mar 31, 2017	Q3 Dec 31, 2016	Q2 Sep 30, 2016
Total Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Profit (Loss)	\$(279,899)	\$(692,627)	\$(31,715)	\$(105,474)	\$(32,536)	\$(55,443)	\$(85,234)	\$(178,900)
Basic and Diluted Profit (Loss) per Share	\$(0.02)	\$(0.07)	\$(0.00)	\$(0.02)	\$(0.00)	\$(0.01)	\$(0.01)	\$(0.03)

Significant variations in the net loss between periods are primarily due to the write-down of exploration and evaluation assets, and stock-based compensation as well as fluctuations in general administrative expenses.

Off-Balance Sheet Arrangements

At September 30, 2018, the Company had no off-balance sheet arrangement such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

Transactions with Related Parties

During the six months ended September 30, 2018 the Company paid or accrued \$5,520 in consulting fees to directors of the Company.

During the six months ended September 30, 2018 the Company paid or accrued \$28,000 in salaries, fees and benefits to directors of the Company.

Proposed Transactions

No asset or business acquisition or disposition is proposed by the Company as at the date of this MD&A.

6.17 Additional Disclosure for Issuers without Significant Revenue:

- (a) unless the information is disclosed in the financial statements to which the annual or interim MD&A relates, an Issuer that has not had significant revenue from operations in either of its last two financial years must disclose a breakdown of material components of:
 - (i) capitalized or expensed exploration and development costs,
 - (ii) expensed research and development costs,
 - (iii) deferred development costs,
 - (iv) general and administration expenses, and
 - (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);
- (b) if the Issuer's business primarily involves mining exploration and development, the analysis of capitalized or expensed exploration and development costs must be presented on a property-by-property basis; and
- (c) the disclosure in the annual MD&A must be for the two most recently completed financial years and the disclosure in the interim MD&A for the each year-to-date interim period and the comparative period presented in the interim statements.

The Issuer has not had significant revenue from operations in either of its last two financial years.

Year Ended March 31, 2017

During the year ended March 31, 2017, the Company did not generate any revenue. Expenses during this period were \$356,896 and include: share-based payments of \$131,412, professional fees of \$83,108, salaries, fees and benefits of \$64,277, shareholder communication of \$38,856, general and administrative of \$32,091 and exploration and evaluation costs of \$7,152. The Company had interest income of \$35.

Year Ended March 31, 2018

During the year ended March 31, 2018, the Company did not generate any revenue. Expenses during this period were \$356,896 and include: salaries, fees and benefits of \$80,750, consulting fees of \$57,570, professional fees of \$50,968, shareholder communication of \$47,734, share-based payments of \$44,193, exploration and evaluation costs of \$40,967 and general and administrative of \$26,601. The Company wrote off \$513,600 in exploration and evaluation assets and had interest income of \$31.

Six-Month Period ended September 30, 2018

During the six months ended September 30, 2018, the Company did not generate any revenue. Expenses during this period were \$348,782 and include: consulting fees of \$122,458, shareholder communication expenses of \$106,299, exploration and evaluation costs of \$73,814, salaries, fees and benefits of \$28,000, professional fees of \$17,776 and general and administrative expenses of \$435.

6.18 Description of Securities:

- (a) disclose the designation and number or principal amount of:
 - (i) each class and series of voting or equity securities of the Issuer for which there are securities outstanding,
 - (ii) each class and series of securities of the Issuer for which there are securities outstanding if the securities are convertible into, or exercisable or exchangeable for, voting or equity securities of the Issuer, and
 - (iii) subject to subsection (b), each class and series of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer;
- (b) if the exact number or principal amount of voting or equity securities of the Issuer that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer is not determinable, the Issuer must disclose the maximum number or principal amount of each class and series of voting or equity securities that are issuable on the conversion, exercise or exchange of outstanding securities of the Issuer and, if that maximum number or principal amount is not determinable, the Issuer must describe the exchange or conversion features and the manner in which the number or principal amount of voting or equity securities will be determined; and
- (c) the disclosure under subsections (a) and (b) must be prepared as of the latest practicable date.

As at the date hereof, the Issuer had 17,631,003 common shares without par value outstanding and 3,555,556 share purchase warrants convertible into 3,555,556 common shares without par value.

6.19 Provide Breakdown:

- (a) if the Issuer has not had significant revenue from operations in either of its last two financial years, disclose a breakdown of material components of:

- (i) capitalized or expensed exploration and development costs,
 - (ii) expensed research and development costs,
 - (iii) deferred development costs,
 - (iv) general and administrative expenses, and
 - (v) any material costs, whether capitalized, deferred or expensed, not referred to in paragraphs (i) through (iv);
- (b) present the analysis of capitalized or expensed exploration and development costs required by subsection (a) on a property-by-property basis, if the Issuer's business primarily involves mining exploration and development; and
- (c) provide the disclosure in subsection (a) for the following periods:
- (i) the two most recently completed financial years, and
 - (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included, if any.

Subsection (a) does not apply if the information required under that subsection has been disclosed in the financial statements.

See section 6.17 above.

6.20 Negative cash-flow - If the Issuer had negative operating cash flow in its most recently completed financial year for which financial statements have been included, disclose:

- (a) the period of time the proceeds raised are expected to fund operations;
- (b) the estimated total operating costs necessary for the Issuer to achieve its stated business objectives during that period of time; and
- (c) the estimated amount of other material capital expenditures during that period of time.

The Issuer expects that the total available funds will fund operations for 12 months. See "*Principal Uses of Funds*" under item 4.1 above.

6.21 Additional disclosure for Issuers with significant equity investees:

if the Issuer has a significant equity investee

- (i) summarized information as to the assets, liabilities and results of operations of the equity investee, and
- (ii) the Issuer's proportionate interest in the equity investee and any contingent issuance of securities by the equity investee that might significantly affect the Issuer's share of earnings; and

provide the disclosure in subsection (a) for the following periods

- (i) the two most recently completed financial years, and
- (ii) the most recent year-to-date interim period and the comparative year-to-date period presented in the interim financial statements included in the Listing Statement, if any.

Subsection (a) does not apply if:

- (i) the information required under that subsection has been disclosed in the financial statements included, or
- (ii) the Issuer includes separate financial statements of the equity investee for the periods referred to in subsection (b).

The Issuer does not have significant equity investees.

7. Market for Securities

- 7.1 Identify the exchange(s) and quotation and trade reporting system(s) on which the Issuer's securities are listed and posted for trading or quoted.

The Issuer's securities are currently listed and posted for trading on the TSX Venture Exchange, the OTCBB Exchange and the Frankfurt Exchange. The Issuer has applied to have its common shares listed and posted for trading or quoted on the Canadian Securities Exchange ("CSE") and intends to delist its securities from the TSX Venture Exchange.

8. Consolidated Capitalization

- 8.1 Describe any material change in, and the effect of the material change on, the share and loan capital of the Issuer, on a consolidated basis, since the date of the comparative financial statements for the Issuer's most recently completed financial year contained in the Listing Statement.

The following table details material changes to the share and loan capital of the Company from the date of the financial statements for the Company's most recently completed financial year-end to the date of this Listing Statement.

Designation of Security	Number Authorized	Outstanding as at March 31, 2018 (audited)	
		Amount	Number
Common Shares	unlimited	\$35,188,833	12,236,638
Long Term Debt	n/a	n/a	n/a
Short Term Debt	n/a	\$255,463	n/a
Deficit	n/a	\$(35,521,971)	n/a
Total Capitalization	n/a	\$157,728	n/a

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 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.

On October 22, 2018, the Company issued 3,888,889 common shares and 3,555,556 share purchase warrants pursuant to a non-brokered private placement for gross proceeds of \$350,000.

On December 18, 2018, the Company issued 1,190,476 common shares pursuant to a non-brokered private placement for gross proceeds of \$250,000.

9. Options to Purchase Securities

9.1 State, in tabular form, as at a specified date not more than 30 days before the date of the Listing Statement, information as to options to purchase securities of the Issuer or a subsidiary of the Issuer that are held by:

- (a) all executive officers and past executive officers of the Issuer as a group and all directors and past directors of the Issuer who are not also executive officers as a group, indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies, without naming them;
- (b) all executive officers and past executive officers of all subsidiaries of the Issuer as a group and all directors and past directors of those subsidiaries who are not also executive officers of the subsidiary as a group, in each case, without naming them and excluding individuals referred to in paragraph (a), indicating the aggregate number of executive officers and the aggregate number of directors to whom the information applies;

- (c) all other employees and past employees of the Issuer as a group, without naming them;
- (d) all other employees and past employees of subsidiaries of the Issuer as a group, without naming them;
- (e) all consultants of the Issuer as a group, without naming them; and
- (a) any other person or company, including the underwriter, naming each person or company.

Stock Option Plan

The Issuer has a stock option plan (the “Plan”) under which it may grant incentive stock options to its directors, officers, and employees of the Company (and any of its subsidiaries), employees of any corporation that provides management services and consultants to the Company (collectively the “Eligible Persons”). The Issuer’s Plan is a “rolling” stock option plan reserving a maximum of 10% of the issued shares of the Issuer at the time of the stock option grant.

The purpose of the Plan is to attract and motivate Eligible Persons and thereby advance the Issuer’s interests by providing them an opportunity to acquire an equity interest in the Issuer through the exercise of stock option granted to them under the Plan.

The Plan provides that the board of directors may grant options to purchase shares on the terms that the directors may determine, within the limitations of the Plan and subject to any applicable stock exchange policies. The board of directors generally grants options to corporate executives on the recommendation of the Issuer’s corporate governance and compensation committee (the “CGCC”). As part of its annual work plan, the CGCC reviews, among other things, executive compensation and makes appropriate recommendations to the board regarding such compensation, including but not limited to the grant of options. Options may be granted at other times of the year to individuals commencing employment with the Issuer.

The material terms of the Plan are as follows:

- The maximum number of shares issuable is 10% of the Issuer’s issued and outstanding shares on each grant date, inclusive of all shares reserved for issuance pursuant to previously granted stock options.
- The term of any options will be fixed by the board of directors at the grant date to a maximum term of ten years.
- The exercise price of any options will be determined by the board of directors in accordance with any applicable stock exchange policies.
- All options will be non-assignable and non-transferable.

- Options to acquire not more than (i) 5% of the issued and outstanding shares may be granted to any one person in any 12 month period; (ii) 2% of the issued and outstanding shares may be granted to any one consultant in any 12 month period; and (iii) 2% of the issued and outstanding shares may be granted to all providers of investor relations activities.
- Options granted to providers of investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three month period. Vesting requirements with respect to other options may be imposed by the board of directors.
- If the option holder ceases to be an Eligible Person (other than by reason of death, disability or termination for cause), then the option will expire on a date as determined by the directors at the time of the grant but no later than 90 days following the date that the option holder ceases to be an Eligible Person and no later than 30 days if the option holder was engaged in investor relations activities.
- Options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Issuer's shares.
- Black-out periods are imposed by the Issuer restricting the trading of its securities by directors, officers, employees and consultants during periods surrounding the release of annual and interim financial statements and at other times when deemed necessary by management and the board of directors. In order to ensure that optionees are not prejudiced by the imposition of such black-out periods, the Plan includes a provision to the effect that any outstanding options with an expiry date that falls during a management imposed black-out period or within five days thereafter will be automatically extended to a date that is ten trading days following the end of the blackout period.
- If a change of control (as defined in the Plan) occurs, or if the Issuer is subject to a take-over bid, all shares subject to stock options shall immediately become vested and may thereupon be exercised in whole or in part by the optionees. The board of directors may also accelerate the expiry date of outstanding stock options in connection with a take-over bid.

Upon listing of the Issuer's common shares on the CSE the Issuer will be deemed to be an "unlisted reporting issuer" for the purposes of Division 4 of National Instrument 45-106 *Prospectus Exemptions* ("NI 45-106") and as such will have to comply with section 2.25 of NI 45-106 or otherwise comply with section 2.24 of NI 45-106 for the grant of stock options to employees, executive officers, directors and consultants.

Under section 2.24 of NI 45-106 after distribution the following applies:

- (a) the number of securities, calculated on a fully diluted basis, reserved for issuance under options granted to

- (i) related persons, exceeds 10% of the outstanding securities of the issuer, or
- (ii) a related person, exceeds 5% of the outstanding securities of the issuer, or
- (b) the number of securities, calculated on a fully diluted basis, issued within 12 months to
 - (i) related persons, exceeds 10% of the outstanding securities of the issuer, or
 - (ii) a related person and the associates of the related person, exceeds 5% of the outstanding securities of the issuer.

Options to Purchase Securities

As at the date of this Listing Statement, no incentive stock options are outstanding.

10. Description of the Securities

10.1 General - State the description or the designation of each class of equity securities and describe all material attributes and characteristics, including:

- a) dividend rights;
- b) voting rights;
- c) rights upon dissolution or winding-up;
- d) pre-emptive rights;
- e) conversion or exchange rights;
- f) redemption, retraction, purchase for cancellation or surrender provisions,
- g) sinking or purchase fund provisions;
- h) provisions permitting or restricting the issuance of additional securities and any other material restrictions; and
- i) provisions requiring a securityholder to contribute additional capital.

Common Shares

The Issuer has one class of shares outstanding: common shares. The Issuer is authorized to issue an unlimited number of common shares without par value. As at the date of this Listing Statement, a total of 17,631,003 common shares were issued and outstanding.

All of the common shares of the Issuer rank equally as to voting rights, participation in a distribution of the assets of the Issuer on a liquidation, dissolution or winding-up of the Issuer and the entitlement to dividends. The holders of the common shares are entitled to receive notice of all meetings of shareholders and to attend and vote the shares at the meetings. Each common share carries with it the right to one vote.

In the event of the liquidation, dissolution or winding-up of the Issuer or other distribution of its assets, the holders of the common shares will be entitled to receive, on a pro rata basis, all of the assets remaining after the Issuer has paid out its liabilities. Distribution in the form of dividends, if any, will be set by the board of directors.

10.2 Debt securities - If debt securities are being listed, describe all material attributes and characteristics of the indebtedness and the security, if any, for the debt, including:

- (a) provisions for interest rate, maturity and premium, if any;
- (b) conversion or exchange rights;
- (c) redemption, retraction, purchase for cancellation or surrender provisions,
- (d) sinking or purchase fund provisions;
- (e) the nature and priority of any security for the debt securities, briefly identifying the principal properties subject to lien or charge;
- (f) provisions permitting or restricting the issuance of additional securities, the incurring of additional indebtedness and other material negative covenants, including restrictions against payment of dividends and restrictions against giving security on the assets of the Issuer or its subsidiaries, and provisions as to the release or substitution of assets securing the debt securities;
- (g) the name of the trustee under any indenture relating to the Issuer and
- (h) any financial arrangements between the Issuer and any of its affiliates or among its affiliates that could affect the security for the indebtedness.

No debt securities are being listed.

10.4 Other securities - If securities other than equity securities or debt securities are being listed, describe fully the material attributes and characteristics of those securities.

No other securities are being listed.

10.5 Modification of terms:

- (a) describe provisions about the modification, amendment or variation of any rights attached to the securities being listed; and

- (b) if the rights of holders of securities may be modified otherwise than in accordance with the provisions attached to the securities or the provisions of the governing statute relating to the securities, explain briefly.

Not applicable.

10.6 Other attributes:

- (a) if the rights attaching to the securities being listed are materially limited or qualified by the rights of any other class of securities, or if any other class of securities ranks ahead of or equally with the securities being listed, include information about the other securities that will enable investors to understand the rights attaching to the securities being listed; and
- (b) if securities of the class being listed may be partially redeemed or repurchased, state the manner of selecting the securities to be redeemed or repurchased.

Not applicable.

10.7 Prior Sales - State the prices at which securities of the same class as the securities to be listed have been sold within the 12 months before the date of the Listing Statement, or are to be sold, by the Issuer or any Related Person and the number of securities of the class sold or to be sold at each price.

During the 12 months preceding the date of this Listing Statement, the Issuer sold the following common shares and securities convertible into common shares:

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Cash Consideration
February 22, 2018	common shares	3,333,330	\$0.15	\$500,000
May 7, 2018	common shares	140,000	\$0.25	\$35,000
May 30, 2018	common shares	100,000	\$0.36 ⁽¹⁾	\$36,000
May 30, 2018	common shares	75,000	\$0.36 ⁽¹⁾	\$27,000
October 22, 2018	common shares	333,333	\$0.09 ⁽²⁾	\$30,000
October 22, 2018	units comprised of common shares and share purchase warrants ⁽³⁾	3,555,556	\$0.09 ⁽²⁾	\$320,000
December 18, 2018	common shares	1,190,476	\$0.21	\$250,000

⁽¹⁾ Deemed price.

⁽²⁾ The price per security is lower than for previous financings due to poor market conditions and the Company's share price having declined.

⁽³⁾ Each unit is comprised of one common share and one share purchase warrant, each such warrant entitling the holder to purchase one additional common share of the Company at a price of \$0.12 per share on or before October 22, 2020.

10.8 Stock Exchange Price:

- a) if shares of the same class as the shares to be listed were or are listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the Canadian stock exchange or market on which the greatest volume of trading generally occurs;
- b) if shares of the same class as the shares to be listed were or are not listed on a Canadian stock exchange or traded on a Canadian market, provide the price ranges and volume traded on the foreign stock exchange or market on which the greatest volume of trading generally occurs; and
- c) information is to be provided on a monthly basis for each month or, if applicable, part month, of the current quarter and the immediately preceding quarter and on a quarterly basis for the next preceding seven quarters.

The following table provides information with respect to the Company's trading history on the TSX Venture Exchange from January 1, 2017 up until the date of this Listing Statement:

Period	Price Range (\$)		Volume
	Low	High	
February 1 - 21	0.17	0.205	78,321
January 2019	0.20	0.28	57,151
December 2018	0.175	0.25	42,257
November 2018	0.23	0.28	126,127
October 2018	0.175	0.25	116,340
July - September 2018	0.10	0.365	838,792
April – June 2018	0.23	0.43	1,285,883
January – March 2018 ⁽¹⁾	0.035	0.305	3,062,061
October – December 2017	0.03	0.05	1,596,626
July - September 2017	0.04	0.055	440,074
April - June 2017	0.04	0.07	1,000,460
January – March 2017	0.05	0.085	2,801,697

⁽¹⁾ Effective February 1, 2018, the Company's common share capital was consolidated on the basis of five old shares for one new share.

