

**FAR RESOURCES LTD.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian dollars)**

**MARCH 31, 2018**



**Crowe MacKay LLP**

1100 - 1177 West Hastings St.  
Vancouver, BC V6E 4T5

Main +1 (604) 687-4511

Fax +1 (604) 687-5805

[www.crowemackay.ca](http://www.crowemackay.ca)

**Independent Auditor's Report**

**To the Shareholders of  
Far Resources Ltd.**

We have audited the accompanying consolidated financial statements of Far Resources Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2018 and March 31, 2017, and the consolidated statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, 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, 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. Those standards require that we comply with ethical requirements and plan and perform the audits 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, the consolidated financial statements present fairly, in all material respects, the financial position of Far Resources Ltd. and its subsidiaries as at March 31, 2018 and March 31, 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

**Emphasis of matter**

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which describes the material uncertainty that may cast significant doubt about the ability of Far Resources Ltd. to continue as a going concern.

**"Crowe MacKay LLP"**

**Chartered Professional Accountants  
Vancouver, British Columbia  
July 30, 2018**

**FAR RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian dollars)  
AS AT

	March 31, 2018	March 31, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 3,213,505	\$ 312,367
GST receivable	137,749	36,966
Prepaid	164,307	38,636
<b>Total current assets</b>	<b>3,515,561</b>	<b>387,969</b>
<b>Non-current assets</b>		
Long-term investment (Note 4)	26,000	10,000
Exploration and evaluation assets (Note 5)	3,955,682	1,188,446
<b>Total assets</b>	<b>\$ 7,497,243</b>	<b>\$ 1,586,415</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 824,546	\$ 387,591
Short-term loans payable (Note 7)	105,500	6,500
<b>Total liabilities</b>	<b>930,046</b>	<b>394,091</b>
<b>Equity</b>		
Capital stock (Notes 8 and 9)	15,708,768	3,642,500
Shares to be issued (Note 14)	210,000	-
Subscription received in advance (receivable) (Note 14)	14,500	(2,000)
Reserves (Note 8)	4,222,522	600,340
Deficit	(13,588,593)	(3,048,516)
<b>Total equity</b>	<b>6,567,197</b>	<b>1,192,324</b>
<b>Total liabilities and equity</b>	<b>\$ 7,497,243</b>	<b>\$ 1,586,415</b>

**Nature and continuance of operations** (Note 1)

**Subsequent events** (Note 14)

**Approved and authorized on behalf of the Board on July 30, 2018:**

<u>“Leon F. Anderson”</u>	Director	<u>“Toby Mayo”</u>	Director
<i>Leon F. Anderson</i>		<i>Toby Mayo</i>	

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

**FAR RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian dollars)  
**FOR THE YEARS ENDED MARCH 31,**

	2018	2017
<b>EXPENSES</b>		
Consulting (Note 9)	\$ 941,077	\$ 419,007
Investor relations	658,681	50,418
Management fees (Note 9)	145,000	144,220
Office	60,429	32,733
Professional fees (Note 9)	253,150	71,488
Share-based payments (Notes 8 and 9)	8,433,216	423,145
Transfer agent and filing fees	94,714	51,821
Travel	54,607	37,599
<b>Loss before other items</b>	<b>(10,640,874)</b>	<b>(1,230,431)</b>
<b>OTHER ITEMS</b>		
Foreign exchange loss	(4,458)	-
Gain (loss) on shares for debt (Notes 8 and 9)	17,701	(35,205)
Gain on write-off of accounts payable (Note 9)	40,898	-
Unrealized gain on long-term investment (Note 4)	16,000	2,500
Write-off of exploration and evaluation assets (Note 5)	(84,975)	-
<b>Loss and comprehensive loss for the year</b>	<b>\$ (10,655,708)</b>	<b>\$ (1,263,136)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.12)</b>	<b>\$ (0.03)</b>
<b>Weighted average number of common shares outstanding</b>	<b>86,352,504</b>	<b>48,221,356</b>

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

**FAR RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian dollars)  
FOR THE YEARS ENDED MARCH 31,

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (10,655,708)	\$ (1,263,136)
Items not involving cash:		
Foreign exchange loss	4,458	-
Unrealized gain on long-term investment	(16,000)	(2,500)
Share-based payments	8,433,216	423,145
(Gain) loss on shares for debt	(17,701)	35,205
Shares for services	202,242	248,500
Gain on write-off of accounts payable	(40,898)	-
Write-off of exploration and evaluation assets	84,975	-
Changes in non-cash working capital items:		
GST receivable	(100,783)	(35,782)
Prepaid	(125,671)	(38,636)
Accounts payable and accrued liabilities	278,335	163,516
Net cash used in operating activities	<u>(1,953,535)</u>	<u>(469,688)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation acquisition costs	(338,391)	(165,000)
Exploration and evaluation expenditures	(750,049)	(409,316)
Government grant received	113,590	-
Net cash used in investing activities	<u>(974,850)</u>	<u>(574,316)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Private placements	713,000	1,151,500
Share issuance costs	-	(49,560)
Subscriptions received in advance	14,500	-
Short-term loans repayment	(1,000)	(24,500)
Exercise of warrants	1,256,433	239,500
Exercise of options	3,846,590	25,000
Net cash provided by financing activities	<u>5,829,523</u>	<u>1,341,940</u>
<b>Change in cash for the year</b>	2,901,138	297,936
<b>Cash, beginning of the year</b>	<u>312,367</u>	<u>14,431</u>
<b>Cash, end of year</b>	<u>\$ 3,213,505</u>	<u>\$ 312,367</u>
<b>Cash paid during the year for interest</b>	\$ -	\$ -
<b>Cash paid during the year for taxes</b>	\$ -	\$ -

