MEADOW BAY GOLD CORPORATION

Interim Consolidated Financial Statements

December 31, 2017 and 2016

(Unaudited)

In accordance with National Instrument 51-102 Part 4, *Continuous Disclosure Obligations,* subsection 4.3(3)(a), **WE HERBY GIVE NOTICE** that our consolidated financial statements for the interim period ended December 31, 2017, which follows this notice, have not been reviewed by an auditor.

MEADOW BAY GOLD CORPORATION
Interim Consolidated Statements of Financial Position
Expressed in Canadian dollars
(Unaudited – Prepared by Management)

	December 31 2017	March 31 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 697,490	$ 146,765
Other receivable	28,192	33,239
Prepaid expenses	14,697	26,742
	740,379	206,746
Property, plant and equipment		
Exploration and evaluation assets (Note 3)	26,954,998	27,882,150
Plant and equipment (Note 4)	304,206	354,116
	27,259,204	28,236,266
	$ 27,999,583	$ 28,443,012
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 124,284	$ 317,722
Amounts payable to related parties (Note 6)	34,319	112,625
	158,603	430,347
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	34,963,874	33,749,895
Contributed surplus	7,171,954	6,769,199
Accumulated other comprehensive income	3,298,952	4,310,178
Deficit	(17,593,800)	(16,816,607)
	27,840,980	28,012,665
	$ 27,999,583	$ 28,443,012

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

Approved by:

"Robert Dinning" , **Director**
Robert Dinning

"Jordan Estra" , **Director**
Jordan Estra

MEADOW BAY GOLD CORPORATION

Interim Consolidated Statements of Loss and Comprehensive Loss
Expressed in Canadian dollars
(Unaudited – Prepared by Management)

	3 months ended		9 months ended	
For the Period Ended December 31	**2017**	**2016**	**2017**	**2016**
Operating expenses				
Claim maintenance	$ -	$ -	$ 102,845	$ 107,509
Consulting (Note 6)	15,000	22,500	37,500	54,000
Depreciation	7,775	12,161	30,976	35,887
Office and administration services	43,609	32,890	96,581	103,835
Professional fees	8,601	28,882	75,701	89,039
Share-based compensation (Note 5 (c))	359,284	-	359,284	-
Trade shows and investor relations	10,560	865	19,226	9,111
Transfer agent and filing	(4,346)	11,313	27,399	62,814
Travel	12,582	2,158	28,570	21,170
Wages and benefits	-	-	-	1,353
	453,065	110,769	778,082	484,718
Operating loss before other items	(453,065)	(110,769)	(778,082)	(484,718)
Other income				
Interest income	-	187	889	213
Net loss for the period	(453,065)	(110,582)	(777,193)	(484,505)
Other comprehensive expenses				
Translation adjustment	90,523	301,389	(1,011,226)	471,936
Comprehensive loss for the period	$ (362,542)	$ 190,807	$ (1,788,419)	$ (12,569)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.02)
Weighted average number of shares outstanding	48,128,977	21,791,321	31,774,434	21,838,265

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

MEADOW BAY GOLD CORPORATION
Interim Consolidated Statements of Cash Flows
Expressed in Canadian dollars
(Unaudited – Prepared by Management)

For the Nine Months Ended December 31	2017	2016
Cash Flows from (used in) Operating Activities		
Net loss for the period	$ (777,193)	$ (484,505)
Items not affecting cash		
Depreciation	30,976	35,887
Share-based compensation	359,284	-
Net change in non-cash working capital items		
Other receivable	5,047	(7,568)
Prepaid expenses	12,045	4,664
Accounts payable and accrued liabilities	(157,622)	(20,201)
Amounts payable to related parties	(78,306)	24,450
	(605,769)	(447,273)
Cash Flows from Financing Activities		
Share issuances, net of costs	1,257,450	731,838
	1,257,450	731,838
Cash Flows used in Investing Activities		
Exploration and evaluation costs	(100,956)	(105,373)
	(100,956)	(105,373)
Increase in cash and cash equivalents	550,725	179,192
Cash and cash equivalents, beginning of period	146,765	90,053
Cash and cash equivalents, end of period	$ 697,490	$ 269,245
Supplemental Disclosure of Cash Flow Information		
Decrease (increase) in accounts payable included in exploration and evaluation assets	$ 30,814	$ 5,529
Value of warrants issued to brokers	$ 43,471	$ 28,032