11. Escrowed Securities

- 11.1 State as of a specified date within 30 days before the date of the Listing Statement, in substantially the following tabular form, the number of securities of each class of securities of the Issuer held, to the knowledge of the Issuer, in escrow (which, for the purposes of this Form includes any securities subject to a pooling agreement) and the percentage that number represents of the outstanding securities of that class. In a note to the table, disclose the name of the depository, if any, and the date of and conditions governing the release of the securities from escrow.

As at the date of this Listing Statement no common shares of the Company were held in escrow.

12. Principal Shareholders

- 12.1 (1) Provide the following information for each principal shareholder of the Issuer as of a specified date not more than 30 days before the date of the Listing Statement:
- (a) Name;
 - (b) The number or amount of securities owned of the class to be listed;
 - (c) Whether the securities referred to in subsection 12(1)(b) are owned both of record and beneficially, of record only, or beneficially only; and
 - (d) The percentages of each class of securities known by the Issuer to be owned.

To the knowledge of the Issuer, as of the date hereof, there are no principal shareholders.

- (2) If the Issuer is requalifying following a fundamental change or has proposed an acquisition, amalgamation, merger, reorganization or arrangement, indicate, to the extent known, the holding of each person of company described in paragraph (1) that will exist after giving effect to the transaction.

Not applicable.

- (3) If, to the knowledge of the Issuer, more than 10 per cent of any class of voting securities of the Issuer is held, or is to be held, subject to any voting trust or other similar agreement, disclose, to the extent known, the designation of the securities, the number or amount of the securities held or to be held subject to the agreement and the duration of the agreement. State the names and addresses of the voting trustees and outline briefly their voting rights and other powers under the agreement.

Not applicable.

- (4) If, to the knowledge of the Issuer, any principal shareholder is an associate or affiliate of another person or company named as a principal shareholder, disclose, to the extent known, the material facts of the relationship, including any basis for influence over the Issuer held by the person or company other than the holding of voting securities of the Issuer.

Not applicable.

- (5) In addition to the above, include in a footnote to the table, the required calculation(s) on a fully-diluted basis.

13. Directors and Officers

- 13.1 List the name and municipality of residence of each director and executive officer of the Issuer and indicate their respective positions and offices held with the Issuer and their respective principal occupations within the five preceding years.

Directors and Officers of the Issuer

To the knowledge of the Issuer, the following table sets out information regarding each of directors and executive officers of the Issuer, including the names, municipality of residence, the position and office held and their principal occupation for the preceding five years, as of the date hereof:

Name, Municipality, Province or State and Country of Residence and Position(s) held	Principal occupations within the five preceding years
Gurminder Sangha Surrey, BC, Canada President, CEO and Director	Management consultant; President and CEO of Metron Capital Corp.
Jurgen Wolf Vancouver, BC, Canada Director and CFO	Management consultant; CFO of Metron Capital Corp.
Dr. Muzaffer Sultan Surrey, BC, Canada Director	Geological consultant
Lyle McLennan Vancouver, BC, Canada Director	Financial Consultant

- 13.2 State the period or periods during which each director has served as a director and when his or her term of office will expire.

Director	Period served as a Director
Gurminder Sangha	December 22, 2017 to date
Jurgen Wolf	February 22, 2018 to date
Dr. Muzaffer Sultan	March 26, 2018 to date
Lyle McLennan	October 11, 2018 to date

Directors hold office until the next annual meeting of shareholders or until their successors are appointed.

- 13.3 State the number and percentage of securities of each class of voting securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control or direction is exercised by all directors and executive officers of the Issuer as a group.

177,667⁽¹⁾ common shares (1.0%)

⁽¹⁾ Based on information provided to the Issuer by the directors and based on 17,631,003 common shares issued and outstanding.

- 13.4 Disclose the board committees of the Issuer and identify the members of each committee.

The Issuer has two committees, namely an audit committee which is comprised of Gurminder Sangha, Dr. Muzaffer Sultan and Lyle McLennan, and a corporate governance and compensation committee which is comprised of Gurminder Sangha, Dr. Muzaffer Sultan and Lyle McLennan.

- 13.5 If the principal occupation of a director or officer of the Issuer is acting as an officer of a person or company other than the Issuer, disclose the fact and state the principal business of the person or company.

See section 13.1.

- 13.6 Disclose if a director or officer of the Issuer or a shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is, or within 10 years before the date of the Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

Except for as disclosed herein, none of the Issuer's directors, officers or principal shareholders and none of the proposed directors or officers of the Issuer are, or have been within the last 10 years, directors or officers of any other issuer that, while that person was acting in that capacity, (a) was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days, (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer or (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that issuer.

Jurgen Wolf was a director of Gulfside Minerals Ltd. ("Gulfside") while that company was subject to a cease trade issued on December 20, 2007 by the British Columbia Securities Commission against Gulfside as a result of its news release dated October 31, 2007. Gulfside announced a new current coal mineral resource estimate on its Erdenetsogt property. The announcement triggered the requirement to file a technical report within 45 days from that date. On June 4, 2009 the cease trade order against Gulfside was revoked after the required technical report was filed.

Jurgen Wolf was a director of TransAmerican Energy Inc. ("TAE") while that company was subject to:

- a cease trade order issued August 20, 2008 by the British Columbia Securities Commission against TAE (the "TAE BC CTO") for failure to file annual oil and gas disclosure prescribed by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") for the years ended April 30, 2006 and 2007. TAE subsequently brought all of its annual continuous disclosure filings up-to-date, and the TAE BC CTO was revoked on November 19, 2008; and
- a cease trade order issued August 21, 2008 by the Alberta Securities Commission against TAE (the "TAE Alberta CTO") for failure to file annual oil and gas disclosure provided by NI 51-101 for the year ended April 30, 2007. TAE subsequently brought all of its annual continuous disclosure filings up-to-date, and the TAE Alberta CTO was revoked on November 25, 2008; and

- a management cease trade order issued August 31, 2009 by the British Columbia Securities Commission against TAE in connection with the late filing of audited financial statements for the year ended April 30, 2009 and related MD&A. The management cease trade order was revoked on October 2, 2009, after the relevant documents were filed; and

Jurgen Wolf was a director, director, and officer/director, respectively, of Petrichor Energy Inc. ("Petrichor") (then Odyssey Petroleum Corp.) while that company was subject to:

- a management cease trade order issued to Petrichor by the British Columbia Securities Commission on May 4, 2009 in connection with the late filing of Petrichor's audited annual financial statements for its fiscal year ended December 30, 2008, and subsequently the delay in filing Petrichor's interim financial statements for the three months ended March 31, 2009. The management cease trade order was revoked on June 8, 2009 after the relevant documents were filed; and
- a management cease trade order issued to Petrichor by the British Columbia Securities Commission on June 18, 2010 in connection with the late filing of Petrichor's audited annual financial statements for its fiscal year ended December 30, 2009, and subsequently the delay in filing Petrichor's interim financial statements for the three months ended March 31, 2010. Although Petrichor filed the relevant annual and interim financials on July 14, 2010, a cease trade order was issued by the British Columbia Securities Commission for failure to file NI 51-101 oil and gas forms as at the year ended December 31, 2010. On December 3, 2010 the TSX-V suspended trading of Petrichor's shares. The oil and gas forms were subsequently filed and the cease trade order was revoked by the B.C. Commission on January 12, 2011, and the TSX-V reinstated Petrichor for trading on February 15, 2011; and

Jurgen Wolf was a director of Gainey Resources Ltd. ("Gainey") while that company was subject to a cease trade order issued April 5, 2017 by the British Columbia Securities Commission against Gainey for failure to file annual audited financial statements for the year November 30, 2016, annual management's discussion and analysis for the year ended November 30, 2016 and certification of the annual filings for the year ended November 30, 2016. The cease trade order remains in effect as at the date hereof.

13.7 Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or

- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

None of the Issuer's directors, officers or principal shareholders are, or have been since December 31, 2000, the subject of any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Despite section 13.7, no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be important to a reasonable investor in making an investment decision.

13.9 If a director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer, state the fact.

None of the Issuer's directors, officers or principal shareholders of the Issuer or any personal holding company of such persons, has, within the last 10 years, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his, her or its assets.

13.10 Disclose particulars of existing or potential material conflicts of interest between the Issuer or a subsidiary of the Issuer and a director or officer of the Issuer or a subsidiary of the Issuer.

There are no known existing or potential conflicts of interest between the Issuer and its directors and officers except that certain of the directors and officers may serve as directors and/or officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Issuer and their duties as a director or officer of such other companies.

The directors of the Issuer are required by law to act honestly and in good faith with a view to the best interests of the Issuer and to disclose any interests, which they may have in any project or opportunity of the Issuer. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

13.11 Management — In addition to the above provide the following information for each member of management:

- (a) state the individual's name, age, position and responsibilities with the Issuer and relevant educational background;
- (b) state whether the individual works full time for the Issuer or what proportion of the individual's time will be devoted to the Issuer;
- (c) state whether the individual is an employee or independent contractor of the Issuer;
- (d) state the individual's principal occupations or employment during the five years prior to the date of the Listing Statement, disclosing with respect to each organization as of the time such occupation or employment was carried on:
 - (i) its name and principal business,
 - (ii) if applicable, that the organization was an affiliate of the Issuer,
 - (iii) positions held by the individual, and
 - (iv) whether it is still carrying on business, if known to the individual;
- (e) describe the individual's experience in the Issuer's industry; and
- (f) state whether the individual has entered into a non-competition or non-disclosure agreement with the Issuer.

The following are the members of management of the Issuer:

Gurminder Sangha – Director, President and Chief Executive Officer of the Company

Gurminder Sangha, age 41, has been a director of the Company since December 22, 2017 and its CEO and President since March 26, 2018. Mr. Sangha is an independent business advisor to the resources industry and brings over twelve years of management and financing expertise in both public and private companies. Mr. Sangha has served as a board member on various TSX Venture Exchange listed companies and assisted with corporate finance duties, business development activities, and governance. His previous positions included various lending and securities related positions with Scotiabank. Mr. Sangha holds a Bachelor of Commerce degree. Mr. Sangha has been a self-employed management consultant during the five years prior to the date of this Listing Statement and has been a director, President and CEO of Metron Capital Corp. since April 2016. Metron Capital Corp. is a TSX Venture Exchange listed junior resource company, continuous disclosure documents for which are available on www.sedar.com under the issuer profile for Metron Capital Corp.

Mr. Sangha provides his services to the Company as an independent contractor. Mr. Sangha will be devoting about 50% of his business time to the affairs of the Company. Mr. Sangha has not entered into a non-competition or a non-disclosure agreement with the Company.

Jurgen Wolf – Director and Chief Financial Officer of the Company

Jurgen Wolf, age 83, has been a director of the Company since February 22, 2018 and CFO of the Company since February 28, 2018. Mr. Wolf has owned and operated precast concrete factories in Calgary and Vancouver, as well as operated and owned a successful commercial construction company from 1982 to 2002. Mr. Wolf has been involved in public oil and gas companies for more than 15 years with positions in senior level management, including President and director of US Oil and Gas Resources Inc., as well as director of Flow Energy Inc., a wholly owned subsidiary. Mr. Wolf has been a self-employed management consultant during the five years prior to the date of this Listing Statement and is currently a director of several public companies. Mr. Wolf has been a director and CFO of Metron Capital Corp. since April 2016. Metron Capital Corp. is a TSX Venture Exchange listed junior resource company, continuous disclosure documents for which are available on www.sedar.com under the issuer profile for Metron Capital Corp.

Mr. Wolf provides his services to the Company as an independent contractor. Mr. Wolf will be devoting about 15% of his business time to the affairs of the Company. Mr. Wolf has not entered into a non-competition or a non-disclosure agreement with the Company.

Dr. Muzaffer Sultan – Director of the Company

Dr. Muzaffer Sultan, age 67, has served as a director of the Company since March 26, 2018. Dr. Sultan has been a self-employed consulting geologist during the five years prior to the date of this Listing Statement. Dr. Sultan has extensive experience in mineral exploration, 3D modelling, surface and underground exploration of mineral properties. Dr. Sultan holds a Ph.D in Geology and Master of Science from the University of South Carolina.

Dr. Sultan provides his services to the Company as an independent contractor. Dr. Sultan will be devoting approximately 15% of his business time to the affairs of the Company. Mr. Sultan has not entered into a non-competition or non-disclosure agreement with the Company.

Lyle McLennan – Director of the Company

Lyle McLennan, age 52, has been a director of the Company since October 15, 2018. Mr. McLennan was a registered investment advisor with Richardson GMP Limited and its predecessor MacQuarie Private Wealth Inc. from September 28, 2009 until June 30, 2016 and has over 20 years of experience in the finance industry. Since July 2016 Mr. McLennan has been a self-employed financial consultant. Mr. McLennan holds a Bachelor of Arts in Economics from Concordia University.

Mr. McLennan provides his services to the Company as an independent contractor. Mr. McLennan will be devoting approximately 15% of his business time to the affairs of the Company. Mr. McLennan has not entered into a non-competition or non-disclosure agreement

with the Company.

James Mackie – Corporate Secretary of the Company

James Mackie, age 50, has been corporate secretary of the Company since July 30, 2018. Mr. Mackie is Chartered Professional Accountant with over 20 years of professional experience. Since March 2013, Mr. Mackie has served as Chief Financial Officer and Corporate Secretary of Majestic Gold Corp., a gold mining company, where he is responsible for financial management and administration, including corporate governance, government and securities compliance. Continuous disclosure documents for Majestic Gold Corp. are available on www.sedar.com under the issuer profile for Majestic Gold Corp. Mr. Mackie previously served as Chief Financial Officer for a number of mining exploration companies listed on the TSX Venture Exchange. Mr. Mackie is a Member of the Chartered Professional Accountants of BC.

Mr. Mackie provides his services to the Company as an independent contractor. Mr. Mackie will be devoting about 15% of his business time to the affairs of the Company. Mr. Mackie has not entered into a non-competition or a non-disclosure agreement with the Company.

14. Capitalization

14.1 Prepare and file the following chart for each class of securities to be listed:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
<u>Public Float</u>				
Total outstanding (A)	17,631,003	21,186,559	100.0%	100.0%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	219,333	219,333	1.2%	1.0%
Total Public Float (A-B)	17,411,670	20,967,226	98.8%	99.0%
<u>Freely-Tradeable Float</u>				
Number of outstanding securities subject to resale restrictions, including	5,079,365	8,634,921	28.8%	40.8%

restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)

Total Tradeable Float (A-C)	12,551,638	12,551,638	71.2%	59.2%
-----------------------------	------------	------------	-------	-------

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	414	2,709
100 – 499 securities	18	4,698
500 – 999 securities	6	4,230
1,000 – 1,999 securities	5	5,535
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	1	3,259
4,000 – 4,999 securities	3	12,000
5,000 or more securities	34	8,151,361
	481	8,183,792

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	982	20,074
100 – 499 securities	485	107,344
500 – 999 securities	107	71,713
1,000 – 1,999 securities	91	115,181
2,000 – 2,999 securities	45	101,533
3,000 – 3,999 securities	14	46,411
4,000 – 4,999 securities	17	69,840
5,000 or more securities	184	16,744,842
Unable to confirm	0	134,732
	1,925	17,411,670

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

<u>Size of Holding</u>	<u>Number of holders</u>	<u>Total number of securities</u>
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	2	83,333
	2	83,333

14.2 Provide the following details for any securities convertible or exchangeable into any class of listed securities

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Share purchase warrants. Each warrant is exercisable to purchase one common share at a price of \$0.12 per common share at any time on or before October 22, 2020.	3,555,556	3,555,556

14.3 Provide details of any listed securities reserved for issuance that are not included in section 14.2.

Not applicable.

15. Executive Compensation

15.1 Attach a Statement of Executive Compensation from Form 51-102F6 or any successor instrument and describe any intention to make any material changes to that compensation.

Please refer to continuous disclosure documents filed on www.sedar.com under the Issuer's profile.

Intended Material Changes to Executive Compensation

After the shares of the Issuer being listed for trading on the CSE the Issuer intends to grant incentive stock options to its Named Executive Officers and directors at a minimum exercise price of \$0.10 per share in accordance with the policies of the CSE.

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

See section 16.2.

16.2 Indebtedness of Directors and Executive Officers under (1) Securities Purchase and (2) Other Programs

At no time during the fiscal year ended March 31, 2018 and at no time from March 31, 2018 to the date of this Listing Statement, was a director, executive officer, employee, proposed management nominee for election as a director of the Issuer or any associate of any such director, executive officer, or proposed management nominee of the Issuer or any former director, executive officer or employee of the Issuer or any of its subsidiaries indebted to the Issuer or any of its subsidiaries or was indebted to another entity where

such indebtedness is or has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer or any of its subsidiaries.

17. Risk Factors

- 17.1 Disclose risk factors relating to the Issuer and its business, such as cash flow and liquidity problems, if any, experience of management, the general risks inherent in the business carried on by the Issuer, environmental and health risks, reliance on key personnel, regulatory constraints, economic or political conditions and financial history and any other matter that would be likely to influence an investor's decision to purchase securities of the Issuer.
- 17.2 If there is a risk that securityholders of the Issuer may become liable to make an additional contribution beyond the price of the security, disclose that risk.
- 17.3 Describe any risk factors material to the Issuer that a reasonable investor would consider relevant to an investment in the securities being listed and that are not otherwise described under section 17.1 or 17.2.

The securities of the Issuer should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in this Listing Statement prior to making an investment in our securities. In addition to the other information presented in this Listing Statement, the following risk factors should be given special consideration when evaluating an investment in any of our securities.

Exploration and Development.

The Property is in an exploration stage only and is without a known body of commercial ore. Development of the Property will only follow upon obtaining satisfactory results. Exploration and development of natural resources involve a high degree of risk and few properties which are explored are ultimately developed into producing properties. There is no assurance that the Issuer's exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Issuer's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling, to develop processes to extract the resources and, in the case of new properties, to develop the extraction and processing facilities and infrastructure at any site chosen for extraction. Although substantial benefits may be derived from the discovery of a major deposit, no assurance can be given that resources will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

Title to Assets.