Supplemental disclosures with respect to cash flow (Note 10)

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

**FAR RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian dollars)

	Capital stock		Shares to be issued	Subscriptions advance (receivable)	Reserves	Deficit	Total equity (deficit)
	Shares	Amount					
Balance, April 1, 2016	24,502,667	\$ 1,680,884	\$ 7,500	\$ -	\$ 29,027	\$ (1,785,380)	\$ (67,969)
Private placements	23,620,000	1,161,000	(7,500)	(2,000)	-	-	1,151,500
Share issuance costs	-	(212,465)	-	-	162,905	-	(49,560)
Acquisition of exploration and evaluation assets	3,055,555	301,944	-	-	-	-	301,944
Share-based payments	-	-	-	-	423,145	-	423,145
Shares for services	4,097,066	248,500	-	-	-	-	248,500
Shares for debt	2,643,334	183,400	-	-	-	-	183,400
Exercise of options	500,000	34,496	-	-	(9,496)	-	25,000
Exercise of warrants	2,395,000	244,741	-	-	(5,241)	-	239,500
Loss for the year	-	-	-	-	-	(1,263,136)	(1,263,136)
Balance, March 31, 2017	60,813,622	\$ 3,642,500	\$ -	\$ (2,000)	\$ 600,340	\$ (3,048,516)	\$ 1,192,324
Balance, April 1, 2017	60,813,622	\$ 3,642,500	\$ -	\$ (2,000)	\$ 600,340	\$ (3,048,516)	\$ 1,192,324
Private placements	4,391,003	711,000	-	2,000	-	-	713,000
Subscriptions received in advance	-	-	-	14,500	-	-	14,500
Acquisition of exploration and evaluation assets	9,430,755	1,115,000	-	-	-	-	1,115,000
Shares for exploration expenditures	1,663,615	185,301	210,000	-	-	-	395,301
Shares for services	1,046,962	202,242	-	-	-	-	202,242
Shares for debt	542,985	54,299	-	-	-	-	54,299
Shares for bonus management compensation	1,000,000	860,000	-	-	-	-	860,000
Exercise of options	10,420,000	7,526,173	-	-	(3,679,583)	-	3,846,590
Exercise of warrants	11,986,556	1,412,253	-	-	(155,820)	-	1,256,433
Share-based payments	-	-	-	-	7,573,216	-	7,573,216
Transfer fair value of cancelled options	-	-	-	-	(115,631)	115,631	-
Loss for the year	-	-	-	-	-	(10,655,708)	(10,655,708)
Balance, March 31, 2018	101,295,498	\$ 15,708,768	\$ 210,000	\$ 14,500	\$ 4,222,522	\$ (13,588,593)	\$ 6,567,197

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

## **1. NATURE AND CONTINUANCE OF OPERATIONS**

Far Resources Ltd. (the "Company") is incorporated under the laws of the Province of British Columbia. The Company's head office is located at 201-2691 Viscount Way, Richmond, BC, V6V 2R5. The Company's registered and records office is located at Suite 650 – 1188 West Georgia Street, Vancouver, BC, V6E 4A2.

The Company is an exploration company focused on the identification and development of high potential mineral opportunities in stable jurisdictions.

### Going concern of operations

These consolidated 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. As at March 31, 2018, the Company has had significant losses. In addition, the Company has not generated revenues from operations. The Company has financed its operations primarily through the issuance of common shares and short-term loans. The Company continues to seek capital through various means including the issuance of equity and/or debt. These circumstances cast significant doubt as to the ability of the Company to meet its obligations as they come due, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In order to continue as a going concern and to meet its corporate objectives, the Company will require additional financing through debt or equity issuances or other available means. Although the Company has been successful in the past in obtaining 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 advantageous to the Company.

## **2. BASIS OF PREPARATION**

### **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"). The financial statements are presented in Canadian dollars, which is also the Company's functional currency.

### **Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit or loss and available-for-sale which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

**2. BASIS OF PREPARATION (cont'd...)**

**Basis of consolidation**

The consolidated financial statements include the financial statements of Far Resources Ltd. and its subsidiaries, Sierra Gold & Silver Ltd. and Sequoia Gold & Silver Ltd.