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

MEADOW BAY GOLD CORPORATION
Interim Consolidated Statements of Changes in Equity
Expressed in Canadian dollars
For the period from March 31, 2016 to December 31, 2017
(Unaudited – Prepared by Management)

	Share capital Number of shares	Amount	Share Subscriptions Received (Receivable)	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance, March 31, 2016	20,017,574	$ 33,073,018	$ 30,300	$ 6,538,627	$ 3,881,998	$ (16,021,246)	$ 27,502,697
Issued for private placement							
at $.24 CDN per unit	2,506,629	601,591	(30,300)	-	-	-	571,291
at $.20 CDN per unit	1,028,275	205,655	-	-	-	-	205,655
Finders' fees paid in cash	-	(28,728)	-	-	-	-	(28,728)
Finders' fees paid in warrants	-	(28,032)	-	28,032	-	-	-
Legal fees incurred in issuance		(16,380)	-	-	-	-	(16,380)
Net comprehensive loss for the period	-	-	-	-	471,936	(484,505)	(12,569)
Balance, December 31, 2016	23,552,478	33,807,124	-	6,566,659	4,353,934	(16,505,751)	28,221,966
Legal fees incurred in issuance	-	(57,229)	-	-	-	-	(57,229)
Share-based payments	-	-	-	202,540	-	-	202,540
Net comprehensive income (loss) for the period	-	-	-	-	(43,756)	(310,856)	(354,612)
Balance, March 31, 2017	23,552,478	33,749,895	-	6,769,199	4,310,178	(16,816,607)	28,012,665
Issued for private placement							
at $.05 CDN per unit	26,010,000	1,300,500	-	-	-	-	1,300,500
Finders' fees paid in cash	-	(43,050)	-	-	-	-	(43,050)
Finders' fees paid in warrants	-	(43,471)	-	43,471	-	-	-
Share-based payments	-	-	-	359,284	-	-	359,284
Net comprehensive loss for the period	-	-	-	-	(1,011,226)	(777,193)	(1,788,419)
Balance, December 31, 2017	49,562,478	$ 34,963,874	$ -	$ 7,171,954	$ 3,298,952	($ 17,593,800)	$ 27,840,980

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Meadow Bay Gold Corporation (the "Company" or "Meadow Bay") was incorporated under the provisions of the British Columbia Business Corporations Act on March 8, 2005. The Company changed its name from Meadow Bay Capital Corporation on April 4, 2011. The Company's common shares are traded on the TSX Venture Exchange ("Exchange") under the symbol "MAY.V" and under the OTC as "MAYFG."

The head office, principal address and records office of the Company are located at Suite 210 – 905 West Pender Street, Vancouver, BC, Canada V6C 1L6.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain reserves that are economically recoverable. The Company's ability to continue as a going concern and the recoverability of the amounts capitalized for mineral properties and related deferred exploration expenditures are dependent upon the ability of the Company to raise additional financing in order to complete the exploration and development of its resource properties, the discovery of economically recoverable reserves, the attainment of future profitable production or proceeds from disposition of the Company's resource properties. The outcome of these matters cannot be predicted at this time. These consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that may be necessary should the Company be unable to achieve any of the foregoing and continue as a going concern. Any adjustment required to the amounts and reclassification of assets and liabilities may be significant. At December 31, 2017, the Company had not yet achieved profitable operations and has accumulated losses of $17,593,800 (December 31, 2016 - $16,505,751).

Management has estimated that the Company will have adequate funds from existing working capital to meet corporate, administrative and other obligations during the year ending March 31, 2018. The Company will require additional financing to continue with exploration activities. During the year ended March 31, 2017 the Company raised $776,946 from private placements (2016 - $1,203,800). While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be available on acceptable terms.

On September 18, 2017, the Company consolidated its issued and outstanding common shares on the basis of one post consolidation share for every four pre-consolidation common shares. These financial statements give retroactive effect to that 4 – 1 share roll back.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These interim consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting of the International Financial Reporting Standards" ("IFRS").

The interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss. The financial statements are presented in Canadian dollars, which is the Company's functional currency.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on February 23, 2018.

These interim condensed consolidated financial statements include the accounts of the parent company and its wholly owned subsidiary, Desert Hawk Resources Inc. ("Desert Hawk"), a company incorporated in Nevada, USA. All significant intercompany balances and transactions have been eliminated.