While the Issuer has followed and intends to follow certain due diligence procedures with respect to title for any concessions in which it has or will acquire a material interest, there is no guarantee that title to such concessions will be not challenged or impugned. In some jurisdictions, the system for recording title to the rights to explore, develop and mine natural resources is such that a title opinion provides only minimal comfort that the

holder has title. Also, in many countries, claims have been made and new claims are being made by aboriginal peoples that call into question the rights granted by the governments of those jurisdictions.

Value of Issuer.

The Issuer's assets are of indeterminate value. For further particulars see the financial statements scheduled hereto.

Competitive pressures may adversely affect the Issuer.

The resource industry is intensely competitive in all of its phases, and the Issuer competes with many companies possessing greater financial resources and technical facilities than itself. Competition could adversely affect the Issuer's ability to acquire suitable properties for exploration in the future.

The Issuer has no operating history and an evolving business model.

The Issuer has a very limited operating history and its business model is still evolving. The Issuer has not earned any revenue and the development of its exploration and evaluation assets are still in an infancy stage. The Issuer's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain necessary financing to meet its obligations and repay its liabilities. There can be no assurance that the Issuer will achieve profitability or obtain future financing.

Negative Cash Flow From Operating Activities

The Issuer has no history of earnings and had negative cash flow from operating activities in its most recently completed financial year being the year ended March 31, 2018. To the extent that the Issuer has negative cash flow in future periods, the Issuer may need to allocate a portion of its cash reserves to fund such negative cash flow. The Issuer's Property is in the exploration stage and there are no known mineral resources or reserves and the proposed exploration program on the Property is exploratory in nature. Significant capital investment will be required to achieve commercial production from the Issuer's existing project. There is no assurance that the Property will generate earnings, operate profitably or provide a return on investment in the future. Accordingly, the Issuer will be required to obtain additional financing in order to meet its future cash commitments.

Operating Hazards and Risks May be Insurmountable and/or Uninsurable.

Exploration for natural resources involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Operations in which the Issuer has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages, damage to persons or property and possible environmental damage. Although the Issuer has or will obtain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable against, or the Issuer might not elect to insure itself against such liabilities due to high premium costs or other reasons, in which event the Issuer could incur significant costs that could have a material adverse effect upon its financial condition.

Fluctuating Prices of Raw Materials May Adversely Affect the Issuer.

The Issuer's revenues, if any, are expected to be in large part derived from the extraction and sale of base and precious metals such as cobalt. The price of commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Issuer's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumptive patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of base and precious metals, and therefore the economic viability of the Issuer's exploration project, cannot accurately be predicted.

Changing Environmental Regulations May Adversely Affect the Issuer.

All phases of the Issuer's operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for noncompliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Issuer's operations.

Political and Economic Instability May Adversely Affect the Issuer.

The Issuer may be affected by possible political or economic instability. The risks include, but are not limited to, terrorism, military repression, extreme fluctuations in currency exchange rates and high rates of inflation. Changes in resource development or investment policies or shifts in political attitude in certain countries may adversely affect the Issuer's business. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. The effect of these factors cannot be accurately predicted.

Loss of Key Management Personnel Could Adversely Affect the Issuer.

The Issuer is dependent on a relatively small number of key employees, the loss of any of whom could have an adverse effect on the Issuer.

Requirement of New Capital.

As an exploration company without revenues, the Issuer typically needs more capital than it has available to it or can expect to generate through the sale of any minerals that may be found on its mineral property. In the past, the Issuer has had to raise, by way of equity financings, considerable funds to meet its capital needs. Securities issued pursuant to equity financings are subject to applicable regulatory trading restrictions. There is no guarantee that the Issuer will be able to continue to raise funds needed for its business, or that the Issuer will be able to raise future funding on acceptable terms. Failure to raise the necessary funds in a timely fashion could limit the Issuer's growth.

Lack of Dividends.

The Issuer has not paid dividends in the past and does not anticipate paying dividends in the near future. The Issuer expects to retain its earnings to finance further growth and, when appropriate, retire debt.

18. Promoters

18.1 For a person or company that is, or has been within the two years immediately preceding the date of the Listing Statement, a promoter of the Issuer or of a subsidiary of the Issuer, state:

- (a) the person or company's name;
- (b) the number and percentage of each class of voting securities and equity securities of the Issuer or any of its subsidiaries beneficially owned, directly or indirectly, or over which control is exercised;
- (c) the nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by the promoter directly or indirectly from the Issuer or from a subsidiary of the Issuer, and the nature and amount of any assets, services or other consideration therefor received or to be received by the Issuer or a subsidiary of the Issuer in return; and
- (d) for an asset acquired within the two years before the date of the Listing Statement or thereafter, or to be acquired, by the Issuer or by a subsidiary of the Issuer from a promoter:
 - (i) the consideration paid or to be paid for the asset and the method by which the consideration has been or will be determined,
 - (ii) the person or company making the determination referred to in subparagraph (i) and the person or company's relationship with the Issuer, the promoter, or an associate or affiliate of the Issuer or of the promoter, and
 - (iii) the date that the asset was acquired by the promoter and the cost of the asset to the promoter.

Not applicable.

18.2 (1) If a promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

- a) was subject to an order that was issued while the promoter was acting in the capacity as director, chief executive officer or chief

financial officer; or

- b) was subject to an order that was issued after the promoter ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the promoter was acting in the capacity as director, chief executive officer or chief financial officer,

state the fact and describe the basis on which the order was made and whether the order is still in effect.

Not applicable.

- (2) For the purposes of section 18.2 (1), "order" means:

- (a) a cease trade order;
- (b) an order similar to a cease trade order; or
- (c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

- (3) If a promoter referred to in section 18.2 (1):

- (a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the promoter was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter, state the fact.

Not applicable.

- (4) Describe the penalties or sanctions imposed and the grounds on which they were imposed or the terms of the settlement agreement and the circumstances that gave rise to the settlement agreement, if a promoter referred to in section 18.2(1) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to provincial

and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

Not applicable.

- (5) Despite section 18.2(4), no disclosure is required of a settlement agreement entered into before December 31, 2000 unless the disclosure would likely be considered important to a reasonable investor in making an investment decision.

19. Legal Proceedings

- 19.1 Describe any legal proceedings material to the Issuer to which the Issuer or a subsidiary of the Issuer is a party or of which any of their respective property is the subject matter and any such proceedings known to the Issuer to be contemplated, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

The Issuer is not aware of any legal proceedings or pending legal proceedings to which the Issuer is or is likely to be a party to or of which its business is likely to be the subject of.

- 19.2 Regulatory actions - Describe any:

- (a) penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date hereof;
- (b) other penalties or sanctions imposed by a court or regulatory body against the Issuer necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed; and
- (c) settlement agreements the Issuer entered into before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date hereof.

Not applicable.

20. Interest of Management and Others in Material Transactions

20.1 Describe, and state the approximate amount of, any material interest, direct or indirect, of any of the following persons or companies in any transaction within the three years before the date of the Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer:

- (a) any director or executive officer of the Issuer;
- (b) a person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series of your outstanding voting securities; and
- (c) an associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b).

None of the Issuer's directors, executive officers, principal shareholders or an associate or affiliate of any of those persons or companies, had or has any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement, or in any proposed transaction, that has materially affected or will materially affect the Issuer or a subsidiary of the Issuer.

21. Auditors, Transfer Agents and Registrars

21.1 State the name and address of the auditor of the Issuer.

The Issuer's auditor is De Visser Gray LLP, Chartered Professional Accountants, located at 401 – 905 West Pender St, Vancouver, British Columbia, V6V 1L6.

21.2 For each class of securities, state the name of any transfer agent, registrar, trustee, or other agent appointed by the Issuer to maintain the securities register and the register of transfers for such securities and indicate the location (by municipality) of each of the offices of the Issuer or transfer agent, registrar, trustee or other agent where the securities register and register of transfers are maintained or transfers of securities are recorded.

The transfer agent and registrar of the Issuer's common shares is Computershare Investor Services Inc., located at 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

22. Material Contracts

22.1 Give particulars of every material contract, other than contracts entered into in the ordinary course of business that was entered into within the two years before the date of Listing Statement by the Issuer or a subsidiary of the Issuer.

The following are the material contracts entered into by the Issuer or a subsidiary of the

Issuer within the two years before the date of this Listing Statement:

1. Option Agreement dated January 29, 2018 between the Issuer as optionee and Alex Pieson and Afzaal Pirzada as optionors with respect to the Phyllis Cobalt Property.
2. Option Agreement dated May 3, 2018 between the Issuer as optionee and Afzaal Pirzada as optionor with respect to the Russel Graphite Property.
3. Option Agreement dated June 20, 2018 between the Issuer as optionee and Rainbird Resources Inc. as optionor with respect to the Highway 95 Property. This agreement was terminated in October 2018.

22.2 If applicable, attach a copy of any co-tenancy, unitholders' or limited partnership agreement.

Not applicable.

23. Interest of Experts

- 23.1 Disclose all direct or indirect interests in the property of the Issuer or of a Related Person of the Issuer received or to be received by a person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of the Listing Statement or prepared or certified a report or valuation described or included in the Listing Statement.
- 23.2 Disclose the beneficial ownership, direct or indirect, by a person or company referred to in section 23.1 of any securities of the Issuer or any Related Person of the Issuer.
- 23.3 For the purpose of section 23.2, if the ownership is less than one per cent, a general statement to that effect shall be sufficient.
- 23.4 If a person, or a director, officer or employee of a person or company referred to in section 23.1 is or is expected to be elected, appointed or employed as a director, officer or employee of the Issuer or of any associate or affiliate of the Issuer, disclose the fact or expectation.

The information on the Phyllis Cobalt Property is summarized from the report titled the "Technical Report on the Phyllis Cobalt Property, Kenora Mining District, Northwestern Ontario, Canada" dated August 1, 2018 (the "Report"), prepared by Kristian Whitehead, B.Sc., P.Geo. Mr. Whitehead is a Qualified Person. A copy of the Report can be found on the Issuer's disclosure page on www.sedar.com. Mr. Whitehead does not have any direct or indirect interest in the Property and does not hold, directly or indirectly, any securities of the Issuer.

De Visser Gray LLP, Chartered Professional Accountants, auditor of the Issuer, who

prepared the independent auditor's report on the Issuer's audited financial statements for each of the financial years ended March 31, 2018 and March 31, 2017 included in and forming part of this Listing Statement, has informed the Issuer that it is independent of the Issuer within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia (CPABC). De Visser Gray LLP does not hold, directly or indirectly, any securities of the Issuer.

Morgan & Company LLP, Chartered Professional Accountants, former auditor of the Issuer, who prepared the independent auditor's report on the Issuer's audited financial statements for the financial year ended March 31, 2016 included in and forming part of this Listing Statement, has informed the Issuer that it is independent of the Issuer within the meaning of the rules of professional conduct of the Chartered Professional Accountants of British Columbia (CPABC). Morgan & Company LLP does not hold, directly or indirectly, any securities of the Issuer.

24. Other Material Facts

- 24.1 Give particulars of any material facts about the Issuer and its securities that are not disclosed under the preceding items and are necessary in order for the Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

Not applicable.

25. Financial Statements

- 25.1 Provide the following audited financial statement for the Issuer:

- (a) copies of all financial statements including the auditor's reports required to be prepared and filed under applicable securities legislation for the preceding three years as if the Issuer were subject to such law; and
- (b) a copy of financial statements for any completed interim period of the current fiscal year.

The following financial statements are attached to this Listing Statement:

- 1) Audited financial statements for the financial year ended March 31, 2018;
- 2) Audited financial statements for the financial year ended March 31, 2017;
- 3) Audited financial statements for the financial year ended March 31, 2016;
- 4) Unaudited financial statements for the six-month period ended September 30, 2018.

25.2 For Issuers re-qualifying for listing following a fundamental change provide

- (a) the information required in sections 5.1 to 5.3 for the target;
- (b) financial statement for the target prepared in accordance with the requirements of National Instrument 41-101 *General Prospectus Requirements* as if the target were the Issuer;
- (c) pro-forma consolidated financial statements for the New Issuer giving effect to the transaction for:
 - (i) the last full fiscal year of the Issuer, and
 - (ii) any completed interim period of the current fiscal year.

Not applicable.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its board of directors, First Energy Metals Limited hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to First Energy Metals Limited. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

Effective as of the 22nd day of February, 2019

“Gurminder Sangha”

Gurm Sangha
Chief Executive Officer

“Lyle McLennan”

Lyle McLennan
Director

“Jurgen Wolf”

Jurgen Wolf
Chief Financial Officer

“Muzaffer Sultan”

Dr. Muzaffer Sultan
Director

Schedule 1 – Financial Statements



FIRST ENERGY METALS LIMITED
(formerly Agave Silver Corp.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2018, 2017 AND 2016

(Expressed in Canadian dollars)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of First Energy Metals Limited (formerly Agave Silver Corp.),

We have audited the accompanying financial statements of First Energy Metals Limited (formerly Agave Silver Corp.) ('the Company'), which comprise the statements of financial position as at March 31, 2018 and 2017 and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the 'financial statements').

In our opinion, the financial statements present fairly, in all material respects, the financial position of First Energy Metals Limited as at March 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred significant losses since inception and is also dependent upon its ability to secure new sources of financing to fund ongoing operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that casts significant doubt about the Company's ability to continue as a going concern.

Basis for Opinion

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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States) ('PCAOB'). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement, whether due to fraud or error. In the completion of our audit procedures, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Those standards also require that we comply with ethical requirements. We are a public accounting firm registered with the PCAOB and are required to be independent of the Company in accordance with U.S. Federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. Further, we are required to be independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and to fulfill our other ethical responsibilities in accordance with these requirements.

An audit includes performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada

July 27, 2018

We have served as the Company's auditor since 2017.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
First Energy Metals Limited (formerly Agave Silver Corp.)

Report on the financial statements

We have audited the accompanying financial statements of First Energy Metals Limited (formerly Agave Silver Corp.), which comprise the statement of financial position as at March 31, 2016 and the statements of operations and comprehensive income (loss), changes in deficiency and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of First Energy Metals Limited (formerly Agave Silver Corp.) as at March 31, 2016 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that casts substantial doubt about the Company's ability to continue as a going concern.

Vancouver, Canada

"Morgan & Company LLP"

July 27, 2018

Chartered Professional Accountants

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Statements of Financial Position

(Expressed in Canadian dollars)

	<i>Note</i>	March 31, 2018	March 31, 2017
ASSETS			
Current Assets			
Cash		\$ 376,375	\$ 36,026
Amounts receivable and prepaid expenses	4	15,816	25,108
Total Current Assets		392,191	61,134
Non-current Assets			
Deferred charge		-	9,375
Reclamation deposits		21,000	18,000
Exploration and evaluation assets	5	-	513,600
Total Non-current Assets		21,000	540,975
Total Assets		\$ 413,191	\$ 602,109
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	7	\$ 136,751	\$ 35,574
Due to related parties, net	9	42,071	56,629
Loan payable	8	76,641	-
Total Liabilities		255,463	92,203
SHAREHOLDERS' EQUITY			
Share capital	10	35,188,833	34,722,852
Warrants reserve		245,266	245,266
Share-based payments reserve	10	245,600	201,407
Deficit		(35,521,971)	(34,659,619)
Total Shareholders' Equity		157,728	509,906
Total Liabilities and Shareholders' Equity		\$ 413,191	\$ 602,109
Going concern	1		
Subsequent events	5, 15		

Approved and authorized for issue on behalf of the board of directors on July 27, 2018 by:

/s/Gurminder Sangha
Director

/s/Jurgen Wolf
Director

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

		For the years ended March 31,		
	Note	2018	2017	2016
Expenses				
Consulting fees	9	\$ 57,570	\$ 6,850	\$ -
Depreciation	5	-	-	351
Exploration and evaluation costs (recoveries)	5	40,967	7,152	(1,890)
Finance fees		-	-	25,000
Foreign exchange gain		-	-	(336)
General and administrative		26,601	32,091	43,445
Professional fees		50,968	83,108	39,785
Salaries, fees and benefits	9	80,750	57,427	85,181
Shareholder communications		47,734	38,856	28,879
Share-based payments	10	44,193	131,412	21,006
Loss Before Other Items		(348,783)	(356,896)	(241,421)
Other Items				
Gain on settlement of debt		-	-	129,121
Interest income		31	35	707
Write-off of exploration and evaluation assets	5	(513,600)	-	-
Total Other Income		(513,569)	35	129,828
Net Loss and Comprehensive Loss for the Year		(862,352)	(356,861)	(111,593)
Loss per Common Share, Basic and Diluted		\$ (0.09)	\$ (0.05)	\$ (0.02)
Weighted Average Number of Shares				
Outstanding – Basic and Diluted		9,241,207	7,169,542	6,136,469

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Statements of Changes in Shareholders' Equity

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

Note	Common Shares Without Par Value		Share Subscriptions	Warrants Reserve	Share-based Payments Reserve	Deficit	Total Equity (Deficiency)
	Shares	Amount					
Balance, March 31, 2015	5,166,666	\$ 33,755,285	\$ 100,000	\$ 341,631	\$ 964,950	\$ (35,447,743)	\$ (285,877)
Private placement	1,000,000	195,312	(100,000)	54,688	-	-	150,000
Shares issued for debt	229,500	22,950	-	-	-	-	22,950
Share-based payments	-	-	-	-	21,006	-	21,006
Warrants expired, unexercised	-	-	-	(341,631)	-	341,631	-
Options expired, unexercised	-	-	-	-	(914,947)	914,947	-
Net loss for the year	-	-	-	-	-	(111,593)	(111,593)
Balance, March 31, 2016	6,396,166	33,973,547	-	54,688	71,009	(34,302,758)	(203,514)
Shares issued for mineral interests	1,284,000	513,600	-	-	-	-	513,600
Share-based payments	-	-	-	-	131,412	-	131,412
Options exercised	14,000	5,914	-	-	(1,014)	-	4,900
Shares issued for termination settlement	20,000	7,000	-	-	-	-	7,000
Private placement	1,189,142	416,200	-	-	-	-	416,200
Share issue costs	-	(2,831)	-	-	-	-	(2,831)
Fair value of warrants from private placement	-	(190,578)	-	190,578	-	-	-
Net loss for the year	-	-	-	-	-	(356,861)	(356,861)
Balance, March 31, 2017	8,903,308	34,722,852	-	245,266	201,407	(34,659,619)	509,906
Share-based payments	-	-	-	-	44,193	-	44,193
Private placement	3,333,330	500,000	-	-	-	-	500,000
Share issue costs	-	(34,019)	-	-	-	-	(34,019)
Net loss for the year	-	-	-	-	-	(862,352)	(862,352)
Balance, March 31, 2018	12,236,638	\$ 35,188,833	\$ -	\$ 245,266	\$ 245,600	\$ (35,521,971)	\$ 157,728

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Statements of Cash Flows

(Expressed in Canadian dollars)

	For the years ended March 31,		
	2018	2017	2016
Cash provided by (used in):			
Operations			
Net loss for the year	\$ (862,352)	\$ (356,861)	\$ (111,593)
Items not involving cash			
Depreciation	-	-	351
Gain on settlement of debt	-	-	(129,121)
Consulting fees - settlement with former CFO	-	7,000	-
Share-based payments	44,193	131,412	21,006
Write-down of exploration and evaluation assets	513,600	-	-
Changes in non-cash operating assets and liabilities			
Amounts receivable and prepaid expenses	9,292	(11,219)	8,877
Deferred charge	9,375	6,250	6,250
Deferred finance fee	-	-	28,900
Accounts payable and accrued liabilities	254,255	12,203	(56,037)
Due to related parties, net	(14,558)	(246,802)	-
Cash used in operating activities	(46,195)	(458,017)	(231,367)
Investing activities			
Reclamation bonds	(3,000)	-	-
Cash used in investing activities	(3,000)	-	-
Financing activities			
Proceeds from financing	500,000	416,200	150,000
Share issue costs	(34,019)	(2,831)	-
Repayments of loans	(76,437)	-	-
Proceeds from exercise of stock options	-	4,900	-
Proceeds from loans from related party	-	75,000	79,314
Cash provided by financing activities	389,544	493,269	229,314
Increase (decrease) in cash during the year	340,349	35,252	(2,053)
Cash, beginning of the year	36,026	774	2,827
Cash, end of the year	\$ 376,375	\$ 36,026	\$ 774
Supplemental information			
Shares issued for mineral interests	\$ -	\$ 513,600	\$ -
Fair value of warrants issued in connection with financing	\$ -	\$ 190,578	\$ -
Fair value of options exercised	\$ -	\$ 1,014	\$ -

Non-cash financing transactions: refer to note 8.