Name of Subsidiary	Country of Incorporation	Principal Activity	Proportion of Ownership Interest	
			2018	2017
Sierra Gold & Silver Ltd.	USA	Not active	100%	100%
Sequoia Gold & Silver Ltd.	Canada	Not active	100%	-

Sierra Gold & Silver Ltd. was incorporated and became a subsidiary of Far Resources Ltd. on March 30, 2017.

Sequoia Gold & Silver Ltd. was incorporated and became a subsidiary of Far Resources Ltd. on December 12, 2017.

All intercompany balances and transactions have been eliminated.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Use of estimates and judgments**

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting periods. On an ongoing basis, management evaluates its judgments and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgments and estimates. Actual outcomes may differ from these estimates.

Significant accounting judgments

Significant accounting judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements include, but are not limited to, the following:

- i) Determination of categories of financial assets and financial liabilities;
- ii) Assessment of any indicators of impairment of the carrying value of the Company's exploration and evaluation assets; and
- iii) The ability of the Company to continue as a going concern.

Critical accounting estimates

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year include, but are not limited to, the following:

*Share-based payments*

The fair value of share-based payments is determined using a Black-Scholes Option pricing model. Such option pricing models require the input of subjective assumptions including the expected price volatility, option life, dividend yield, risk-free rate and estimated forfeitures at the time of initial grant.



**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

*Income taxes*

The Company is periodically required to estimate the tax basis of assets and liabilities. Where applicable tax laws and regulations are either unclear or subject to varying interpretations, it is possible that changes in these estimates could occur that materially affect the amounts of deferred income tax assets and liabilities recorded in the consolidated financial statements.

Changes in deferred tax assets and liabilities generally have a direct impact on earnings in the period that the changes occur. Each period, the Company evaluates the likelihood of whether some portion or all of each deferred tax asset will not be realized. This evaluation is based on historic and future expected levels of taxable income, the pattern and timing of reversals of taxable temporary timing differences that give rise to deferred tax assets and liabilities, and tax planning initiatives.

**Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand and cash equivalents. Cash equivalents are short-term, highly liquid holdings that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**Foreign currency translation**

The functional currency for the Company and its subsidiaries is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the functional currency of the entity at the exchange rate in existence at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated at the period end date exchange rates.

The functional currency of the parent entity and Canadian subsidiary is the Canadian dollar, which is also the presentation currency of our consolidated financial statements. The functional currency of the Company's foreign subsidiary is the United States dollar.

Foreign operations are translated from their functional currencies into Canadian dollars on consolidation as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- (ii) Income and expenses for each statement of comprehensive income (loss) are translated at the average exchange rate for the period; and
- (iii) All resulting exchange differences are recognized in other comprehensive income (loss) as cumulative translation adjustments.

Exchange differences that arise relating to long-term intercompany balances that form part of the net investment in a foreign operation are also recognized in a separate component of equity through other comprehensive income (loss).

On disposition or partial disposition of a foreign operation, the cumulative amount of related exchange differences recorded in this separate component of equity is recognized in profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Mineral properties – exploration and evaluation assets**

*Pre-exploration costs*

Pre-exploration costs are expensed in the year in which they are incurred.

*Exploration and evaluation expenditures*

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of the property are capitalized. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors, and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as “mines under construction.” Exploration and evaluation assets are tested for impairment before the assets are transferred to development properties.

As the Company currently has no operational income, any incidental revenues earned in connection with exploration activities are applied as a reduction to capitalized exploration costs.

Exploration and evaluation assets are classified as intangible assets.

The Company enters into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain exploration and evaluation expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any cash or other consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess consideration accounted for as a gain on disposal.

The Company accounts for mining tax credits on a cash basis and are applied as a reduction to capitalized exploration costs.

**Provision for environmental rehabilitation**

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of exploration and evaluation assets and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company’s estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Provision for environmental rehabilitation (cont'd...)**

Decommissioning obligations:

The Company's activities may give rise to dismantling, decommissioning and site disturbance re-mediation activities. A provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the decommissioning obligations are charged against the provision to the extent the provision was established.

**Financial instruments**

Financial assets and liabilities are classified into one of the following categories based on the purpose for which the asset or liability was acquired. The Company's accounting policy for the categories is as follows:

Financial assets

*Fair value through profit or loss ("FVTPL")* – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

*Loans and receivables ("LAR")* - Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Held-to-maturity ("HTM")* - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest rate method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

*Available-for-sale ("AFS")* - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

Regular way purchases and sales of financial assets are accounted for at settlement date.

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the final asset and substantially all the risks and rewards of ownership to another entity.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments (cont'd...)**

Financial liabilities

*Fair value through profit or loss ("FVTPL")* – This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognized in profit or loss.

*Other financial liabilities ("OFL")* - This category includes all other liabilities, all of which are recognized at amortized cost.