Expressed in Canadian dollars

These interim condensed consolidated financial statements do not include all of the notes required for full annual financial statements. The significant accounting policies for the periods are consistent with those disclosed in the audited annual financial statements of the Company for the year March 31, 2017. The accompanying unaudited interim financial statements should be read in conjunction with the Company's audited annual financial statements for the year ended March 31, 2017.

(b) Use of Estimates and Judgments

The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

(c) Accounting Standards, amendments and interpretations adopted April 1, 2017

A number of new standards and amendments to standards and interpretations are not yet effective for the year ended March 31, 2018 and have not been applied in preparing these financial statements. There were no new accounting standards adopted in the year ended March 31, 2017 that had a material impact on the consolidated financial statements

3. EXPLORATION AND EVALUATION ASSETS

The following is summary of changes in exploration and evaluation assets from the nine months ended December 31, 2017 and for the year ended March 31, 2017:

	Balance April 1, 2017	Additions	Translation	Balance Dec 31, 2017
Property	$ 19,326,762	$ -	$ (510,255)	$ 18,816,507
Assaying	598,192	-	(34,381)	563,811
Geological consulting	2,459,652	70,141	(136,682)	2,393,111
Drilling	4,788,938	-	(275,247)	4,513,691
Exploration and sampling	405,138	-	(23,286)	381,852
Other	303,468	-	(17,442)	286,026
Total	$ 27,882,150	$ 70,141	$ (997,293)	$ 26,954,998

	Balance April 1, 2016	Additions	Translation	Balance March 31, 2017
Property	$ 19,111,321	$ -	$ 215,441	$ 19,326,762
Assaying	583,676	-	14,516	598,192
Geological consulting	2,262,448	142,963	54,241	2,459,652
Drilling	4,674,913	(2,245)	116,270	4,788,938
Exploration and sampling	394,448	880	9,810	405,138
Other	296,104	-	7,364	303,468
Total	$ 27,322,910	$ 141,598	$ 417,642	$ 27,882,150

Expressed in Canadian dollars

Atlanta Gold and Silver Mine Property

On March 1, 2011, the Company completed the purchase of all of the outstanding shares of Desert Hawk Resources Inc. that in turn owned the Atlanta Gold Project located in Lincoln County Nevada, approximately 250 km northeast of Las Vegas. Desert Hawk Resources Inc. completed the purchase of the Atlanta Mine for the total sum of $6,000,000US. The acquisition cost includes a 3% NSR capped at 4,000 ounces. The property consisted of 13 patented claims and 49 unpatented lode claims, referred to as the Atlanta, Blue Bird, Bobcat and various miscellaneous Group Claims

On June 30, 2011, the Company entered into an agreement to acquire 135 unpatented mining claims (the NBI Claim Group) contiguous with the Company's Atlanta property. A total of $250,000 US was paid plus issuance of 400,000 shares of common stock for this acquisition. The fair value of the shares at time of the purchase was $420,000. The agreement also includes a 3% NSR, for which the Company has the option to repurchase 1% for $1,000,000 US for a period of five years.

During the year ended March 31, 2012, the Company staked additional claims in the Atlanta district and currently possesses 556 mineral claims in and around the Atlanta mine site for a total of approximately 12,000 acres. The Company's claims consist of the original 13 patented claims and the 49 Atlanta Claims, 135 NBI Claim Group, 188 Lily Claim Group claims, 4 additional Bluebird Claim Group, 5 NFL Claim Group, 30 PEG Claim Group, 13 SNO Claim Group 27 C&B Claim Group, 31 Julie Claim Group and 10 Lauren Claim Group claims.

4. PLANT AND EQUIPMENT

The change in plant and equipment for the nine-month period ended December 31, 2017 and for year ended March 31, 2017 is as follows:

	Mine Buildings	Vehicles	Furniture and fixtures	Water System	Total
Costs:					
Balance, April 1, 2017	$ 368,744	$ 47,061	$ 31,787	$ 143,148	$ 590,740
Translation	(21,194)	(2,705)	(1,827)	(8,227)	(33,953)
Balance, Dec 31, 2017	$347,550	$ 44,356	$ 29,960	$ 134,921	$ 556,787
Depreciation					
Balance, April 1, 2017	$ 104,880	$ 43,883	$ 26,202	$ 61,659	$ 236,624
Additions	13,160	3,060	4,537	10,219	30,976
Translation	(6,735)	(2,587)	(1,700)	(3,997)	(15,019)
Balance, Dec 31, 2017	$ 111,305	$ 44,356	$ 29,039	$ 67,881	$ 252,581