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

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 name changed 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 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 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 year ended March 31, 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.

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. Significant Accounting Policies

(a) Statement of Compliance

These financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 1, Presentation of Financial Statements (“IAS 1”) 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 July 27, 2018, the date the board of directors approved these consolidated financial statements for issue.

(b) Basis of Measurement and Presentation

These 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.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(c) Cash

Cash consists of cash held in bank accounts. For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes.

(d) Exploration and Evaluation Assets

Exploration and evaluation acquisition costs are considered assets and capitalized at cost. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the accounts upon payment. When the technical and commercial viability of a mineral interest has been demonstrated and a development decision has been made, accumulated expenses will be tested for impairment before they are reclassified to assets and amortized on a unit of production basis over the useful life of the ore body following commencement of commercial production.

Costs incurred before the Company has acquired, or obtained an option to acquire, mineral rights to an area are expensed. Mineral property exploration expenditures are expensed until the property reaches the development stage.

The recoverability of the amounts capitalized as mineral property assets is dependent upon the determination of economically recoverable mineral deposits, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. If it is determined that exploration and evaluation assets are not recoverable, the property is abandoned, or management has determined an impairment in value, the property is written down to its estimated recoverable amount.

Refer to note 3(c).

(e) Financial Instruments and Risk Management

All financial instruments are classified in to one of five categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Fair value through profit or loss financial assets is measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified cash as fair value through profit or loss. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities. Management did not identify any material embedded derivatives, which require separate recognition and measurement.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(e) Financial Instruments and Risk Management (continued)

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

Liquidity risk on amounts due to creditors and amounts due to related parties were significant to the Company's statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is indirectly related to changing metal prices and the price of silver and gold in particular.

(f) Equipment

Equipment is recorded at cost and depreciated over its estimated useful life. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of operations and comprehensive loss during the financial period in which they are incurred.

Depreciation is recognized using the straight-line basis over the estimated useful lives of the various classes of equipment, ranging from three to five years. Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

(g) Impairment of Tangible and Intangible Assets

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

Where it is possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Each of the Company's exploration and evaluation properties is considered to be a cash-generating unit for which impairment testing is performed.

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(g) Impairment of Tangible and Intangible Assets (continued)

Management's estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. A mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavorable economic, legal regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are key factors considered as part of the ongoing assessment of the recoverability of the carrying amount of exploration and evaluation assets. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, the capitalized costs are written down to the estimated recoverable amount. Although management has made its best 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 projects.

(h) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

(i) Foreign Currency Translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were made through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

(j) Share-Based Payments

The Company accounts for stock options issued to directors and employees at the fair value determined on the grant date using the Black-Scholes option pricing model. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date the goods and services are received.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(j) Share-based Payments (continued)

Share purchase warrants issued are recorded at estimated fair values determined on the grant date using the Black-Scholes model. If and when the stock options or share purchase warrants are ultimately exercised, the applicable amounts of their fair values in the reserve accounts are transferred to share capital. If and when the stock options or share purchase warrants are ultimately expired, the applicable amounts of their fair values in the reserve accounts are transferred to deficit.

(k) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issue of the units are allocated between common shares and share purchase warrants on a pro-rata basis based on the relative fair values as follows: the fair value of the common shares is based on the market closing price on the date the units are issued and fair value of the share purchase warrants is determined using the Black-Scholes option pricing model.

(l) Earnings (Loss) per Common Share

Basic earnings (loss) per common share is calculated by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share are the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and share purchase warrants are used to repurchase common shares at the average price during the period.

(m) Flow-through Shares

Share capital includes flow-through shares which is a unique Canadian tax incentive pursuant to certain provisions of the Canadian Income Tax Act. Proceeds from the issuance of flow-through shares are used to fund qualified Canadian exploration and evaluation projects and the related income tax deductions are renounced to the subscribers of the flow-through shares. The premium paid for flow-through shares in excess of the market value of the shares without flow-through features, at the time of issue, is credited to other liabilities and recognized in income at the time qualifying expenditures are incurred. The Company also recognizes a deferred tax liability with a corresponding charge in the statement of operations when the qualifying exploration and evaluation expenditures are renounced. If the Company has sufficient tax assets to offset the deferred tax liability, the liability will be offset by the recognition of a corresponding deferred tax asset and recovery of deferred income taxes through profit or loss in the reporting period.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through expenditure commitments.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

2. Significant Accounting Policies (continued)

(n) Decommissioning Liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

(o) Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation

(p) 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.

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

3. Critical Accounting Judgments and Estimates (continued)

(a) Share-based Payment Transactions (continued)

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 Note 11.

(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 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.

4. Amounts Receivable and Prepaid Expenses

	March 31, 2018	March 31, 2017
GST/HST	\$ 15,816	\$ 12,866
Prepayments and other receivable	-	12,242
Total	\$ 15,816	\$ 25,108

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

5. Exploration and Evaluation Assets

Exploration and evaluation assets deferred to the statements of financial position at March 31, 2018 and 2017 are as follows:

	March 31, 2017	Additions	Write-off	March 31, 2018
Kootenay Lithium	\$ 513,600	\$ -	\$ (513,600)	\$ -

	March 31, 2016	Additions	Write-off	March 31, 2017
Kootenay Lithium	\$ -	\$ 513,600	\$ -	\$ 513,600

(a) Kootenay Lithium, Revelstoke and Nelson Mining Division, British Columbia, Canada

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

Under the terms of the Kootenay Agreement, the Company has purchased a 100% interest in the Kootenay Property by issuing 1,200,000 common shares at a value of \$0.40 per share. The Kootenay Property is subject to a 2.0% Net Smelter Return (“NSR”) mineral royalty and a 24% Gross Overriding Royalty (“GOR”) on gem stones produced from the Kootenay Property. The Company had 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.

The Company issued a finder’s fee totaling 84,000 common shares in connection with this transaction, which amount has also been capitalized as an acquisition cost.

During the year ended March 31, 2018, the Company wrote down the \$513,600 carrying value of the Kootenay Lithium Property to \$Nil as the Company does not plan to complete further exploration on the property and in April 2018 the Company relinquished the property by not paying the applicable claim maintenance fees.

(b) Phyllis Cobalt

On January 29, 2018, the Company entered into an option agreement to acquire (the “Phyllis Agreement”) a 100% interest in certain mineral claims (the “Phyllis Property”) covering 1,750 hectares located in the Kenoira 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 Property by making the following option payments, common shares issuances and exploration expenditures:

Due Dates	Option Payments (\$)	Issuance of Company Common Shares	Minimum Exploration Expenditures (\$)	Cumulative Exploration Expenditures (\$)
On signing (subsequently 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

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

5. Exploration and Evaluation Assets (continued)

Exploration and evaluation expenditures recorded in the statements of loss and comprehensive loss for the years ended March 31, 2018, 2017, and 2016 are as follows:

Year ended March 31, 2018	Kaslo Silver Property, British Columbia	Kootenay Lithium, British Columbia	Phyllis Cobalt, Ontario	General Exploration	Total March 31, 2018
Geological and geophysical	\$ -	\$ -	\$ 10,000	\$ 6,910	\$ 16,910
Field expenditures	-	-	21,349	-	21,349
Land lease and property taxes	260	868	-	-	1,128
Travel and accommodation	-	-	1,580	-	1,580
Total	\$ 260	\$ 868	\$ 32,929	\$ 6,910	\$ 40,967

Year ended March 31, 2017	Kaslo Silver Property, British Columbia	Kootenay Lithium, British Columbia	Phyllis Cobalt, Ontario	General Exploration	Total March 31, 2017
Geological and geophysical	\$ -	\$ 4,355	\$ -	\$ -	\$ 4,355
Land lease and property taxes	260	2,537	-	-	2,797
Total	\$ 260	\$ 6,892	\$ -	\$ -	\$ 7,152

Year ended March 31, 2016	Kaslo Silver Property, British Columbia	Kootenay Lithium, British Columbia	Phyllis Cobalt, Ontario	General Exploration	Total March 31, 2016
Geological and geophysical	\$ (2,905)	\$ -	\$ -	\$ -	\$ (2,905)
Land lease and property taxes	1,887	-	-	-	1,887
Travel and accommodation	(872)	-	-	-	(872)
Total	\$ (1,890)	\$ -	\$ -	\$ -	\$ (1,890)

6. Equipment

	Vehicles	Office Equipment	Computer Equipment	Total
Cost				
Balance, March 31, 2015	\$ -	\$ 2,229	\$ 8,232	\$ 10,461
Additions (disposals)	-	-	(6,039)	(6,039)
Balance, March 31, 2016	\$ -	\$ 2,229	\$ 2,193	\$ 4,422
Accumulated depreciation				
Balance, March 31, 2015	\$ -	\$ 1,878	\$ 8,232	\$ 10,110
Depreciation	-	351	-	351
Disposals	-	-	(6,039)	(6,039)
Balance, March 31, 2016	\$ -	\$ 2,229	\$ 2,193	\$ 4,422
Carrying amounts				
As at March 31, 2016	\$ -	\$ -	\$ -	\$ -

The Company did not have any equipment during the years ended March 31, 2018 and 2017 and accordingly did not record depreciation expense.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

7. Accounts Payable and Accrued Liabilities

	March 31, 2018		March 31, 2017	
Trade and other payables	\$	128,251	\$	25,574
Accrued liabilities		8,500		10,000
Totals	\$	136,751	\$	35,574

8. 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 has paid \$76,437 against the Loan with the remaining balance of \$76,641 at March 31, 2018. The Loan is due on demand, unsecured and bears no interest.

9. Related Party Transactions and Balances

Remuneration of directors and key management personnel of the Company were as follows for the years ended March 31, 2018, 2017 and 2016:

	For the years ended March 31,		
	2018	2017	2016
Consulting fees charged by directors of the Company	\$ 11,120	\$ -	\$ -
Salaries, fees and benefits	80,750	50,000	70,182
Termination benefits	-	7,000	15,000
Share-based payments	44,193	26,282	18,188

Related party balances as at March 31, 2018 and 2017 were as follows:

	March 31, 2018		March 31, 2017	
Amounts due to Directors and Officers of the Company	\$	40,321	\$	18,425
Amounts due to former directors and officers and companies controlled by former directors and officers		1,750		38,204
Totals	\$	42,071	\$	56,629

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

10. 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.

The Company had 12,236,638 common shares issued and outstanding as at March 31, 2018 (March 31, 2017 – 8,903,308).

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

10. Share Capital (continued)

(b) Share Issuance

Fiscal 2018

On February 22, 2018, the Company completed a non-brokered private placement for gross proceeds of \$500,000 by way of issuing 2,666,665 common shares at a price of \$0.15 per common share for gross proceeds of \$400,000 and issuing an additional 666,665 flow-through shares at a price of \$0.15 for gross proceeds \$100,000. The Company paid finder's fee of \$11,175 and incurred additional cash share issue costs \$22,844.

Fiscal 2017

On January 24, 2017, the Company closed a non-brokered private placement by the issuance of 1,189,142 units at a price of \$0.35 per unit for gross proceeds of \$416,200. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant exercisable to purchase one additional common share of the Company at a price of \$0.08 for a period of two years expiring January 24, 2019. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk-free interest rate of 0.78%, volatility factor of 205% and an expected life of two years.

On January 4, 2017, the Company issued 20,000 common shares as part of a debt settlement agreement with the Company's former CFO.

Fiscal 2016

In June 2015, the Company closed a non-brokered private placement of units at a price of \$0.25 per unit by issuing an aggregate of 1,000,000 units for gross proceeds of \$250,000. Each unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one additional common share at a price of \$0.50 for a term of 24 months after closing. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk-free interest rate of 0.56%, volatility factor of 120% and an expected life of two years.

In June 2015, the Company issued, pursuant to TSX Venture Exchange ("TSXV") approval, 229,500 common shares at \$0.10 per common share for \$22,950 in partial settlement of \$52,500 of deferred salary payable to Ron Lang since his appointment as President in October 2013 and settlement in full of \$16,250 of director's fees arrears incurred prior to his appointment as President. The Company recorded a gain on the settlement of this debt of \$45,800.

(c) 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 544,700 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:

- (i) 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;
- (ii) 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;
- (iii) 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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

10. Share Capital (continued)

(c) Stock Options (continued)

(iv) 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 continuity for stock options for the years ended March 31, 2018, 2017 and 2016 is as follows:

	Number of Shares	Weighted Average Exercise Price (\$)
Balance, fully vested and exercisable at March 31, 2015	75,500	16.55
Granted	290,000	0.35
Cancelled/forfeited	(67,500)	17.60
Balance, fully vested and exercisable at March 31, 2016	298,000	0.55
Granted	250,000	0.55
Expired	(8,000)	8.00
Cancelled/forfeited	(196,000)	0.40
Exercised	(14,000)	0.35
Balance, fully vested and exercisable at March 31, 2017	330,000	0.47
Granted	180,000	0.25
Cancelled/forfeited	(370,000)	0.44
Balance, fully vested and exercisable at March 31, 2018	140,000	0.25

The following table summarizes information on stock options outstanding at March 31, 2018:

Exercise Price	Expiry Date	Number Outstanding and Exercisable	Weighted average exercise price	Average Remaining Contractual Life
\$0.25	July 11, 2022	140,000	\$0.25	4.28

(d) Share-Based Payments

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.

Fiscal 2018

During the year ended March 31, 2018, pursuant to the Company's stock option plan and TSXV approval, the Company granted 180,000 incentive stock options to directors and officers and all of which vested at the date of grant. The options are exercisable at \$0.25 per share, expiring on July 11, 2022. The fair value of these options was \$44,193 and was calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk-free interest rate of 1.45%, volatility factor of 201% and an expected life of five years. and was recognized as share-based compensation expense during the period ended September 30, 2017.

Fiscal 2017

During the year ended March 31, 2017, pursuant to the Company's stock option plan and TSXV approval, the Company granted 250,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.55 per share, expiring on August 1, 2021. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk-free interest rate of 0.68%, volatility factor of 179% and an expected life of five years.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

10. Share Capital (continued)

(d) Share based payments (continued)

Fiscal 2016

During the year ended March 31, 2016, pursuant to the Company's stock option plan and TSXV approval, the Company granted 290,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.35 per share, expiring on June 3, 2020. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk-free interest rate of 0.47%, volatility factor of 168% and an expected life of five years.

(e) Share Purchase Warrants

As at March 31, 2018, the following share purchase warrants issued in connection with private placements were outstanding:

Exercise Price	Expiry Date	Number Outstanding and Exercisable	Average Remaining Contractual Life
\$0.40	24-Jan-19	1,189,142	0.82

The continuity for share purchase warrants for the years ended March 31, 2018, 2017 and 2016 is as follows:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2015	2,060,000	2.50
Issued	1,000,000	0.50
Expired	(2,060,000)	2.50
Balance, March 31, 2016	1,000,000	0.50
Issued	1,189,142	0.40
Balance, March 31, 2017	2,189,142	0.45
Expired	(1,000,000)	0.50
Balance, March 31, 2018	1,189,142	0.40

11. Segmented Information

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

12. Income Taxes

The income taxes shown in the consolidated statements of operations differ from the amounts obtained by applying statutory rates to net income/loss before income taxes due to the following:

	2018	2017	2016
Net loss (income) for the year	\$ 862,000	\$ 357,000	\$ 112,000
Statutory tax rate	27%	26%	26%
Expected income tax recovery	233,000	93,000	29,000
(Decrease) increase to income tax recovery due to:			
Non-deductible permanent differences	(160,000)	(36,000)	(7,000)
Change in tax assets not recognized	(82,000)	(57,000)	(762,000)
Tax rate change and other	9,000	-	740,000
Income tax recovery	\$ -	\$ -	\$ -

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

	March 31, 2018	March 31, 2017
Mineral property interests	\$ 2,065,000	\$ 2,706,000
Equipment	97,000	89,000
Operating losses carried forward	2,539,000	2,484,000
Capital losses and other	916,000	887,000
Total deferred tax assets	5,617,000	6,166,000
Deferred tax assets not recognized	(5,617,000)	(6,166,000)
	\$ -	\$ -

The Company's unrecognized deductible temporary differences and unused tax losses consist of the following:

	March 31, 2018	March 31, 2017
Mineral property interests	\$ 7,648,000	\$ 10,407,000
Equipment	360,000	341,000
Operating losses carried forward	9,404,000	9,554,000
Capital losses and other	3,393,000	3,413,000
Unrecognized deductible temporary differences	\$ 20,805,000	\$ 23,715,000

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

12. Income Taxes (continued)

The realization of income tax benefits related to these deferred potential tax deductions is uncertain and cannot be viewed as more likely than not. Accordingly, no deferred income tax assets have been recognized for accounting purposes. The Company has Canadian non-capital losses carried forward of \$9,404,000 that may be available for tax purposes. The losses expire as follows:

Expiry date	\$
2027	618,000
2028	928,000
2029	908,000
2030	706,000
2031	1,704,000
2032	1,339,000
2033	1,092,000
2034	879,000
2035	530,000
2036	196,000
2037	233,000
2038	271,000
Total	9,404,000

The Company has resource pools of approximately \$7,648,000 (2017 - \$10,407,000) to offset future taxable income. The tax benefit of these amounts is available to be carried forward indefinitely.