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

The Company's financial assets and liabilities are classified as follows:

<u>Financial Instruments</u>	<u>Classification</u>
Cash	LAR
Long-term investment	FVTPL
Accounts payable and accrued liabilities	OFL
Short-term loans payable	OFL

Transaction costs that are directly attributable to the acquisition or issue of financial instruments, excluding financial instruments that are classified as at FVTPL, which are expensed as incurred, are included in the initial carrying value of such instruments.

Impairment

All financial assets except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

**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 not deductible for tax purposes, the initial recognition of assets or liabilities that affects neither accounting nor taxable loss, or 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 reporting 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.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Loss per share**

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the year. For the current and prior fiscal year this calculation proved to be anti-dilutive.

Loss per share is calculated using the weighted average number of common shares outstanding during the year.

**Share-based payments**

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized in share-based payment reserve over the vesting period. Consideration paid for the shares along with the fair value recorded in share-based payment reserve on the exercise of stock options is credited to capital stock. When vested options are cancelled, forfeited, or are not exercised by the expiry date, the amount previously recognized in share-based payment reserve is transferred to accumulated losses (deficit). The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Where the terms and conditions of options are modified, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

**Share issue costs**

Share issue costs are deferred and charged directly to capital stock on completion of the related financing. If the financing is not completed, share issue costs are charged to operations. Costs directly identifiable with the raising of capital will be charged against the related capital stock.

**Valuation of equity units issued in private placements**

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

The fair value of the common shares issued in the private placements was determined to be the more easily measurable component and were valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**New accounting standards and recent pronouncements**

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective for the Company's March 31, 2018 reporting period:

- New standard IFRS 9, *Financial Instruments*, Classification and Measurement 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 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 at fair value through profit or loss. The standard is effective for annual periods beginning on or after January 1, 2018.
- New standard IFRS 15, *Revenue from Contracts with Customers* provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.
- New standard, IFRS 16, *Leases* was issued in January 2016 and specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. This standard is effective for reporting periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact the new accounting standards are expected to have on its financial statements and will adopt them when they become effective.

**4. LONG-TERM INVESTMENT**

	March 31, 2018			March 31, 2017		
	Number of shares	Cost	Fair value	Number of shares	Cost	Fair value
Alchemist Mining Inc.	200,000	\$ 9,500	\$ 26,000	200,000	\$ 9,500	\$ 10,000

On August 20, 2014, the Company received 100,000 common shares of Alchemist Mining Inc. ("Alchemist"), a corporation of which the CEO is a family member of the Company's CEO, at a fair value of \$5,500 related to the Tchentlo Lake property (Note 5). Alchemist shares were initially valued at the trading price of \$0.055 per share.

On August 20, 2016, the Company received 100,000 common shares of Alchemist related to the amended Tchentlo Lake property (Note 5). These shares were initially valued at the trading price of \$0.04 per share.

The Company classified the Alchemist shares as an investment at fair value through profit or loss.

During the year ended March 31, 2018, the Company recorded an unrealized gain on long-term investment of \$16,000 (2017 – gain of \$2,500) based on the market price of Alchemist shares at March 31, 2018 of \$0.13 (2017 - \$0.05) per share.

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**5. EXPLORATION AND EVALUATION ASSETS**

During the year ended March 31, 2018, the following exploration expenditures were incurred on the exploration and evaluation assets:

	Zoro I Property	Winston Property	Zoro North Property	Tchentlo Lake Property	Manitoba Lithium Property	Hidden Lake Property	Total
<b>Acquisition costs</b>							
Balance, March 31, 2017	\$ 280,000	\$ 291,500	\$ -	\$ 19,260	\$ 94,444	\$ -	\$ 685,204
Additions – cash	100,000	113,391	25,000	-	50,000	50,000	338,391
Additions – shares	540,000	275,000	25,000	-	50,000	225,000	1,115,000
Balance, March 31, 2018	920,000	679,891	50,000	19,260	194,444	275,000	2,138,595
<b>Exploration costs</b>							
Balance, March 31, 2017	439,111	-	-	64,131	-	-	503,242
Assay	61,215	2,926	-	-	-	-	64,141
Geological and consulting	438,592	13,550	-	4,209	-	17,168	473,519
Drilling	977,375	-	-	-	-	-	977,375
Government grant	(113,590)	-	-	-	-	-	(113,590)
Cost recovery	-	-	-	(2,625)	-	-	(2,625)
Balance, March 31, 2018	1,802,703	16,476	-	65,715	-	17,168	1,902,062
Write-off	-	-	-	(84,975)	-	-	(84,975)
Total balance, March 31, 2018	\$ 2,722,703	\$ 696,367	\$ 50,000	\$ -	\$ 194,444	\$ 292,168	\$ 3,955,682

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**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

During the year ended March 31, 2017, the following exploration expenditures were incurred on the exploration and evaluation assets:

	Zoro I Property	Winston Property	Tchentlo Lake Property	Manitoba Lithium Property	Total
<b>Acquisition costs</b>					
Balance, March 31, 2016	\$ -	\$ 199,000	\$ 28,260	\$ -	\$ 227,260
Additions – cash	50,000	65,000	-	50,000	165,000
Additions – shares	230,000	27,500	-	44,444	301,944
Option proceeds received	-	-	(9,000)	-	(9,000)
Balance, March 31, 2017	280,000	291,500	19,260	94,444	685,204
<b>Exploration costs</b>					
Balance, March 31, 2016	-	-	62,131	-	62,131
Geological and consulting	186,254	-	2,000	-	188,254
Drilling	252,857	-	-	-	252,857
Balance, March 31, 2017	439,111	-	64,131	-	503,242
Total balance, March 31, 2017	\$ 719,111	\$ 291,500	\$ 83,391	\$ 94,444	\$ 1,188,446



**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Zoro I**

In April 2016, the Company entered into an agreement to option the Zoro I claim located in the Snow Lake area in Manitoba. During the year ended March 31, 2018, the Company earned a 100% interest in and to the Zoro I Claim upon meeting the following requirements:

- a) paid \$50,000 and issued 1,000,000 common shares (valued at \$95,000) in 2017; and
- b) issued 6,000,000 common shares (issued and valued at \$540,000) and \$100,000 in non-interest bearing promissory notes that are repayable on May 10, 2018 (issued during the year and repaid subsequent to year end).

In addition, during the year ended March 31, 2017, the Company issued 1,000,000 common shares to an arm's length party at a fair value of \$135,000 as finder's fee on the Zoro I option agreement.

**Winston**

During the year ended March 31, 2015, the Company entered into an option agreement with Redline Minerals Inc., Redline Mining Corporation, and Southwest Land & Exploration Inc. (collectively, the "Optionors") to acquire up to an 80% interest in the Winston Property consisting of the Little Granite claims and the Ivanhoe/Emporia claims located in Sierra County, New Mexico, U.S.A.

During the years ended March 31, 2016 and 2017, the Company amended the option agreement with the Optionors to acquire an initial 50% interest upon completion of the following:

- a) Cash payment of non-refundable deposits of \$35,000 (paid);
- b) Cash payments of \$81,250 (paid);
- c) Cash payment of \$13,750 on or before November 15, 2014 (paid);
- d) Share issuance of 300,000 common shares of the Company on January 15, 2015 (issued);
- e) Cash payments of \$120,000 as follows:
  - i. Cash payment of \$40,000 on or before February 28, 2016 (paid);
  - ii. Cash payment of \$40,000 on or before June 1, 2016 (paid);
  - iii. Cash payment of \$40,000 on or before June 1, 2017 (see below);
- f) Issuance of 2,500,000 common shares (1,500,000 shares issued) of the Company as follows:
  - i. Issue 500,000 common shares on or before October 17, 2014 (issued);
  - ii. Issue 500,000 common shares on or before October 17, 2015 (issued);
  - iii. Issue 500,000 common shares on or before October 17, 2016; (issued)
  - iv. Issue 500,000 common shares on or before October 17, 2017 (see below);
  - v. Issue 500,000 common shares on or before October 17, 2018 (see below); and
- g) Incurring exploration expenditures totaling \$300,000 due on or before October 17, 2017.

The agreement was also amended to include a further option to acquire up to an additional 30% (80% in total interest).

In exchange for the amendment of the option agreement, the Company issued 100,000 common shares at a fair value of \$3,000 on February 26, 2016.

**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Winston (cont'd...)**

During the year ended March 31, 2017, the Company made a \$25,000 cash payment to the original vendors of the Winston Property.

During the year ended March 31, 2018, the Company's wholly owned subsidiary offered to acquire a 100% interest to the claims from the Optionors by completing the following:

- a) Cash payment of \$35,000 (paid);
- b) Issuance of 2,500,000 common shares of the Company (issued and valued at \$275,000); and
- c) Issuance of a \$50,000 non-interest bearing promissory note which is repayable on August 24, 2017 (issued and repaid).

In accordance with the terms and condition of the underlying purchase agreement in order to complete the acquisition of the Little Granite claims, the Company is required to make the following payments:

- a) Cash payments of US \$12,000 on or before July 15, 2017 (paid)
- b) Cash payments of US \$6,000 on or before March 31, 2018 (paid subsequently);
- c) Cash payments of US \$12,000 on or before July 15, 2018 (US\$4,000 paid subsequently);
- d) Cash payments of US \$12,000 on or before July 15, 2019;
- e) Cash payments of US \$12,000 on or before July 15, 2020;
- f) Cash payments of US \$380,000 on or before October 15, 2020.

In accordance with the terms and condition of the underlying purchase agreement in order to complete the acquisition of the Ivanhoe/Emporia claims, the Company is required to pay the original owner of the claims the remaining purchase price of US\$361,375 (US\$6,000 paid during the year and US\$12,000 paid subsequently). Before the remaining purchase price is paid in full, the Company is subject to a minimum monthly royalty payment based on monthly average silver price. The accrued minimum monthly royalty payments outstanding as of March 31, 2018 totals US\$156,625. The agreement also entitles the owner to a permanent production royalty of 2% of NSR.