Expressed in Canadian dollars

	Mine Buildings	Vehicles	Furniture and fixtures	Water System	Total
Costs:					
Balance, April 1, 2016	$ 359,795	$ 45,919	$ 31,016	$ 139,674	$ 576,404
Translation	8,949	1,142	771	3,474	14,336
Balance, March 31, 2016	$ 368,744	$ 47,061	$ 31,787	$ 143,148	$ 590,740
Depreciation					
Balance, April 1, 2016	$ 84,345	$ 33,634	$ 18,900	$ 46,193	$ 183,072
Additions	18,245	9,315	6,290	14,167	48,017
Translation	2,290	934	1,012	1,299	5,535
Balance, March 31, 2017	$ 104,880	$ 43,883	$ 26,202	$ 61,659	$ 236,624
Carrying amounts:					
December 31, 2017	$ 236,245	$ -	$ 921	$ 67,040	$ 304,206
March 31, 2017	$ 263,864	$ 3,178	$ 5,585	$ 81,489	$ 354,116

5. SHARE CAPITAL

(a) The authorized capital of the Company consists of:

Unlimited number of common shares without par value.

(b) The Company's issued and outstanding capital stock is as follows:

As at December 31, 2017, there were 49,562,478 issued common shares (December 31, 2016 – 23,552,478).

On September 30, 2017, the Company effected a 4-1 common share consolidation. The following gives retroactive effect to that roll back.

In addition to the share consolidation referenced above, the Company had the following share transactions during the nine months ended December 31, 2017.

i) On November 10, 2017, the Company completed the first tranche of a non-brokered private placement by issuing 16,330,000 units at $0.05 each for gross proceeds of $816,500. Each unit comprised one share and one-half share warrant, with each whole warrant entitling the holder to purchase one additional share for a period of 2 years from the date of closing at a price of $0.10 per share. The Company paid finders' fees of $43,050 cash and issued 861,000 broker's warrants, with each finder's warrant entitling the holder to purchase one common share of the Company under the same conditions as the warrants issued with the unit. The warrants were valued at $43,471 using a Black Scholes option pricing model, as the value of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate – 1.21%, expected life – 2 years, dividend nil and annualized volatility – 113.61%.

ii) On November 16, 2017, the Company completed the second and final tranche of a non-brokered private placement by issuing 9,680,000 units at $0.05 each for gross proceeds of $484,000. Each unit comprised one share and one-half share warrant, with each whole warrant entitling the holder to purchase one additional share for a period of 2 years from the date of closing at a price of $0.10 per share.

During the year ended March 31, 2017, the Company had the following share transactions:

iii) On April 28, 2016, the Company completed the first tranche of a non-brokered private placement by issuing 1,019,167 units at $0.24 each for gross proceeds of $244,600. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 5 years from the date of closing at a price of $0.28 per share. The Company paid finders' fees of $4,158 cash and issued 17,235 broker's warrants, with each finder's warrant entitling the holder to purchase one common share of the Company under the same conditions as the warrants issued with the unit. The warrants were valued at $6,770 using a Black Scholes option-pricing model, as the value of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate – 0.75%, expected life – 5 years, dividend nil and annualized volatility – 102.34%.

iv) On July 27, 2016, the Company completed the second tranche of a non-brokered private placement by issuing 1,487,462 units at $0.24 each for gross proceeds of $356,991. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 5 years from the date of closing at a price of $0.28 per share. The Company paid finders' fees of $10,149 cash and issued 42,289 broker's warrants, with each finder's warrant entitling the holder to purchase one common share of the Company under the same conditions as the warrants issued with the unit. The broker's warrants were valued at $13,046 using a Black Scholes option-pricing model, as the value of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate – 0.65%, expected life – 5 years, dividend nil and annualized volatility – 104.02%.

v) On December 16, 2016, the Company completed a non-brokered private placement by issuing 1,113,100 units at $0.20 each for gross proceeds of $205,655. Each unit comprised one share and one share warrant, entitling the holder to purchase one additional share for a period of 5 years from the date of closing at a price of $0.24 per share. The Company paid finders' fees of $14,396, incurred legal costs of $16,380 and issued 71,979 broker's warrants, with each finder's warrant entitling the holder to purchase one common share of the Company under the same conditions as the warrants issued with the unit. The broker's warrants were valued at $8,216 using a Black Scholes option-pricing model, as the value of the services performed was not readily verifiable. The assumptions used for in the model were as follows: risk free interest rate – 1.21%, expected life – 5 years, dividend nil and annualized volatility – 104.49%.