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, loan payable and share subscription payable are classified as borrowings and other financial liabilities. As of March 31, 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).

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

13. Financial Instruments and Risk Management (continued)

The following provides the valuation method of the Company's financial instruments as at March 31, 2018 and 2017:

	Level		As at March 31,	
			2018	2017
Loans and receivables	1	\$	397,375	\$ 54,026
Other financial liabilities	1	\$	255,463	\$ 92,203

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 March 31, 2018, the Company had cash of \$376,375 to settle current liabilities of \$255,463. Further information relating to liquidity risk is disclosed in Note 1.

Interest Rate Risk

The Company has no significant exposure at March 31, 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 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.

Currency Risk

The Company has no significant exposure at March 31, 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 years ended March 31, 2018 and 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.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

14. Management of Capital (continued)

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 year ended March 31, 2018 compared to the year ended to March 31, 2017. The Company is not subject to externally imposed capital requirements. Further information relating to the management of capital is disclosed in Note 1.

15. Subsequent Events

Subsequent to March 31, 2018, the Company:

- issued 140,000 common shares pursuant to the exercise of options at \$0.25 per share for total proceeds of \$35,000;
- issued 100,000 common shares and made a \$20,000 option payment pursuant to its January 29, 2018 Phyllis Cobalt option agreement;
- entered in to an option agreement under which the Company can earn a 100% interest in the Russel Graphite Property, located in the Gatineau area of the province of Quebec, by making cash payments, issuing shares and carrying out exploration work as follows:
 - \$7,500 in cash and the issuance of 75,000 common shares of the Company as soon as practicable following the signing of this agreement and receipt of TSX Venture Exchange approval;
 - \$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;
 - \$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 January 31, 2019; and
 - the granting of a 3% NSR, subject to a 2% buy-out at \$1 million cash for each percent of royalty; and

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2018, 2017 and 2016

(Expressed in Canadian dollars)

15. Subsequent Events (continued)

(iv) entered into an option agreement under which the Company can earn a 100% interest in the Highway 95 Property, located in Nye County, Nevada, by making cash payments, issuing common shares and carrying out exploration work as follows:

- \$10,000 in cash and the issuance of 100,000 common shares of the Company as soon as practicable following the signing of this agreement and receipt of TSX Venture Exchange approval;
- \$20,000 in cash and the issuance of 200,000 common 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 July 31, 2019;
- \$40,000 in cash and issuance of 300,000 common 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 July 31, 2020; and
- the granting of a 3% NSR, subject to a buy-out of 1% of the royalty for \$1 million cash.



FIRST ENERGY METALS LIMITED
(formerly Agave Silver Corp.)

FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2017, 2016 AND 2015

(Expressed in Canadian dollars)

REPORT OF INDEPENDENT REGISTERED CHARTERED PROFESSIONAL ACCOUNTANTS

To the Shareholders of First Energy Metals Limited (formerly Agave Silver Corp.),

We have audited the accompanying financial statements of First Energy Metals Limited (formerly Agave Silver Corp.), which comprise the statement of financial position as at March 31, 2017 and the statements of operations and comprehensive income (loss), cash flows, and changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of First Energy Metals Limited as at March 31, 2017 and its financial performance and its cash flows for the year ended March 31, 2017 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred significant losses since inception and is also dependent upon its ability to secure new sources of financing to fund ongoing operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Other Matter

The financial statements of First Energy Metals Limited (formerly Agave Silver Corp.) for the years ended March 31, 2016 and 2015 were audited by another auditor which expressed an unmodified opinion on those statements in its report to the shareholders dated July 5, 2016.



CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada
July 31, 2017

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Statements of Financial Position

(Expressed in Canadian dollars)

	March 31, 2017	March 31, 2016
Assets		
Current Assets		
Cash	\$ 36,026	\$ 774
Amounts receivable and prepaid expenses (Note 5)	25,108	13,889
Total Current Assets	61,134	14,663
Non-current Assets		
Deferred charge	9,375	15,625
Reclamation deposits	18,000	18,000
Exploration and evaluation assets (Note 6)	513,600	-
Total Non-current Assets	540,975	33,625
Total Assets	\$ 602,109	\$ 48,288
Liabilities and Shareholders' Equity (Deficiency)		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 35,574	\$ 23,371
Due to related parties (Note 9)	56,629	228,431
Total Liabilities	92,203	251,802
Shareholders' Equity (Deficiency)		
Share capital (Note 11)	34,722,852	33,973,547
Warrants reserve	245,266	54,688
Share-based payments reserve (Note 11)	201,407	71,009
Deficit	(34,659,619)	(34,302,758)
Total Shareholders' Equity (Deficiency)	509,906	(203,514)
Total Liabilities and Shareholders' Equity (Deficiency)	\$ 602,109	\$ 48,288

Going Concern (Note 1)

Approved and authorized for issue on behalf of the board of directors on July 31, 2017 by:

/s/Ernest Peters
Director

/s/Warren Mirko
Director

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Statements of Operations and Comprehensive Income (Loss)

(Expressed in Canadian dollars)

	For the years ended March 31,		
	2017	2016	2015
Expenses			
Exploration and evaluation costs (Note 6)	\$ 7,152	\$ (1,890)	\$ 1,465
Finance fees	-	25,000	--
Foreign exchange	-	(336)	2,963
General and administrative (Note 10)	32,091	43,796	76,951
Professional fees	83,108	39,785	113,335
Salaries, fees and benefits (Note 9)	64,277	85,181	191,087
Shareholder communications	38,856	28,879	20,786
Share-based payments (Note 11)	131,412	21,006	--
Loss Before Other Income	(356,896)	(241,421)	(406,587)
Other Income			
Gain on settlement of debt (Note 9)	--	129,121	--
Interest income	35	707	--
Total Other Income	35	129,828	--
Loss From Continuing Operations	(356,861)	(111,593)	(406,587)
Discontinued Operations			
Exploration and evaluation costs (Notes 4, 6, 9)	--	--	(275,778)
Gain on sale of discontinued operations (Note 4)	--	--	684,023
Net Income (Loss) From Discontinued Operations	--	--	408,245
Net (Loss) Income and Comprehensive (Loss) Income for the Year	\$ (356,861)	\$ (111,593)	\$ 1,658
Loss per Common Share, Continuing Operations	\$ (0.01)	\$ (0.00)	\$ (0.02)
Earnings (Loss) per Common Share, Discontinued Operations	--	--	0.02
(Loss) Earnings per Common Share, Basic and Diluted	\$ (0.01)	\$ (0.00)	\$ 0.00
Weighted Average Number of Shares Outstanding – Basic and Diluted	35,830,411	30,682,669	25,834,059

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Statements of Changes in Shareholders' Equity

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

	Common Shares Without Par Value		Share Subscriptions	Warrants Reserve	Share-based Payments Reserve	Deficit	Total Equity (Deficiency)
	Shares	Amount					
Balance, March 31, 2014	25,834,059	\$ 33,755,285	\$ 50,000	\$ 341,631	\$ 1,376,550	\$ (35,861,001)	\$ (337,535)
Share subscription	--	--	50,000	--	--	--	50,000
Options expired, unexercised	--	--	--	--	(411,600)	411,600	--
Net income for the year	--	--	--	--	--	1,658	1,658
Balance, March 31, 2015	25,834,059	33,755,285	100,000	341,631	964,950	(35,447,743)	(285,877)
Private placement	5,000,000	195,312	(100,000)	54,688	--	--	150,000
Shares issued for debt	1,147,500	22,950	--	--	--	--	22,950
Share-based payments	--	--	--	--	21,006	--	21,006
Warrants expired, unexercised	--	--	--	(341,631)	--	341,631	--
Options expired, unexercised	--	--	--	--	(914,947)	914,947	--
Net loss for the year	--	--	--	--	--	(111,593)	(111,593)
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
Share-based payments	--	--	--	--	131,412	--	131,412
Options exercised	70,000	5,914	--	--	(1,014)	--	4,900
Shares issued for termination settlement	100,000	7,000	--	--	--	--	7,000
Private placement	5,945,714	416,200	--	--	--	--	416,200
Share issue costs	--	(2,831)	--	--	--	--	(2,831)
Fair value of warrants from private placement	--	(190,578)	--	190,578	--	--	--
Net loss for the year	--	--	--	--	--	(356,861)	(356,861)
Balance, March 31, 2017	44,517,273	\$ 34,722,852	\$ --	\$ 245,266	\$ 201,407	\$ (34,659,619)	\$ 509,906

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Statements of Cash Flows

(Expressed in Canadian dollars)

	For the years ended March 31,		
	2017	2016	2015
Cash provided by (used in):			
Operations			
Net (loss) income for the year	\$ (356,861)	\$ (111,593)	\$ 1,658
Items not involving cash			
Depreciation	--	351	3,780
Gain on settlement of debt	--	(129,121)	--
Gain on sale of discontinued operations	--	--	(684,023)
Consulting fees - settlement with former CFO	7,000	--	--
Share-based payments	131,412	21,006	--
Foreign exchange	--	--	(1,977)
Changes in non-cash operating assets and liabilities			
Amounts receivable and prepaid expenses	(11,219)	8,877	5,678
Deferred charge	6,250	6,250	6,250
Deferred finance fee	--	28,900	(28,900)
Foreign value-added taxes recoverable	--	--	16,857
Accounts payable and accrued liabilities	12,203	(74,244)	(49,105)
Due to related parties, net	(246,802)	18,207	378,190
Cash used in operating activities	(458,017)	(231,367)	(351,592)
Investing activities			
Proceeds from sale of mineral property	--	--	--
Proceeds of short-term investments	--	--	10,000
Interest on short-term investments	--	--	69
Reclamation bonds	--	--	--
Cash provided by investing activities	--	--	10,069
Financing activities			
Proceeds from financing	416,200	150,000	--
Share issue costs	(2,831)	--	--
Share subscriptions	--	--	50,000
Proceeds from exercise of stock options	4,900	--	--
Proceeds from loans from related party	75,000	79,314	265,000
Cash provided by financing activities	493,269	229,314	315,000
Increase (Decrease) in cash during the year	35,252	(2,053)	(26,523)
Cash, beginning of the year	774	2,827	29,350
Cash, end of the year	\$ 36,026	\$ 774	\$ 2,827
Supplemental information			
Shares issued for mineral interests	\$ 513,600	\$ --	\$ --
Fair value of warrants issued in connection with financing	\$ 190,578	\$ --	\$ --
Fair value of options exercised	\$ 1,014	\$ --	\$ --

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

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 #1601-675 West Hastings Street, Vancouver, B.C., Canada, V6B 1N2. The Company’s registered and records office is 25th Floor-700 West Georgia Street, Vancouver, B.C., Canada, V7Y 1B3.

During the year ended March 31, 2015, the Company sold its wholly-owned Mexican subsidiary, Cream Minerals de Mexico S.A. de C.V. (“CMM”) to Frank Lang and Ferdinand Holcapek (the “Buyers”). CMM holds all rights and title to the mineral concessions comprising the Company’s Nuevo Milenio Property. As consideration for the securities of CMM held by the Company, the Buyers paid the aggregate sum of \$686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek. Refer to note 4.

These 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 \$34,659,619 and a working capital deficiency of \$31,069 at March 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. Significant Accounting Policies

(a) Statement of Compliance

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(b) Basis of Measurement and Presentation

These 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.

(c) Cash and Cash Equivalents

Cash consists of cash held in bank accounts. For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. The Company had no cash equivalents as at March 31, 2017 and 2016.

(d) Exploration and Evaluation Assets

Exploration and evaluation acquisition costs are considered as sets and capitalized at cost. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the accounts upon payment. When the technical and commercial viability of a mineral interest has been demonstrated and a development decision has been made, accumulated expenses will be tested for impairment before they are reclassified to assets and amortized on a unit of production basis over the useful life of the ore body following commencement of commercial production.

Costs incurred before the Company has obtained the legal rights to explore an area are expensed. Mineral property exploration and evaluation expenditures are expensed until the property reaches the development stage.

The recoverability of the amounts capitalized for exploration and evaluation assets is dependent upon the determination of economically recoverable mineral deposits, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. If it is determined that exploration and evaluation assets are not recoverable, the property is abandoned, or management has determined an impairment in value, the property is written down to its estimated recoverable amount.

Refer to note 3(c).

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(e) Financial Instruments and Risk Management

All financial instruments are classified into one of five categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Fair value through profit or loss financial assets is measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified cash as fair value through profit or loss. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities. Management did not identify any material embedded derivatives, which require separate recognition and measurement.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

Liquidity risk on amounts due to creditors and amounts due to related parties were significant to the Company's statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is indirectly related to changing metal prices and the price of silver and gold in particular.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(f) Equipment

Equipment is recorded at cost and depreciated over its estimated useful life. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of operations and comprehensive loss during the financial period in which they are incurred.

Depreciation is recognized using the straight-line basis over the estimated useful lives of the various classes of equipment, ranging from three to five years. Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

(g) Impairment of Tangible and Intangible Assets

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

Where it is possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash in flows from other assets. Each of the Company's exploration and evaluation properties is considered to be a cash-generating unit for which impairment testing is performed.

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

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(h) Impairment of Tangible and Intangible Assets (Continued)

Management's estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. A mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavorable economic, legal regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are key factors considered as part of the ongoing assessment of the recoverability of the carrying amount of exploration and evaluation assets. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, the capitalized costs are written down to the estimated recoverable amount. Although management has made its best 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 projects.

(i) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(j) Foreign Currency Translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were made through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

(k) Share-based Payments

The Company accounts for stock options issued to directors and employees at the fair value determined on the grant date using the Black-Scholes option pricing model. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date the goods and services are received.

Warrants issued are recorded at estimated fair values determined on the grant date using the Black-Scholes model. If and when the stock options or warrants are ultimately exercised, the applicable amounts of their fair values in the reserve accounts are transferred to share capital. If and when the stock options or warrants are ultimately expired, the applicable amounts of their fair values in the reserve accounts are transferred to deficit.

(l) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issue of the units are allocated between common shares and share purchase warrants on a pro-rata basis based on the relative fair values as follows: the fair value of the common shares is based on the market closing price on the date the units are issued and fair value of the share purchase warrants is determined using the Black-Scholes option pricing model.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(m) Earnings (Loss) per Common Share

Basic earnings (loss) per common share is calculated by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share are the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the period.

(n) Flow-through Shares

Share capital includes flow-through shares which is a unique Canadian tax incentive pursuant to certain provisions of the Canadian Income Tax Act. Proceeds from the issuance of flow-through shares are used to fund qualified Canadian exploration and evaluation projects and the related income tax deductions are renounced to the subscribers of the flow-through shares. The premium paid for flow-through shares in excess of the market value of the shares without flow-through features, at the time of issue, is credited to other liabilities and recognized in income at the time qualifying expenditures are incurred. The Company also recognizes a deferred tax liability with a corresponding charge in the statement of operations when the qualifying exploration and evaluation expenditures are renounced. If the Company has sufficient tax assets to offset the deferred tax liability, the liability will be offset by the recognition of a corresponding deferred tax asset and recovery of deferred income taxes through profit or loss in the reporting period.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through expenditure commitments.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(o) Decommissioning Liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(p) 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 cost 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.

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. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 11.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

3. Critical Accounting Judgments and Estimates (Continued)

(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 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.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

4. Discontinued Operations – Sale of Mexican Subsidiary

On February 12, 2015, the Company closed the sale of its wholly-owned Mexican subsidiary, Cream Minerals de Mexico S.A. de C.V. (“CMM”) to Frank Lang and Ferdinand Holcapek (the “Buyers”). CMM holds all rights and title to the mineral concessions comprising the Company’s Nuevo Milenio Property. As consideration for the securities of CMM held by the Company, the Buyers paid the aggregate sum of \$686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

The loss on sale of the Mexican subsidiary was as follows:

Investment in and amounts receivable from CMM	\$ 7,888,482
Retained earnings from CMM	(7,886,505)
Forgiveness of debts	(686,000)
Gain on sale of discontinued operations	\$ (684,023)

During the year ended March 31, 2016, the Company spent \$Nil (2015 - \$275,778; 2014 - \$443,448) in cash in exploration and evaluation costs on the discontinued operations, resulting in net cash used in operating activities of the same amount.

5. Amounts Receivable and Prepaid Expenses

	March 31, 2017	March 31, 2016
GST/HST	\$ 12,866	\$ 7,639
Prepayments and other receivable	12,242	6,250
Total	\$ 25,108	\$ 13,889

6. Exploration and Evaluation Assets

Details of mineral interests capitalized for the years ended March 31, 2016 and 2017 are as follows:

	Kootenay Lithium		Total
Balance – March 31, 2016	\$ --	\$ --	--
Shares	513,600		513,600
Balance – March 31, 2017	\$ 513,600	\$	513,600

(a) 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 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.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (Continued)

(a) Kootenay Lithium (Continued)

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.