**Zoro North**

In September 2017, the Company entered into an option agreement with Strider Resources Limited ("Strider") to acquire up to a 100% interest in the highly prospective ground contiguous with its Zoro 1 near Snow Lake, Manitoba (the "Option Agreement"). The Option Agreement sets the terms which the Company can acquire a 100% interest in the property subject to a 2% NSR (the "First Option") and further sets out how the Company can acquire an undivided fifty percent interest in the NSR, being one-half of the NSR or a 1% Net Smelter Return from Strider (the "Second Option").

The Company may exercise the First Option by making the following cash payments, common share issuances to Strider and incurring exploration expenditures:

- a) upon signing the Option Agreement the Company will pay to Strider \$25,000 in cash (paid) and \$25,000 in shares (81,082 shares issued) of the Company based on average price;
- b) on or before September 20, 2018 the Company will pay to Strider \$50,000 in cash and \$50,000 in shares of the Company based on average price, and incur cumulative exploration expenditure of \$50,000;
- c) on or before September 20, 2019 the Company will pay to Strider \$50,000 in cash and \$50,000 in shares of the Company based on average price, and incur cumulative exploration expenditure of \$100,000;

**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Zoro North (cont'd...)**

- d) on or before September 20, 2020 the Company will pay to Strider \$50,000 in cash and \$50,000 in shares of the Company based on average price, and incur cumulative exploration expenditure of \$150,000;
- e) on or before September 20, 2021 the Company will pay to Strider \$75,000 in cash and \$75,000 in shares of the Company based on average price, and incur cumulative exploration expenditure of \$200,000; and
- f) on or before September 20, 2024, incur cumulative exploration expenditures of \$500,000

All shares issued under the Option Agreement will be subject to a four month and one day statutory hold period from the date of issuance.

Provided the Company has exercised the First Option, the Company may exercise the Second Option by making a \$1,000,000 cash payment to Strider, together with all accrued but unpaid NSR at the time, prior to the commencement of commercial production.

During the option period, the Company will be solely responsible for carrying out and administering exploration, development and mining work on the property and for maintaining the property in good standing.

**Tchentlo Lake**

The Company staked various claims in the Tchentlo Lake Property located in British Columbia. The Company holds a 100% interest in the Tchentlo Lake Property.

In June 2014, the Company entered into an option agreement with Alchemist Mining Inc. (“Alchemist”), a corporation whose CEO is a family member of the Company’s former CEO, whereby Alchemist may acquire up to an 80% undivided interest in the Company’s Tchentlo Lake Property (the “Property”).

During the year ended March 31, 2016, the option agreement with Alchemist was amended. As a result, the amount of expenditures in exploration activities on the Property which shall be incurred by Alchemist on or before August 20, 2015 was reduced from \$25,000 to \$nil and the number of Alchemist shares which shall be issued to the Company on or before August 20, 2015 was reduced from 150,000 common shares of Alchemist to nil.

During the year ended March 31, 2017, the option agreement with Alchemist was further amended. As a result, the amount of expenditures in exploration activities on the Property which shall be incurred by Alchemist on or before August 20, 2016 was reduced from \$80,000 to \$nil, the number of Alchemist shares which shall be issued to the Company on or before August 20, 2016 was reduced from 250,000 common shares of Alchemist to 100,000 and the cash to be paid to the Company on or before August 20, 2016 was reduced from \$20,000 to \$5,000.

Under the amended terms of the agreement, Alchemist can earn 51% interest in the Property by:

- a) Paying \$45,500 to the Company as follows:
  - i. Cash payment of \$5,500 within 5 days of the date which Alchemist completes a private placement financing (received);
  - ii. Cash payment of \$10,000 on or before September 8, 2015 (received);
  - iii. Cash payment of \$5,000 on or before August 20, 2016 (received);
  - iv. Cash payment of \$25,000 on or before August 20, 2017;
- b) Issuing 200,000 common shares of Alchemist to the Company as follows:
  - i. Issue 100,000 common shares within 5 days of the date which Alchemist completes a private placement financing (received on August 20, 2014 valued at \$5,500);

**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Tchentlo Lake (cont'd...)**

- ii. Issue 100,000 common shares on or before August 20, 2016 (received, valued at \$4,000);
- c) Incurring \$175,000 of expenditures in exploration activities on the Property as follows:
  - i. Incurring exploration expenditures in the amount of \$175,000 on or before August 20, 2017.