(c) Stock Options

Upon approval of the Company's shareholders, the Company has adopted an incentive rolling stock option plan (the "Plan"). The essential elements of the Plan provide that the aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan up to a maximum of 10% of the un-issued and outstanding shares of the Company at any time, less shares required to be reserved with respect to options granted by the Company prior to the implantation of the Plan. Options granted under the Plan may have a maximum term of five (5) years. The exercise price of options granted under the Plan will not be less than the closing price of the Company's shares on the Exchange on the trading day immediately before the date of grant, less the discount permitted under the Exchange's policies.

On November 16, 2017, the Company granted 700,000 stock options to a consultant, exercisable at $.08 per share for 3 years after the date of grant. The options vested upon grant.

On December 7, 2017, the Company granted 2,000,000 stock options to directors, officers and consultants, exercisable at $.20 per share for 3 years after the date of grant. The options vested upon grant.

Expressed in Canadian dollars

A summary of the status of the Company's outstanding stock options as a December 31, 2017 is as follows:

Options	Number of Shares	Exercise Price	Expiry Date
77,500	77,500	$ 1.00	May 29, 2018
37,500	37,500	$ 0.80	October 21, 2018
125,000	125,000	$ 0.42	June 10, 2019
153,750	153.7500	$ 1.00	July 15, 2019
331,250	331,250	$ 0.76	March 11, 2020
37,500	37,500	$ 0.80	August 17,2020
700,000	700,000	$ 0.08	November 16, 2020
2,000,000	2,000,000	$ 0.20	December 7, 2020
587,500	587,5000	$ 0.34	July 27, 2021
3,987,500	3,987,500	$ 0.26	

The weighted average remaining life of the options as at December 31, 2017 is 2.29 years.

The following is a summary of stock option transactions during the nine months ended December 31, 2017 and the year ended March 31, 2017:

	Options Outstanding #	Weighted Average Price $
Balance, exercisable and outstanding		
April 1, 2016	1,277,500	0.88
Granted	862,500	0.36
Expired	(153,750)	1.00
Balance, March 31, 2017	1,986,250	0.64
Granted	2,700,000	0.17
Cancelled	(606,250)	0.65
Expired	(92,500)	0.99
Balance, exercisable and outstanding December 31, 2017	3,987,500	0.26

The fair values for the share-based compensation noted above were determined by the Black-Scholes option-pricing model using the following inputs as determined at the time of the option grant. The Black-Scholes valuation model was developed for use in estimating the fair value of traded options that are fully transferable and freely traded. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

Expressed in Canadian dollars

The following weighted average assumptions were used for options granted during the nine months ended December 31, 2017 and the year ended March 31, 2017.

	December 31, 2017	March 31, 2017
Risk-free interest rate	1.34%	.63%
Expected life of options	3	4.71
Annualized volatility	117.33%	105.31%
Dividend rate	-	-

(e) Warrants

A summary of the status of the Company's outstanding warrants as at December 31, 2017 is as follows:

Warrants	Number of shares upon exercise	Exercise Price	Expiry Date
291,753	291,753	$ 1.00	November 22, 2018
1,282,088	1,282,088	$ 1.00	February 28, 2018
1,302,025	1,302,025	$ 0.24	March 4, 2021
1,036,492	1,036,492	$ 0.28	April 28, 2021
1,529,751	1,529,751	$ 0.28	July 25, 2021
1,100,254	1,100,254	$ 0.24	December 19, 2021
9,026,000	9,026,000	$ 0.10	November 10, 2019
4,840,000	4,840,000	$ 0.10	November 16, 2019
20,408,363	20,408,363	$ 0.21	

The following is a summary of warrant transactions for the period from April 1, 2016 to December 1, 2017:

	Warrants Outstanding #	Weighted Average Exercise Price $
Balance, exercisable and outstanding, April 1, 2016	7,313,288	0.88
Sold with share units	3,534,904	0.28
Granted	131,593	0.24
Expired	(1,615,550)	0.60
Balance, exercisable and outstanding, March 31, 2017	9,364,236	0.68
Sold with share units	8,165,000	0.10
Granted	861,000	0.10
Expired	(2,821,873)	0.40
Balance, exercisable and outstanding, December 31, 2017	20,408,363	0.21

The weighted average remaining life of warrants as at December 31, 2017 is 2.14 years.