(b) Nuevo Milenio Property, Nayarit, Mexico

During the year ended March 31, 2015, the Company closed the sale of the Company's interest in the Nuevo Milenio Property to Frank Lang and Ferdinand Holcapek via the sale of all of the securities of CMM held by the Company. CMM held all rights and title to the mineral concessions comprising the Company's Nuevo Milenio Property. As consideration for these securities of Cream Minerals de Mexico, the buyers paid the aggregate sum of \$686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

The remainder of this page was left intentionally blank.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (Continued)

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

Year ended March 31, 2017	Kaslo Silver Property, British Columbia	Kootenay Lithium, British Columbia	Total March 31, 2017
Incurring during the year			
Geological and geophysical	\$ -	\$ 4,355	\$ 4,355
Land lease and property taxes	260	2,537	2,797
Total Expenses March 31, 2017	\$ 260	\$ 6,892	\$ 7,152

Year ended March 31, 2016	Kaslo Silver Property, British Columbia	Nuevo Milenio Property, Mexico	Total March 31, 2016
Incurring during the year			
Geological and geophysical	\$ (2,905)	\$ --	\$ (2,905)
Land lease and property taxes	1,887	--	1,887
Travel and accommodation	(872)	--	(872)
Total Expenses March 31, 2016	\$ (1,890)	\$ --	\$ (1,890)

Year ended March 31, 2015	Kaslo Silver Property, British Columbia	Nuevo Milenio Property, Mexico	Total March 31, 2015
Incurring during the year			
Geological and geophysical	\$ 6,791	\$ 106,680	\$ 113,471
Site activities	1,687	166,114	167,801
Travel and accommodation	872	2,984	3,856
Government assistance	(7,885)	--	(7,885)
Total Expenses March 31, 2015	\$ 1,465	\$ 275,778	\$ 277,243

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

7. Equipment

The Company did not have any equipment during the year ended March 31, 2017 and accordingly does not have any depreciation expense.

For the years ended March 31, 2015 and 2016, please refer to table below.

	Vehicles	Office Equipment	Computer Equipment	Total
Cost				
Balance, March 31, 2015	\$ --	\$ 2,229	\$ 8,232	\$ 10,461
Additions (disposals)	--	--	(6,039)	(6,039)
Balance, March 31, 2016	\$ --	\$ 2,229	\$ 2,193	\$ 4,422
Accumulated depreciation				
Balance, March 31, 2014	\$ 69,269	\$ 1,645	\$ 9,698	\$ 80,612
Depreciation	2,544	233	1,003	3,780
Disposals	(71,813)	--	(2,469)	(74,282)
Balance, March 31, 2015	--	1,878	8,232	10,110
Depreciation	--	351	--	351
Disposals	--	--	(6,039)	(6,039)
Balance, March 31, 2016	\$ --	\$ 2,229	\$ 2,193	\$ 4,422
Carrying amounts				
As at March 31, 2015	\$ --	\$ 351	\$ --	\$ 351
As at March 31, 2016	\$ --	\$ --	\$ --	\$ --

8. Accounts Payable and Accrued Liabilities

	March 31, 2017	March 31, 2016
Trade payables	\$ 24,574	\$ 11,725
Accrued liabilities	10,000	11,646
Totals	\$ 34,574	\$ 23,371

9. Related Party Transactions and Balances

Remuneration of directors and key management personnel of the Company were as follows for the years ended March 31, 2017, 2016 and 2015:

	For the years ended March 31,		
	2017	2016	2015
Salaries, fees and benefits	\$ 50,000	\$ 70,182	\$ 151,225
Termination benefits	7,000	15,000	--
Share-based payments	26,282	18,188	--
Director fees	--	--	--
<i>Cream Minerals de Mexico, S.A. de C.V.</i>			
Salaries and benefits ⁽¹⁾	--	--	85,000

(1) Salaries and benefits and share-based payments have been recorded as exploration costs related to the Nuevo Milenio project.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

9. Related Party Transactions and Balances (Continued)

Related party balances as at March 31, 2017 and 2016 were as follows:

Balances at:	March 31, 2017	March 31, 2016
Payables:		
Lang Mining Corporation (a)	\$ -	\$ 42,555
Dauntless Developments Ltd. (a)	38,204	88,376
Directors and Officers (b)	18,425	97,500
Totals	\$ 56,629	\$ 228,431

(a) Lang Mining Corporation (“Lang Mining”) and Dauntless Developments Ltd. (“Dauntless Developments”) are private companies controlled by the Estate of Frances A. Lang. The Company’s former President and CEO, Ronald Lang, is a beneficiary to the Estate. Lang Mining and Dauntless Developments have since amalgamated and Mr. Lang continues to control Dauntless Developments. Lang Mining and Dauntless Developments have provided the Company with non-interest bearing loans, with no specified terms of repayment. The Company also paid or accrued office rent of \$18,000 (2016 and 2015 - \$24,000) to Lang Mining/Dauntless Developments during the year.

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

During the year ended March 31, 2016, the Company settled all debts owing to officers and directors, with the exception of salary amounts payable to its President, by cash payments totaling \$68,621 and the issuance of 1,147,500 common shares at \$0.02 per common share for \$22,950. These settlements resulted in a gain on settlement of debt in the amount of \$129,121.

10. General and Administrative

	For the years ended March 31,		
	2017	2016	2015
Depreciation	\$ --	\$ 351	\$ 1,235
Office and administration	32,091	43,445	69,339
Travel and conferences	--	--	6,377
Totals	\$ 32,091	\$ 43,796	\$ 76,951

11. Share Capital

Authorized - Unlimited number of common shares without par value.

Financings

On January 24, 2017, the Company closed a non-brokered private placement by the issuance of 5,945,714 units at a price of \$0.07 per unit for gross proceeds of \$416,200. Each unit is comprised of one common share of the Company and one non-transferable common share purchase warrant exercisable to purchase one additional common share of the Company at a price of \$0.08 for a period of two years expiring January 24, 2019. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk free interest rate of 0.78%, volatility factor of 205% and an expected life of two years.

In June 2015, the Company closed a non-brokered private placement of units at a price of \$0.05 per unit by issuing an aggregate of 5,000,000 units for gross proceeds of \$250,000.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

11. Share Capital (Continued)

Financings (continued)

Each unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one additional common share at a price of \$0.10 for a term of 24 months after closing. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk free interest rate of 0.56%, volatility factor of 120% and an expected life of two years.

Shares for Settlement and for Debt

On January 4, 2017, the Company issued 100,000 common shares as part of a settlement agreement with the Company's former CFO.

In June 2015, the Company issued, pursuant to TSX Venture Exchange ("TSXV") approval, 1,147,500 common shares at \$0.02 per common share for \$22,950 in partial settlement of \$52,500 of deferred salary payable to Ron Lang since his appointment as President in October 2013 and settlement in full of \$16,250 of director's fees arrears incurred prior to his appointment as President. The Company recorded a gain on the settlement of this debt of \$45,800.

Stock Options

On September 27, 2013, 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 10% of the issued and outstanding shares of the Company to a maximum of 2,723,500 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.

Share-Based Payments

During the year ended March 31, 2016, pursuant to the Company's stock option plan and TSXV approval, the Company granted 1,450,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.07 per share, expiring on June 3, 2020. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk free interest rate of 0.47%, volatility factor of 168% and an expected life of five years.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

11. Share Capital (Continued)

Stock Options (Continued)

During the year ended March 31, 2017, pursuant to the Company's stock option plan and TSXV approval, the Company granted 1,250,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.11 per share, expiring on August 1, 2021. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk free interest rate of 0.68%, volatility factor of 179% and an expected life of five years.

There were no stock options granted during the year ended March 31, 2015.

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

Exercise Price	Number Outstanding and Exercisable	Average Remaining Contractual Life
\$0.07	700,000	3.21 years
\$0.11	950,000	4.34 years
	1,650,000	3.85 years

A summary of the changes in stock options for the years ended March 31, 2017 and 2016 is presented in the following table:

	Number of Shares	Weighted Average Exercise Price (\$)
Balance, fully vested and exercisable at March 31, 2015	377,500	3.31
Granted	1,450,000	0.07
Cancelled/forfeited	(337,500)	3.52
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, fully vested and exercisable at March 31, 2017	1,650,000	0.09

Warrants

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

Number of Warrants	Exercise Price	Expiry Dates
5,000,000*	\$0.10	June 17, 2017
5,945,714	\$0.08	January 24, 2019
10,945,714		

*Subsequent to the year ended March 31, 2017, these warrants expired unexercised.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

11. Share Capital (Continued)

Warrants (Continued)

A summary of the changes in warrants for the years ended March 31, 2017 and 2016 is presented below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2015	10,300,000	0.25
Issued	5,000,000	0.10
Expired	(10,300,000)	0.25
Balance, March 31, 2016	5,000,000	0.10
Issued	5,945,714	0.08
Balance, March 31, 2017	10,945,714	0.09

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 and Mexico. The majority of investment income is earned in Canada. Segmented assets by geographical location are as follows:

Statement of Financial Position			
March 31, 2017	Canada	Mexico	Total
Total Assets	\$ 602,109	\$ --	\$ 602,109
Current Assets	\$ 61,134	\$ --	\$ 61,134
Long-term Assets	\$ 540,975	\$ --	\$ 540,975

Statement of Financial Position			
March 31, 2016	Canada	Mexico	Total
Total Assets	\$ 48,288	\$ --	\$ 48,288
Current Assets	\$ 14,663	\$ --	\$ 14,663
Long-term Assets	\$ 33,625	\$ --	\$ 33,625

Statement of Financial Position			
March 31, 2015	Canada	Mexico	Total
Total Assets	\$ 94,719	\$ --	\$ 94,719
Current Assets	\$ 25,593	\$ --	\$ 25,593
Long-term Assets	\$ 69,126	\$ --	\$ 69,126

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

12. Segmented Information (Continued)

Segmented expenses by geographical location are as follows:

Year ended March 31, 2017	Canada	Mexico	Total
Exploration and evaluation costs	\$ 7,152	\$ --	\$ 7,152
Other expenses	349,744	--	349,744
Total expenses	\$ 356,896	\$ --	\$ 356,896
Year ended March 31, 2016	Canada	Mexico	Total
Exploration and evaluation costs	\$ (1,890)	\$ --	\$ (1,890)
Other expenses	243,311	--	243,311
Total expenses	\$ 241,421	\$ --	\$ 241,421
Year ended March 31, 2015	Canada	Mexico	Total
Exploration and evaluation costs	\$ 1,465	\$ 275,778	\$ 277,243
Other expenses	405,122	--	405,122
Total expenses	\$ 406,587	\$ 275,778	\$ 682,365

13. Income Taxes

The income taxes shown in the consolidated statements of operations differ from the amounts obtained by applying statutory rates to net income/loss before income taxes due to the following:

	2017	2016	2015
Net loss (income) for the year	\$ 357,000	\$ 112,000	\$ (2,000)
Statutory tax rate	26%	26%	26%
Expected income tax recovery	93,000	29,000	--
(Decrease) increase to income tax recovery due to:			
Non-deductible permanent differences	(36,000)	(7,000)	178,000
Change in tax assets not recognized	(57,000)	(762,000)	2,137,000
Tax rate change and other	--	740,000	(2,315,000)
Income tax recovery	\$ --	\$ --	\$ --

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

	March 31, 2017	March 31, 2016
Mineral property interests	\$ 2,706,000	\$ 2,570,000
Equipment	89,000	89,000
Operating losses carried forward	2,484,000	2,398,000
Capital losses and other	887,000	882,000
Total deferred tax assets	6,166,000	5,939,000
Deferred tax assets not recognized	(6,166,000)	(5,939,000)
	\$ --	\$ --

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

13. Income Taxes (Continued)

The Company's unrecognized deductible temporary differences and unused tax losses consist of the following:

	March 31, 2017	March 31, 2016
Mineral property interests	\$ 10,407,000	\$ 9,886,000
Equipment	341,000	341,000
Operating losses carried forward	9,554,000	9,225,000
Capital losses and other	3,413,000	3,410,000
Unrecognized deductible temporary differences	23,715,000	22,862,000

The realization of income tax benefits related to these deferred potential tax deductions is uncertain and cannot be viewed as more likely than not. Accordingly, no deferred income tax assets have been recognized for accounting purposes. The Company has Canadian non-capital losses carried forward of \$9,554,000 that may be available for tax purposes. The losses expire as follows:

Expiry date	\$
2026	435,000
2027	618,000
2028	928,000
2029	908,000
2030	706,000
2031	1,704,000
2032	1,339,000
2033	1,092,000
2034	879,000
2035	530,000
2036	196,000
2037	219,000
Total	9,554,000

The Company has resource pools of approximately \$ 10,407,000 (2016 - \$9,886,000) to offset future taxable income. The tax benefit of these amounts is available to be carried forward indefinitely.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

14. 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 March 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 March 31, 2017 and March 31, 2016:

	Level	As at March 31, 2017	As at March 31, 2016
Loans and receivables	1	\$ 54,026	\$ 18,774
Other financial liabilities	1	\$ 92,203	\$ 251,802

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 March 31, 2017, the Company had cash of \$36,036 to settle current liabilities of \$92,203. Further information relating to liquidity risk is disclosed in Note 1.

Interest Rate Risk

The Company has no significant exposure at March 31, 2017 to interest rate risk through its financial instruments.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

14. Financial Instruments and Risk Management (continued)

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.

Currency Risk

The Company has no significant exposure at March 31, 2017 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. The Company had no cash equivalents at March 31, 2017.

There were no transfers from levels or change in the fair value measurements of financial instruments for the years ended March 31, 2017 and 2016.

15. 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.

FIRST ENERGY METALS LIMITED

(formerly Agave Silver Corp.)

Notes to the Financial Statements

For the years ended March 31, 2017, 2016 and 2015

(Expressed in Canadian dollars)

15. Management of Capital (continued)

Management reviews its capital management approach on a non-going 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 year ended March 31, 2017 compared to the year ended to March 31, 2016. The Company is not subject to externally imposed capital requirements. Further information relating to management of capital is disclosed in Note 1.

16. Subsequent Event

On July 11, 2017, the Company granted 900,000 incentive stock options to its directors and officers. The options are exercisable for a period of five years, expiring on July 11, 2022, at an exercise price of \$0.05 per common share.



**AGAVE SILVER
CORPORATION**

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2016, 2015 AND 2014

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Agave Silver Corp.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Agave Silver Corp., which comprise the consolidated statements of financial position as at March 31, 2016 and 2015 and the consolidated statements of operations and comprehensive income (loss), changes in deficiency and cash flows for each of the years in the three-year period ended March 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Agave Silver Corp. as at March 31, 2016 and 2015 and its financial performance and its cash flows for each of the years in the three-year period ended March 31, 2016, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes matters and conditions that indicate the existence of a material uncertainty that casts substantial doubt about the Company's ability to continue as a going concern.

Vancouver, Canada

July 5, 2016

"Morgan & Company LLP"

Chartered Professional Accountants

AGAVE SILVER CORP.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

	March 31, 2016	March 31, 2015
Assets		
Current Assets		
Cash	\$ 774	\$ 2,827
Amounts receivable and prepaid expenses (Note 5)	13,889	22,766
Total Current Assets	14,663	25,593
Non-current Assets		
Deferred charge	15,625	21,875
Deferred finance fee	--	28,900
Equipment (Note 7)	--	351
Reclamation deposits	18,000	18,000
Total Non-current Assets	33,625	69,126
Total Assets	\$ 48,288	\$ 94,719
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 23,371	\$ 97,615
Accounts payable, related parties (Note 9)	228,431	282,981
Total Liabilities	251,802	380,596
Deficiency		
Share capital (Note 11)	33,973,547	33,755,285
Share subscriptions	--	100,000
Warrants reserve	54,688	341,631
Share-based payments reserve (Note 11)	71,009	964,950
Deficit	(34,302,758)	(35,447,743)
Total Deficiency	(203,514)	(285,877)
Total Liabilities and Deficiency	\$ 48,288	\$ 94,719

Going Concern (Note 1)

Approved and authorized for issue on behalf of the board of directors on July 5, 2016 by:

/s/Ronald M. Lang
Director

/s/Robert Paul
Director

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

AGAVE SILVER CORP.**Consolidated Statements of Operations and Comprehensive Income (Loss)**

(Expressed in Canadian dollars)

	For the years ended March 31,		
	2016	2015	2014
Expenses			
Consulting and director fees (Note 9)	\$ --	\$ --	\$ 38,500
Exploration and evaluation costs (Notes 6, 9)	(1,890)	1,465	40,107
Finance fees	25,000	--	--
Foreign exchange	(336)	2,963	6,022
General and administrative (Notes 9, 10)	43,796	76,951	56,916
Professional fees	39,785	113,335	174,741
Salaries and benefits (Note 9)	85,181	191,087	394,530
Shareholder communications (Note 9)	28,879	20,786	95,860
Share-based payments (Note 11)	21,006	--	--
Loss Before Other Income	(241,421)	(406,587)	(806,676)
Other Income			
Gain on settlement of debt (Note 9)	129,121	--	--
Gain on sale of mineral property (Note 6)	--	--	50,000
Interest income	707	--	504
Total Other Income	129,828	--	50,504
Loss From Continuing Operations	(111,593)	(406,587)	(756,172)
Discontinued Operations			
Exploration and evaluation costs (Notes 4, 6, 9)	--	(275,778)	(443,448)
Gain on sale of discontinued operations (Note 4)	--	684,023	--
Net Income (Loss) From Discontinued Operations	--	408,245	(443,448)
Net (Loss) Income and Comprehensive (Loss) Income for the Year	\$ (111,593)	\$ 1,658	\$ (1,199,620)
Loss per Common Share, Continuing Operations	\$ (0.00)	\$ (0.02)	\$ (0.04)
Earnings (Loss) per Common Share, Discontinued Operations	--	0.02	(0.02)
(Loss) Earnings per Common Share, Basic and Diluted	\$ (0.00)	\$ 0.00	\$ (0.06)
Weighted Average Number of Shares Outstanding – Basic and Diluted	30,682,669	25,834,059	19,913,784

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

AGAVE SILVER CORP.