Upon acquisition of the undivided 51% interest in the Property, Alchemist can choose to exercise the following options:

- a) form a joint venture with the Company, with Alchemist holding a 51% Participating Interest and the Company holding a 49% Participating Interest; and
- b) acquire an additional 29% interest in the Property, increasing its interest to 80% (the "Bump-Up Right") by:
  - i. Paying \$75,000 to the Company (cash payment of \$25,000 on or before August 20, 2018 and cash payment of \$50,000 on or before August 20, 2019);
  - ii. Issuing 500,000 common shares of Alchemist to the Company (issuing 250,000 common shares on or before August 20, 2018 and issuing 250,000 common shares on or before August 20, 2019); and
  - iii. Incurring an additional \$575,000 in expenditures on the Property (incurring exploration expenditures in the amount of \$225,000 on or before August 20, 2018 and incurring exploration expenditures in the amount of \$350,000 on or before August 20, 2019).

In the event Alchemist exercises the Bump-Up Right, a joint venture will be formed with Alchemist holding an 80% Participating Interest and the Company holding a 20% Participating Interest in the Property.

The Company will retain a 2% net smelter royalty on the Property, of which Alchemist may purchase 1% on or before August 20, 2021 for \$500,000.

All share issuances pursuant to the agreement will be subject to a four-month and one day statutory hold period.

During the year ended March 31, 2018, the Company decided to abandon the property and wrote off exploration and evaluation assets of \$84,975.

**Manitoba Lithium**

In August 2016, the Company entered into an option agreement with Strider to acquire a 100% interest in and to all lithium-bearing pegmatite dykes on three contiguous claims in Manitoba (the "Property"). The Option agreement sets the terms which the Company can acquire a 100% interest in the property subject to a 2% NSR (the "First Option") and further sets out how the Company can acquire an undivided fifty percent interest in the NSR, being one-half of the NSR or a 1% Net Smelter Return from the Strider (the "Second Option").

The Company may exercise the First Option by making the following cash payments and common share issuances to Strider:

- a) upon signing the Option Agreement the Company will pay to Strider \$50,000 in cash (paid) and \$50,000 in shares (555,556 shares issued) of the Company;
- b) on or before August 4, 2017, the Company will pay to Strider \$50,000 in cash (paid) and \$50,000 in shares (294,118 shares issued) of the Company based on average price;
- c) on or before August 4, 2018, the Company will pay to Strider \$75,000 in cash and \$75,000 in shares of the Company based on average price; and
- d) on or before August 4, 2019, Agreement the Company will pay to Strider \$75,000 in cash and \$75,000 in shares of the Company based on average price.

All shares issued under the Option Agreement will be subject to a four month and one day statutory hold period from the date of issuance.

**5. EXPLORATION AND EVALUATION ASSETS (cont'd...)**

**Manitoba Lithium (cont'd...)**

Provided the Company has exercised the First Option, the Company may exercise the Second Option by making a \$1,000,000 cash payment to Strider, together with all accrued but unpaid NSR at the time, prior to the commencement of commercial production.

During the option period, the Company will be solely responsible for carrying out and administering exploration, development and mining work on the property and for maintaining the Property in good standing.

**Hidden Lake**

In January 2018, the Company entered into a binding letter agreement with 92 Resources Corp ("92 Resources") to acquire up to 90% interest in the Hidden Lake Lithium Property, Northwest Territories.

Under the terms of the agreement, the Company can earn up to 90% interest in the property as follows:

- a) the consideration for the initial 60% interest:
  - i) cash payment of \$50,000 upon execution of the agreement (paid).
  - ii) issuance of 555,555 common shares (issued and valued at \$225,000) upon execution of the agreement.
  - iii) exploration expenditures of \$500,000 to be incurred by January 22, 2019.
- b) the consideration for an additional 10% interest (70% total):
  - i) issuance of common shares with a fair market value of \$250,000 based on the average market price to a maximum of \$1.5 per share by January 22, 2019.
  - ii) additional exploration expenditures of \$500,000 to be incurred by January 22, 2020.
- c) the consideration for an additional 10% interest (80% total):
  - i) issuance of common shares with a fair market value of \$300,000 based on the average market price to a maximum of \$1.5 per share by January 22, 2020.
  - ii) additional exploration expenditures of \$600,000 to be incurred by January 22, 2021.
- d) the consideration for an additional 10% interest (90% total):
  - i) issuance of common shares with a fair market value of \$400,000 based on the average market price to a maximum of \$1.5 per share by January 22, 2021.
  - ii) additional exploration expenditures of \$700,000 to be incurred by January 22, 2022.

The Company will be the operator of the Hidden Lake Lithium Property and shall have the right to accelerate the exercise of the option in its sole discretion. However, if the Company exercises the option to earn less than 90% of the Hidden Lake Project and a joint venture with 92 Resources is formed, the Company will be responsible for funding the initial \$1,000,000 in joint venture expenditures.