The warrants issued are described above under (b) capital stock.

Expressed in Canadian dollars

The following weighted average assumptions were used for warrants granted during the nine months ended December 31, 2017 and the year ended March 31, 2017.

	December 31, 2017	March 31, 2017
Risk-free interest rate	1.21%	.68%
Expected life of options	2	5
Annualized volatility	113.61%	103.53%
Dividend rate	-	-

(f) Loss per share

Basic loss per share is computed by dividing net loss for the year, applicable to common shareholders, by the weighted average number of common shares outstanding for the year, including contingently issuable shares when the conditions necessary for the issuance have been met. Diluted loss per share is calculated in a similar number except that the weighted average number of common shares outstanding is increased to include potential common shares from the assumed exercise of options, warrants and convertible securities, if dilutive.

6. RELATED PARTY BALANCES AND TRANSACTIONS

The following table summarizes services provided by directors and officers of the Company not otherwise noted in the financial statements for the nine-month periods ended December 31, 2017 and 2016.

For the nine months ended December 31	2017	2016
Consulting fees paid or accrued to -	$	$
Chairman of the board and current CEO	15,000	15,000
Previous CEO	7,500	15,000
CFO	15,000	24,000

Balances due to related parties of $34,319 (March 31, 2017 - $112,625) represent amounts owing to officers and directors and companies owned by officers and directors. Balances due to related parties are non-interest bearing, due on demand with no specific terms of repayment. The balance payable was eliminated subsequent to the year end through the issuance of shares for debt. See Note 10.

7. FINANCIAL INSTRUMENTS

(a) Fair values

The Company's financial instruments consist of cash and cash equivalents, accounts payable and accrued liabilities, and amounts payable to related parties. Cash and cash equivalents are classified as loans and receivables and are carried at their amortized costs. Accounts payable and accrued liabilities and amounts payable to related parties are classified as other financial liabilities and are carried at their amortized cost.

The carrying value of the Company's financial assets and liabilities approximates their fair value due to the relatively short periods to maturity of these investments. Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. These estimates are subjective and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Financial instruments measured at fair value are classified into one of the three levels in the fair value hierarchy according to the relative reliability of the inputs used estimate the fair values. 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.

There have been no changes between levels during the nine-month period ended December 31, 2017 or the year ended March 31, 2017.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's cash and cash equivalents are exposed to credit risk. The Company has assessed the credit risk on its cash and cash equivalents as low as its funds are held in highly rated Canadian financial institutions. As at December 31, 2017 $596,261 cash and cash equivalents were over the federally insured limit (December 31, 2016 – $168,392).

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity by maintaining adequate cash balances and by raising equity financing. The Company has no assurance that such financing will be available on favourable terms. The Company believes it is subject to liquidity risk through its working capital. In general, the Company attempts to avoid exposure to liquidity risk by obtaining corporate financing through the issuance of common shares. As at December 31, 2017, the Company had cash and cash equivalents of $697,490 to settle accounts payable of $158,603 that fall due for payment within twelve months of the balance sheet date. All of the Company's contractual obligations are current and due within one year.

(d) Foreign exchange risk

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has material transactions designated in a foreign currency. However, the foreign currency has been very stable when compared to the Canadian dollar and therefore management considers the foreign exchange risk to be minimal.

At December 31, 2017, approximately $143,000 in cash and cash equivalents and $98,000 in accounts payable and accrued charges were denominated in U.S. dollars. A 10% variation in the U.S. dollar would result in an impact of approximately $4,500 on net income.

(e) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company's cash and cash equivalents are currently held in cash and therefore management considers the interest rate risk to be minimal.

(f) Price risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

8. CAPITAL MANAGEMENT

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, contributed surplus and deficit.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issues or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended March 31, 2017.

9. SEGMENTED INFORMATION

The Company has one reportable operating segment, being the properties purchased from Desert Hawk, which are in Nevada USA.

10. SUBSEQUENT EVENTS

On January 19, 2018, the Company completed shares for debt transactions whereby certain creditors received an aggregate of 475,000 common shares at a deemed price of $0.20 per debt share to settle an aggregate of $55,000 in accounts payable and $40,000 in amounts due to related parties.

On January 31, 2018, a warrant holder exercised 18,750 warrants at $0.28 for proceeds of $5,250.