Consolidated Statements of Changes in Deficiency For the years ended March 31, 2016, 2015 and 2014

(Expressed in Canadian dollars)

	Common Shares Without Par Value		Share Subscriptions	Warrants Reserve	Share-based Payments Reserve	Deficit	Total Deficiency
	Shares	Amount					
Balance, March 31, 2013	15,534,059	\$ 33,066,916	\$ --	\$ 2,174,973	\$ 2,022,465	\$ (37,482,269)	\$ (217,915)
Private placement	10,300,000	688,369	--	341,631	--	--	1,030,000
Share subscription	--	--	50,000	--	--	--	50,000
Warrants expired, unexercised	--	--	--	(2,174,973)	--	2,174,973	--
Options expired, unexercised	--	--	--	--	(645,915)	645,915	--
Net loss for the year	--	--	--	--	--	(1,199,620)	(1,199,620)
Balance, March 31, 2014	25,834,059	33,755,285	50,000	341,631	1,376,550	(35,861,001)	(337,535)
Share subscription	--	--	50,000	--	--	--	50,000
Options expired, unexercised	--	--	--	--	(411,600)	411,600	--
Net income for the year	--	--	--	--	--	1,658	1,658
Balance, March 31, 2015	25,834,059	33,755,285	100,000	341,631	964,950	(35,447,743)	(285,877)
Private placement	5,000,000	195,312	(100,000)	54,688	--	--	150,000
Shares issued for debt	1,147,500	22,950	--	--	--	--	22,950
Share-based payments	--	--	--	--	21,006	--	21,006
Warrants expired, unexercised	--	--	--	(341,631)	--	341,631	--
Options expired, unexercised	--	--	--	--	(914,947)	914,947	--
Net loss for the year	--	--	--	--	--	(111,593)	(111,593)
Balance, March 31, 2016	31,981,559	\$ 33,973,547	\$ --	\$ 54,688	\$ 71,009	\$ (34,302,758)	\$ (203,514)

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

AGAVE SILVER CORP.
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	For the years ended March 31,		
	2016	2015	2014
Cash provided by (used in):			
Operations			
Net (loss) income for the year	\$ (111,593)	\$ 1,658	\$ (1,199,620)
Items not involving cash			
Depreciation	351	3,780	4,757
Gain on settlement of debt	(129,121)	--	--
Gain on sale of discontinued operations	--	(684,023)	--
Gain on sale of mineral property	--	--	(50,000)
Share-based payments	21,006	--	--
Foreign exchange	--	(1,977)	(488)
Changes in non-cash operating assets and liabilities			
Amounts receivable and prepaid expenses	8,877	5,678	18,984
Deferred charge	6,250	6,250	(28,125)
Deferred finance fee	28,900	(28,900)	--
Foreign value-added taxes recoverable	--	16,857	(4,563)
Accounts payable and accrued liabilities	(74,244)	(49,105)	(74,352)
Accounts payable, related parties	18,207	378,190	60,319
Cash used in operating activities	(231,367)	(351,592)	(1,273,088)
Investing activities			
Proceeds from sale of mineral property	--	--	50,000
Proceeds of short-term investments	--	10,000	90,043
Interest on short-term investments	--	69	(69)
Reclamation bonds	--	--	(5,000)
Cash provided by investing activities	--	10,069	134,974
Financing activities			
Common shares	150,000	--	1,030,000
Share subscriptions	--	50,000	50,000
Loan from related party	79,314	265,000	8,000
Cash provided by financing activities	229,314	315,000	1,088,000
Decrease in cash during the year	(2,053)	(26,523)	(50,114)
Cash, beginning of the year	2,827	29,350	79,464
Cash, end of the year	\$ 774	\$ 2,827	\$ 29,350

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

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements For the years ended March 31, 2016, 2015 and 2014 (Expressed in Canadian dollars)

1. Nature of Operations and Going Concern

Agave Silver Corp. (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 #1601-675 West Hastings Street, Vancouver, B.C., Canada, V6B 1N2. The Company’s registered and records office is 25th Floor-700 West Georgia Street, Vancouver, B.C., Canada, V7Y 1B3.

The Company’s continuing operations are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its mineral property interests and on future profitable production or proceeds from the disposition of the mineral property interest or other interests.

During the year ended March 31, 2015, the Company sold its wholly-owned Mexican subsidiary, Cream Minerals de Mexico S.A. de C.V. (“CMM”) to Frank Lang and Ferdinand Holcapek (the “Buyers”). CMM holds all rights and title to the mineral concessions comprising the Company’s Nuevo Milenio Property. As consideration for the securities of CMM held by the Company, the Buyers paid the aggregate sum of \$686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern. This assumes the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company has incurred operating losses from inception to March 31, 2016 of \$34,302,758 (2015 – \$35,447,743). Additionally, the Company has no source of operating cash flow, minimal income from short-term investments, and there can be no assurances that sufficient funding, including adequate financing, will be available to explore its mineral properties and to cover general and administrative expenses necessary for the maintenance of a public company. The ability of the Company to arrange additional financing in the future depends in part, on the prevailing capital market conditions and mineral property exploration success. These factors cast substantial doubt on the Company’s ability to continue as a going concern. Accordingly, the financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments other than in the normal course of business and at amounts different from those in these consolidated financial statements.

2. Significant Accounting Policies

(a) Statement of Compliance

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

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(b) Basis of Measurement and Presentation

These consolidated 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.

(c) Basis of Consolidation

The March 31, 2014 consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiary, Cream Minerals de Mexico, S.A. de C.V. ("CMM"), a Mexican corporation. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtained control until the date that such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany transactions and balances were eliminated on consolidation. During the year ended March 31, 2015, the Company sold its wholly-owned subsidiary, CMM.

(d) Cash and Cash Equivalents

Cash consists of cash held in bank accounts. For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents to the extent the funds are not being held for investment purposes. The Company had no cash equivalents as at March 31, 2016 and 2015.

(e) Exploration and Evaluation Assets

Exploration and evaluation acquisition costs are considered assets and capitalized at cost. When shares are issued as consideration for exploration and evaluation asset costs, they are valued at the closing share price on the date of issuance. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the accounts upon payment. When the technical and commercial viability of a mineral interest has been demonstrated and a development decision has been made, accumulated expenses will be tested for impairment before they are reclassified to assets and amortized on a unit of production basis over the useful life of the ore body following commencement of commercial production.

Costs incurred before the Company has obtained the legal rights to explore an area are expensed. Mineral property exploration and evaluation expenditures are expensed until the property reaches the development stage.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(e) Exploration and Evaluation Assets (Continued)

The recoverability of the amounts capitalized for exploration and evaluation assets is dependent upon the determination of economically recoverable mineral deposits, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof. If it is determined that exploration and evaluation assets are not recoverable, the property is abandoned, or management has determined an impairment in value, the property is written down to its estimated recoverable amount.

(f) Financial Instruments and Risk Management

All financial instruments are classified into one of five categories: fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Fair value through profit or loss financial assets is measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified cash as fair value through profit or loss. Accounts payable and accrued liabilities and due to related parties are classified as other financial liabilities. Management did not identify any material embedded derivatives, which require separate recognition and measurement.

Disclosures about the inputs to financial instrument fair value measurements are made within a hierarchy that prioritizes the inputs to fair value measurement.

The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of price risk: currency risk, interest rate risk and other price risk.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements For the years ended March 31, 2016, 2015 and 2014 (Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(f) Financial Instruments and Risk Management (Continued)

Liquidity risk on amounts due to creditors and amounts due to related parties were significant to the Company's statement of financial position. The Company manages these risks by actively pursuing additional share capital issuances to settle its obligations in the normal course of its operating, investing and financing activities. The Company's ability to raise share capital is indirectly related to changing metal prices and the price of silver and gold in particular.

(g) Equipment

Equipment is recorded at cost and depreciated over its estimated useful life. The cost of an item includes the purchase price and directly attributable costs to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Where an item of equipment comprises major components with different useful lives, the components are accounted for as separate items of equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of operations and comprehensive loss during the financial period in which they are incurred.

Depreciation is recognized using the straight-line basis over the estimated useful lives of the various classes of equipment, ranging from three to five years. Depreciation methods, useful lives and residual values are reviewed at each financial year end and are adjusted if appropriate.

(h) Impairment of Tangible and Intangible Assets

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

Where it is possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. Each of the Company's exploration and evaluation properties is considered to be a cash-generating unit for which impairment testing is performed.

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

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(h) Impairment of Tangible and Intangible Assets (Continued)

Management's estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of exploration and evaluation assets. A mining enterprise is required to consider the conditions for impairment write-down. The conditions include significant unfavorable economic, legal regulatory, environmental, political and other factors. In addition, management's development activities towards its planned principal operations are key factors considered as part of the ongoing assessment of the recoverability of the carrying amount of exploration and evaluation assets. Whenever events or changes in circumstances indicate that the carrying amount of a mineral property in the exploration stage may be impaired, the capitalized costs are written down to the estimated recoverable amount. Although management has made its best 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 projects.

(i) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it provides a valuation allowance against that excess.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(j) Foreign Currency Translation

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiary is the Canadian dollar. The functional currency determinations were made through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenue and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations.

(k) Share-based Payments

The Company accounts for stock options issued to directors and employees at the fair value determined on the grant date using the Black-Scholes option pricing model. The fair value of the options is recognized as an expense using the graded vesting method where the fair value of each tranche is recognized over its respective vesting period. When stock options are forfeited prior to becoming fully vested, any expense previously recorded is reversed.

Share-based payments made to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined that the fair value of the goods or services cannot be reliably measured. These payments are recorded at the date the goods and services are received.

Warrants issued are recorded at estimated fair values determined on the grant date using the Black-Scholes model. If and when the stock options or warrants are ultimately exercised, the applicable amounts of their fair values in the reserve accounts are transferred to share capital. If and when the stock options or warrants are ultimately expired, the applicable amounts of their fair values in the reserve accounts are transferred to deficit.

(l) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair value on the measurement date and classified as equity. The measurement date is defined as the earliest of the date at which the commitment for performance by the counterparty to earn the common shares is reached or the date at which the counterparty's performance is complete.

Transaction costs directly attributable to the issuance of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

The proceeds from the issue of the units are allocated between common shares and share purchase warrants on a pro-rata basis based on the relative fair values as follows: the fair value of the common shares is based on the market closing price on the date the units are issued and fair value of the share purchase warrants is determined using the Black-Scholes option pricing model.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(m) Earnings (Loss) per Common Share

Basic earnings (loss) per common share is calculated by dividing net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Dilutive earnings per share reflect the potential dilution of securities that could share in the earnings of an entity. In periods where a net loss is incurred, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive and basic and diluted loss per common share are the same. In a profit year, under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted earnings per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average price during the period.

(n) Flow-through Shares

Share capital includes flow-through shares which is a unique Canadian tax incentive pursuant to certain provisions of the Canadian Income Tax Act. Proceeds from the issuance of flow-through shares are used to fund qualified Canadian exploration and evaluation projects and the related income tax deductions are renounced to the subscribers of the flow-through shares. The premium paid for flow-through shares in excess of the market value of the shares without flow-through features, at the time of issue, is credited to other liabilities and recognized in income at the time qualifying expenditures are incurred. The Company also recognizes a deferred tax liability with a corresponding charge in the statement of operations when the qualifying exploration and evaluation expenditures are renounced. If the Company has sufficient tax assets to offset the deferred tax liability, the liability will be offset by the recognition of a corresponding deferred tax asset and recovery of deferred income taxes through profit or loss in the reporting period.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period. The portion of the proceeds received but not yet expended at the end of the Company's period is disclosed separately as flow-through expenditure commitments.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds, renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

(o) Decommissioning Liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks. Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the period in which they occur.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements For the years ended March 31, 2016, 2015 and 2014 (Expressed in Canadian dollars)

2. Significant Accounting Policies (Continued)

(p) Recent Accounting Pronouncements

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for accounting periods beginning after January 1, 2016, or later periods. Updates that are not applicable or are not consequential to the Company have been excluded in the standards listed below.

The Company anticipates that the application of these standards, amendments, revisions and interpretations will not have a material impact on the results and financial position of the Company.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project of replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristic of the financial assets. This standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers establishes a five-step model that will apply to revenue earned from a contract, regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 with earlier adoption permitted.

IFRS 16 Leases

IFRS 16 Leases replaces IAS 17 – Leases and requires lessees to account for leases on the statement of financial position by recognizing a right to use asset and lease liability. The standard is effective for annual reports beginning on or after January 1, 2019, with earlier adoption permitted.

Amendments to IAS 1 Presentation of Financial Statements

The amendments are designed to encourage companies to apply professional judgment to determine what information to disclose in the financial statements. In addition, the amendments clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures. The amendment is effective for annual periods beginning on or after January 1, 2016.

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:

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

3. Critical Accounting Judgments and Estimates (Continued)

(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 Note 11.

(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 6 discloses the carrying value of such assets. The triggering events for 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 on the status of each project and the 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 some assets are likely to become impaired in future periods.

(d) Determination of Cash Generating Units

The determination of cash generating units ("CGUs") requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks and materiality.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

3. Critical Accounting Judgments and Estimates (Continued)

(e) Foreign Currency

The Company applied judgment in determining the functional currency of the Company and its subsidiary. Functional currency was determined based on the currency in which funds are provided to its subsidiary and the degree of dependence on the Company for financial support.

(f) Accrued Liabilities

The Company has applied judgment in recognizing accrued liabilities, including judgment as to whether the Company has a present obligation (legal or constructive) as a result of a past event; whether it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and whether a reliable estimate can be made of the amount of the obligation.

4. Discontinued Operations – Sale of Mexican Subsidiary

On February 12, 2015, the Company closed the sale of its wholly-owned Mexican subsidiary, Cream Minerals de Mexico S.A. de C.V. (“CMM”) to Frank Lang and Ferdinand Holcapek (the “Buyers”). CMM holds all rights and title to the mineral concessions comprising the Company’s Nuevo Milenio Property. As consideration for the securities of CMM held by the Company, the Buyers paid the aggregate sum of \$686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

The loss on sale of the Mexican subsidiary was as follows:

Investment in and amounts receivable from CMM	\$	7,888,482
Retained earnings from CMM		(7,886,505)
Forgiveness of debts		(686,000)
Gain on sale of discontinued operations	\$	(684,023)

During the year ended March 31, 2016, the Company spent \$Nil (2015 - \$275,778; 2014 - \$443,448) in cash in exploration and evaluation costs on the discontinued operations, resulting in net cash used in operating activities of the same amount.

5. Amounts Receivable and Prepaid Expenses

	March 31, 2016	March 31, 2015
GST/HST	\$ 7,639	\$ 13,888
Prepayments and other receivable	6,250	8,878
Total	\$ 13,889	\$ 22,766

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets

The Company's exploration and evaluation assets as at March 31, 2016 and 2015 were \$Nil.

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

(a) Kaslo Silver Property, Kaslo, British Columbia, Canada

The 100% owned Kaslo Silver Property, a silver target, was written off during the year ended March 31, 2012, as there were no plans at that time to continue with exploration. During the year ended March 31, 2014, a review of geological data was completed, however, no further work was done during the year ended March 31, 2016.

(b) Nuevo Milenio Property, Nayarit, Mexico

During the year ended March 31, 2015, the Company closed the sale of the Company's interest in the Nuevo Milenio Property to Frank Lang and Ferdinand Holcapek via the sale of all of the securities of Cream Minerals de Mexico S.A. de C.V. held by the Company. CMM holds all rights and title to the mineral concessions comprising the Company's Nuevo Milenio Property. As consideration for the securities of Cream Minerals de Mexico, the buyers paid the aggregate sum of \$686,000, payable as the forgiveness of the debts owed by the Company to Frank Lang (or other entities controlled by Frank Lang) and Ferdinand Holcapek.

(c) Hastings Highland Property, Limerick Township, Ontario

Effective May 9, 2015, the Company and Hastings Highland Resources Limited ("Hastings") entered into an agreement (the "Agreement") with respect to the exclusive option to earn a 90% interest in Hastings' Limerick Township nickel-copper property located in Ontario, Canada (the "Property"); however, the Company was unable to secure the requisite financing and terminated the option on September 3, 2015.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

6. Exploration and Evaluation Assets (Continued)

Year ended March 31, 2016	Kaslo Silver Property, British Columbia	Nuevo Milenio Property, Mexico	Total March 31, 2016
Incurring during the year			
Geological and geophysical	\$ (2,905)	\$ --	\$ (2,905)
Land lease and property taxes	1,887	--	1,887
Travel and accommodation	(872)	--	(872)
Total Expenses March 31, 2016	\$ (1,890)	\$ --	\$ (1,890)

Year ended March 31, 2015	Kaslo Silver Property, British Columbia	Nuevo Milenio Property, Mexico	Total March 31, 2015
Incurring during the year			
Geological and geophysical	\$ 6,791	\$ 106,680	\$ 113,471
Site activities	1,687	166,114	167,801
Travel and accommodation	872	2,984	3,856
Government assistance	(7,885)	--	(7,885)
Total Expenses March 31, 2015	\$ 1,465	\$ 275,778	\$ 277,243

Year ended March 31, 2014	Kaslo Silver Property, British Columbia	Nuevo Milenio Property, Mexico	Total March 31, 2014
Incurring during the year			
Geological and geophysical	\$ 31,405	\$ 153,009	\$ 184,414
Site activities	1,060	279,513	280,573
Travel and accommodation	7,642	10,926	18,568
Total Expenses March 31, 2014	\$ 40,107	\$ 443,448	\$ 483,555

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

7. Equipment

	Vehicles	Office Equipment	Computer Equipment	Total
Cost				
Balance, March 31, 2014	\$ 71,813	\$ 2,229	\$ 10,701	\$ 84,743
Additions (disposals)	(71,813)	--	(2,469)	(74,282)
Balance, March 31, 2015	--	2,229	8,232	10,461
Additions (disposals)	--	--	(6,039)	(6,039)
Balance, March 31, 2016	\$ --	\$ 2,229	\$ 2,193	\$ 4,422
Accumulated depreciation				
Balance, March 31, 2014	\$ 69,269	\$ 1,645	\$ 9,698	\$ 80,612
Depreciation	2,544	233	1,003	3,780
Disposals	(71,813)	--	(2,469)	(74,282)
Balance, March 31, 2015	--	1,878	8,232	10,110
Depreciation	--	351	--	351
Disposals	--	--	(6,039)	(6,039)
Balance, March 31, 2016	\$ --	\$ 2,229	\$ 2,193	\$ 4,422
Carrying amounts				
As at March 31, 2015	\$ --	\$ 351	\$ --	\$ 351
As at March 31, 2016	\$ --	\$ --	\$ --	\$ --

8. Accounts Payable and Accrued Liabilities

	March 31, 2016	March 31, 2015
Trade payables	\$ 11,725	\$ 73,235
Accrued liabilities	11,646	24,380
Totals	\$ 23,371	\$ 97,615

9. Related Party Transactions and Balances

Remuneration of directors and key management personnel of the Company was as follows for the years ended March 31, 2016, 2015 and 2014:

	For the years ended March 31,		
	2016	2015	2014
<i>Agave Silver Corp.</i>			
Salaries and benefits	\$ 70,182	\$ 151,225	\$ 219,599
Termination benefits	15,000	--	95,250
Share-based payments	18,188	--	--
Director fees	--	--	38,500
<i>Cream Minerals de Mexico, S.A. de C.V.</i>			
Salaries and benefits (1)	--	85,000	119,532

- (1) Salaries and benefits and share-based payments have been recorded as exploration costs related to the Nuevo Milenio project.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

9. Related Party Transactions and Balances (Continued)

Related party balances as at March 31, 2016 and 2015 were as follows:

Balances at:	March 31, 2016	March 31, 2015
Payables:		
Lang Mining Corporation (a)	\$ 42,555	\$ 25,127
Dauntless Developments Ltd. (a)	88,376	--
Directors and Officers (b)	97,500	257,854
Totals	\$ 228,431	\$ 282,981

- (a) Lang Mining Corporation (“Lang Mining”) and Dauntless Developments Ltd. (“Dauntless Developments”) are private companies controlled by the Estate of Frances A. Lang. The Company’s President and CEO, Ronald Lang is a beneficiary to the Estate. Mr. Ronald Lang is also President of Lang Mining and a director of Dauntless Developments. Lang Mining and Dauntless Developments provided the Company with non-interest bearing loans, with no specified terms of repayment.
- (b) The directors’ and officers’ balances include fees and expenses owing to directors and officers including any salaries accrued to the Sole Administrator and Director General of Cream Minerals de Mexico, S.A. de C.V., for administrative and geological services rendered prior to the sale of the subsidiary.

In December, 2014, the Company signed a Debt Settlement and Assumption Agreement with Angela Yap and Quorum Management and Administrative Services Inc. (“Quorum”) whereby in full settlement of the debt owed from the Company to Quorum, the Company has assumed Quorum’s debt payable to Angela Yap to the extent of the amount the Company owed to Quorum, \$60,822. The Company’s indebtedness to Quorum is fully and finally satisfied with no further claim or indebtedness owed by the Company to Quorum and the assumed indebtedness to Angela Yap represents all claims and indebtedness owed to Angela Yap.

During the year ended March 31, 2016, the Company settled all debts owing to officers and directors, with the exception of partial salaries payable to the President, by cash payments totaling \$68,281 and the issuance of 1,147,500 common shares at \$0.02 per common share for \$22,950. These settlements resulted in a gain on settlement of debt in the amount of \$129,121. Also, the Company accrued rent payable to Lang Mining in the amount of \$24,000.

As at March 31, 2016, the balance payable to directors and officers is composed entirely of salary arrears payable to the President.

10. General and Administrative

	For the years ended March 31,		
	2016	2015	2014
Depreciation	\$ 351	\$ 1,235	\$ 2,978
Office and administration	43,445	69,339	52,533
Travel and conferences	--	6,377	1,405
Totals	\$ 43,796	\$ 76,951	\$ 56,916

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

11. Share Capital

Authorized

Unlimited number of common shares without par value.

Issued and Fully Paid

31,981,559 common shares at March 31, 2016 (2015 – 25,834,059).

Financings

In June 2015, the Company closed the first and final tranche of a non-brokered private placements of units at a price of \$0.05 per unit by issuing an aggregate of 5,000,000 units for gross proceeds of \$250,000. Each unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one additional common share at a price of \$0.10 for a term of 24 months after closing. The share purchase warrants were valued using the Black-Scholes pricing model with the following assumptions: weighted average risk free interest rate of 0.56%, volatility factor of 120% and an expected life of two years.

On December 2, 2014, the Company announced a proposed non-brokered private placement whereby it intends to offer up to 11,000,000 flow-through common shares at a price of \$0.06 per flow-through common share and 9,000,000 non-flow-through units at a price of \$0.05 per non-flow-through unit. Each non-flow-through unit will be comprised of one common share and one common share purchase warrant. Each whole non-flow-through warrant will entitle the holder to purchase one non-flow-through common shares at any time for a period of 24 months from the date the warrant is issued, at a price of \$0.10.

During the year ended March 31, 2014, the Company completed, in two tranches, a non-brokered private placement for total proceeds of \$1,030,000. The private placement was entirely subscribed by insiders, directors and officers of the Company. The private placement consisted of the issuance of 10,300,000 units of the Company at a price of \$0.10 per unit. Each unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder thereof to purchase one additional common share at a price of \$0.25 for a term of two years after closing. The share purchase warrants were valued using a Black-Scholes pricing model with the following assumptions: weighted average risk free interest rate of 1.08-1.19%, volatility factors ranging from 135% to 137% and an expected life of two years.

Shares for Debt

In June 2015, the Company issued, pursuant to TSX Venture Exchange (“TSXV”) approval, 1,147,500 common shares at \$0.02 per common share for \$22,950 in partial settlement of \$52,500 of deferred salary payable to Ron Lang since his appointment as President in October 2013 and settlement in full of \$16,250 of director’s fees arrears incurred prior to his appointment as President. The Company recorded a gain on the settlement of this debt of \$45,800.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

11. Share Capital (Continued)

Stock Options

On September 27, 2013, 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 10% of the issued and outstanding shares of the Company to a maximum of 2,723,500 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.

During the year ended March 31, 2016, pursuant to the Company's stock option plan and TSXV approval, the Company granted 1,450,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.07 per share, expiring on June 3, 2020. The fair value of the stock options granted has been calculated using the Black-Scholes pricing model, based on the following assumptions: weighted average risk free interest rate of 0.47%, volatility factor of 168% and an expected life of five years. No stock options were granted during the years ended March 31, 2015 and 2014.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

11. Share Capital (Continued)

Stock Options (Continued)

The following table summarizes information on stock options outstanding at March 31, 2016:

Exercise Price	Number Outstanding and Exercisable	Average Remaining Contractual Life
\$1.60	40,000*	0.23 years
\$0.07	1,450,000	4.18 years
	1,490,000	4.07 years

* Subsequent to year-end, these stock options expired unexercised.

A summary of the changes in stock options for the years ended March 31, 2016 and 2015 is presented in the following table:

	Number of Shares	Weighted Average Exercise Price (\$)
Balance, fully vested and exercisable at March 31, 2014	517,500	3.44
Cancelled/forfeited	(140,000)	3.80
Balance, fully vested and exercisable at March 31, 2015	377,500	3.31
Granted	1,450,000	0.07
Cancelled/forfeited	(337,500)	3.52
Balance, fully vested and exercisable at March 31, 2016	1,490,000	0.11

Warrants

As at March 31, 2016, the following share purchase warrants issued in connection with private placements were outstanding:

Number of Warrants	Exercise Price	Expiry Dates
5,000,000	\$0.10	June 17, 2017
5,000,000		

A summary of the changes in warrants for the years ended March 31, 2016 and 2015 is presented below:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2015 and 2014	10,300,000	0.25
Issued	5,000,000	0.10
Expired	(10,300,000)	0.25
Balance, March 31, 2016	5,000,000	0.10

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

11. Share Capital (Continued)

Earnings (Loss) Per Share

The Company calculates basic and diluted earnings (loss) per common share using the weighted average number of common shares outstanding during each period and the diluted earnings (loss) per share assumes that the outstanding vested stock options and share purchase warrants had been exercised at the beginning of the year.

To compute diluted earnings per share, the average number of shares outstanding is adjusted for the number of potentially dilutive shares. The potentially dilutive stock options and share purchase warrants were not included in the Company's earnings (loss) per common share calculation because the result was anti-dilutive.

	Years ended March 31,		
	2016	2015	2014
Issued shares, beginning of year	25,834,059	25,834,059	15,534,059
Weighted average issuances	4,848,610	--	4,379,725
Basic and diluted weighted average common shares, end of year	30,682,669	25,834,059	19,913,784

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 and Mexico. The majority of investment income is earned in Canada. Segmented assets by geographical location are as follows:

Statement of Financial Position			
March 31, 2016	Canada	Mexico	Total
Total Assets	\$ 48,288	\$ --	\$ 48,289
Current Assets	\$ 14,663	\$ ---	\$ 14,664
Long-term Assets	\$ 33,625	\$ --	\$ 33,625

Statement of Financial Position			
March 31, 2015	Canada	Mexico	Total
Total Assets	\$ 94,719	\$ --	\$ 94,719
Current Assets	\$ 25,593	\$ --	\$ 25,593
Long-term Assets	\$ 69,126	\$ --	\$ 69,126

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

12. Segmented Information (Continued)

Geographic Segments (Continued)

Segmented expenses by geographical location are as follows:

Year ended March 31, 2016	Canada	Mexico	Total
Exploration and evaluation costs	\$ (1,890)	\$ --	\$ (1,890)
Other expenses	243,311	--	243,311
Total expenses	\$ 241,421	\$ --	\$ 241,421
Year ended March 31, 2015	Canada	Mexico	Total
Exploration and evaluation costs	\$ 1,465	\$ 275,778	\$ 277,243
Other expenses	405,122	--	405,122
Total expenses	\$ 406,587	\$ 275,778	\$ 682,365
Year ended March 31, 2014	Canada	Mexico	Total
Exploration and evaluation costs	\$ 40,107	\$ 443,448	\$ 483,555
Other expenses	766,569	--	766,569
Total expenses	\$ 806,676	\$ 443,448	\$ 1,250,124

13. Income Taxes

The income taxes shown in the consolidated statements of operations differ from the amounts obtained by applying statutory rates to net income/loss before income taxes due to the following:

	2016	2015	2014
Net loss (income) for the year	\$ 112,000	\$ (2,000)	\$ 1,200,000
Statutory tax rate	26%	26%	26%
Expected income tax recovery	29,000	--	312,000
(Decrease) increase to income tax recovery due to:			
Non-deductible permanent differences	(7,000)	178,000	--
Change in tax assets not recognized	(762,000)	2,137,000	(732,000)
Tax rate change and other	740,000	(2,315,000)	420,000
Income tax recovery	\$ --	\$ --	\$ --

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

	March 31, 2016	March 31, 2015
Mineral property interests	\$ 2,570,000	\$ 2,664,000
Equipment	89,000	89,000
Operating losses carried forward	2,398,000	2,424,000
Capital losses and other	882,000	--
Total deferred tax assets	5,939,000	5,177,000
Deferred tax assets not recognized	(5,939,000)	(5,177,000)
	\$ --	\$ --

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements For the years ended March 31, 2016, 2015 and 2014 (Expressed in Canadian dollars)

13. Income Taxes (Continued)

The realization of income tax benefits related to these deferred potential tax deductions is uncertain and cannot be viewed as more likely than not. Accordingly, no deferred income tax assets have been recognized for accounting purposes. The Company has Canadian non-capital losses carried forward of \$9,225,000 that may be available for tax purposes. The losses expire as follows:

Expiry date	\$
2026	564,000
2027	618,000
2028	928,000
2029	908,000
2030	706,000
2031	1,704,000
2032	1,339,000
2033	1,092,000
2034	879,000
2035	401,000
2036	86,000
Total	9,225,000

The Company has resource pools of approximately \$9,886,000 (2015 - \$10,250,000) to offset future taxable income. The tax benefit of these amounts is available to be carried forward indefinitely.

14. Financial Instruments and Risk Management

Financial assets and financial liabilities are measured on an ongoing basis at fair value or amortized cost. Cash is designated as fair value through profit or loss and measured at fair value. Accounts payable and accrued liabilities and accounts payable, related parties are designated as other financial liabilities and measured at amortized cost using the effective interest rate method. The fair values of the Company's accounts payable and accrued liabilities and accounts payable, related parties approximate their carrying values at March 31, 2016, due to their short-term nature.

The following table presents the Company's financial instruments, measured at fair value on the consolidated statements of financial position as at March 31, 2016 and 2015 and categorized into levels of the fair value hierarchy:

	Level	March 31, 2016		March 31, 2015	
		Carrying Value	Fair Value	Carrying Value	Fair Value
Cash	1	\$ 774	\$ 774	\$ 2,827	\$ 2,827
Accounts payable and accrued liabilities	2	23,371	23,371	97,615	97,615
Accounts payable, related parties	2	228,431	228,431	282,981	282,981

There were no transfers from levels or change in the fair value measurements of financial instruments for the years ended March 31, 2016 and 2015.

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements For the years ended March 31, 2016, 2015 and 2014 (Expressed in Canadian dollars)

14. Financial Instruments and Risk Management (Continued)

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk at the financial position date under its financial instruments is summarized as follows:

	March 31, 2016	March 31, 2015
Cash	\$ 774	\$ 2,827

All of the Company's cash is held with major financial institutions in Canada and management believes the exposure to credit risk with such institutions is not significant. The financial assets that potentially subject the Company to credit risk are any receivables. The Company considers the risk of material loss to be significantly mitigated due to the financial strength of the major financial institutions where cash and term deposits are held. The Company's maximum exposure to credit risk as at March 31, 2016 is the carrying value of its financial assets.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements as well as the growth and development of its mineral property interests.

During the year ended March 31, 2016, the Company closed the first and final tranche of a non-brokered private placements of units ("Units") at a price of \$0.05 per Unit by issuing an aggregate of 5,000,000 Units for gross proceeds of \$250,000. In addition, the Company settled all debts owing to officers and directors, with the exception of partial salaries payable to the President, by cash payments totaling \$68,281 and the issuance of 1,147,500 common shares at \$0.02 per common share for \$22,950. These settlements resulted in a gain on settlement of debt in the amount of \$129,121. The Company also received non-interest bearing loans in the amount of \$41,814 from Lang Mining and Dauntless Developments to help fund operations. Further information regarding liquidity risk is set out in Note 1.

The Company's financial assets are comprised of its cash, and the Company's financial liabilities are comprised of its accounts payable, accrued liabilities and accounts payable, related parties, the contractual maturities of which at March 31, 2016 and 2015 are summarized as follows:

	March 31, 2016	March 31, 2015
Cash	\$ 774	\$ 2,827
Accounts payable and accrued liabilities with contractual maturities – Within 90 days or less	(23,371)	(97,615)
Due to related parties with contractual maturities - Within 90 days or less	(228,431)	(282,981)

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

14. Financial Instruments and Risk Management (Continued)

Interest Rate Risk

The Company has no significant exposure at March 31, 2016 to interest rate risk through its financial instruments.

Currency Risk

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in Canada and, until February, 2015, Mexico and a portion of its expenses are incurred in U.S. dollars and in Mexican pesos. A significant change in the currency exchange rates between the Canadian dollar and these currencies could have an effect on the Company's results of operations, financial position or cash flows.

The Company has not hedged its exposure to currency fluctuations. At March 31, 2016, the Company is exposed to currency risk through the following assets and liabilities denominated in U.S. dollars, but presented in Canadian dollar equivalents.

	March 31, 2016	March 31, 2015
U.S. Dollars		
Cash	\$ --	\$ 2,315
Accounts payable and accrued liabilities	--	(16,090)

Based on the above net exposures at March 31, 2016, and assuming that all other variables remain constant, a 10% appreciation or depreciation of the Canadian dollar against the U.S. dollar would result in an increase/decrease of \$Nil (2015 - \$2,318) in the Company's loss from operations.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company had no cash equivalents at March 31, 2016. 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.

15. Management of Capital

The Company defines capital that it manages as equity. When managing capital, the Company's objective is to ensure the Company continues as a going concern as well as to achieve optimal returns to shareholders and benefits for other stakeholders. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management team to sustain the future development of the business.

	March 31, 2016	March 31, 2015
Equity (deficiency) is comprised of:		
Share capital	\$ 33,973,547	\$ 33,755,285
Share subscriptions	--	100,000
Warrants reserve	54,688	341,631
Share-based payments reserve	71,009	964,950
Deficit	(34,302,758)	(35,447,743)

AGAVE SILVER CORP.

Notes to the Consolidated Financial Statements
For the years ended March 31, 2016, 2015 and 2014
(Expressed in Canadian dollars)

15. Management of Capital (Continued)

The Company's capital management approach is revised on an ongoing basis and reflects adjustments in light of economic conditions affecting metal markets and the mining industry in particular. Given the nature of its activities, the Company is dependent on financing to fund its operations. To maintain or adjust the capital structure, the Company may issue new shares, options and warrants, and issue debt. There were no changes in the Company's approach to capital management during the year ended March 31, 2016. Neither the Company nor its subsidiary is subject to externally imposed capital requirements.



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)

	<i>Note</i>	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	<i>1</i>		
Subsequent events	<i>5,13</i>		

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)

	<i>Note</i>	Three months ended September 30,		Six months ended September 30,	
		2018	2017	2018	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)

Note	Common Shares Without Par Value		Warrants Reserve	Share-based Payments Reserve	Deficit	Total Equity
	Shares	Amount				
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.

FIRST ENERGY METALS LIMITED

Notes to the Condensed Interim Financial Statements

For the six months ended September 30, 2018 and 2017

(Unaudited - expressed in Canadian dollars)

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.

FIRST ENERGY METALS LIMITED
Notes to the Condensed Interim Financial Statements
For the six months ended September 30, 2018 and 2017
(Unaudited - expressed in Canadian dollars)

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;

FIRST ENERGY METALS LIMITED
Notes to the Condensed Interim Financial Statements
For the six months ended September 30, 2018 and 2017
(Unaudited - expressed in Canadian dollars)

- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

FIRST ENERGY METALS LIMITED
Notes to the Condensed Interim Financial Statements
For the six months ended September 30, 2018 and 2017
(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

FIRST ENERGY METALS LIMITED
Notes to the Condensed Interim Financial Statements
For the six months ended September 30, 2018 and 2017
(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

FIRST ENERGY METALS LIMITED
Notes to the Condensed Interim Financial Statements
For the six months ended September 30, 2018 and 2017
(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)

FIRST ENERGY METALS LIMITED
Notes to the Condensed Interim Financial Statements
For the six months ended September 30, 2018 and 2017
(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.

FIRST ENERGY METALS LIMITED
Notes to the Condensed Interim Financial Statements
For the six months ended September 30, 2018 and 2017
(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

FIRST ENERGY METALS LIMITED
Notes to the Condensed Interim Financial Statements
For the six months ended September 30, 2018 and 2017
(Unaudited - expressed in Canadian dollars)

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

FIRST ENERGY METALS LIMITED
Notes to the Condensed Interim Financial Statements
For the six months ended September 30, 2018 and 2017
(Unaudited - expressed in Canadian dollars)

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.