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**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Payables and accrued liabilities for the Company are broken down as follows:

	March 31, 2018	March 31, 2017
Trade payables	\$ 527,175	\$ 129,356
Accrued liabilities	29,059	38,299
Due to related parties (Note 9)	268,312	219,936
<b>Total</b>	<b>\$ 824,546</b>	<b>\$ 387,591</b>

**7. SHORT-TERM LOANS PAYABLE**

	March 31, 2018	March 31, 2017
Unsecured Loans payable on demand, with no interest and no fixed term	\$ 500	\$ 500
Unsecured Loans payable on demand, with 10% interest per annum and no fixed term	5,000	6,000
Unsecured Promissory notes, with no interest and payable on May 10, 2018 (Note 5)	100,000	-
	<b>\$ 105,500</b>	<b>\$ 6,500</b>

**8. CAPITAL STOCK AND RESERVES**

a) Authorized capital stock:

As at March 31, 2018, the authorized capital stock of the Company was:

- i) Unlimited number of common shares without par value.
- ii) All issued shares are fully paid.

b) Issued capital stock:

During the year ended March 31, 2018, the Company:

- issued 542,985 shares valued at \$54,299 to settle \$72,000 of debt with related parties, recognizing a gain on shares for debt of \$17,701;
- issued 1,663,615 shares for exploration and evaluation expenditures valued at \$185,301 and 1,046,962 shares for other services valued at \$202,242;
- issued 8,500,000 common shares with a fair value of \$815,000 for the acquisition of Zoro I and Winston properties (Note 5);
- completed a financing on May 29, 2017 of 3,500,000 units at a price of \$0.09 per unit for gross proceeds of \$315,000. Each unit in the private placement consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.15 for a period of one year;
- issued 294,118 common shares with a fair value of \$50,000 pursuant to the acquisition of Manitoba Lithium Property (Note 5);

**8. CAPITAL STOCK AND RESERVES (cont'd...)**

b) Issued capital stock: (cont'd...)

- issued 10,420,000 common shares upon the exercise of options for gross proceeds of \$3,846,590, and accordingly, the Company relocated \$3,679,583 of share-based payment reserve to share capital; The weighted average trading price of the Company's shares on the date of the exercise was \$0.51.
- issued 10,615,556 common shares upon the exercise of warrants for gross proceeds of \$1,119,333;
- issued 1,371,000 common shares upon the exercise of agents' warrants for gross proceeds of \$137,100, and accordingly, the Company relocated \$155,820 of warrant reserve to share capital;
- issued 81,082 common shares with a fair value of \$25,000 pursuant to the acquisition of Zoro North property (Note 5);
- completed a financing on October 18, 2017 of 338,983 units at a price of \$0.295 per unit for gross proceeds of \$100,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.40 for a period of one year;
- completed a financing on November 20, 2017 of 202,020 units at a price of \$0.495 per unit for gross proceeds of \$100,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.60 for a period of one year;
- issued 1,000,000 common shares (valued at \$860,000) as bonus for services provided by the former CEO of the Company (Note 9);
- completed a financing on February 20, 2018 of 350,000 units at a price of \$0.56 per unit for gross proceeds of \$196,000. Each unit in the private placement consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.70 for a period of one year; and
- issued 555,555 common shares with a fair value of \$225,000 pursuant to the acquisition of Hidden Lake Lithium property (Note 5);

During the year ended March 31, 2017, the Company:

- issued 2,643,334 shares valued at \$183,400 to settle \$148,195 of debt with related parties and non-related parties, recognizing a loss on shares for debt of \$35,205;
- issued 4,097,066 shares for services valued at \$248,500;
- completed the second and final tranche of private placement financing on April 28, 2016 of 1,000,000 units at a price of \$0.03 per unit for gross proceeds of \$30,000. At March 31, 2016, \$7,500 of the proceeds were received in advance and recorded as shares to be issued. Accordingly, these amounts were reclassified to capital stock. Each unit in the private placement consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.10 for a period of one year;
- issued 500,000 common shares as a result of stock options exercised. The weighted average trading price of the Company's shares on the date of exercise was \$0.11;

**8. CAPITAL STOCK AND RESERVES (cont'd...)**

b) Issued capital stock: (cont'd...)

- issued 1,555,555 common shares with a fair value of \$139,444 as acquisition of Zoro I and Manitoba Lithium properties (Note 5);
- completed a private placement financing on May 18, 2016 of 18,000,000 units at a price of \$0.05 per unit for gross proceeds of \$900,000. Each unit in the private placement consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.10 for a period of 24 months. In connection with the private placement, the Company recorded share issuance costs of \$47,110 and 1,346,000 broker warrants were granted with a fair value of \$156,757 based on Black-Scholes model assuming an expected life of 2 years, a risk-free interest rate of 0.63%, a forfeiture rate of 0% and an expected volatility of 198.14%;
- issued 1,000,000 common shares with a fair value of \$135,000 to an arm's length party as a finder's fee for the Zoro I option agreement (Note 5);
- issued 500,000 common shares with a fair value of \$27,500 for the acquisition of the Winston property (Note 5);
- completed a private placement financing on November 18, 2016 of 4,620,000 units at a price of \$0.05 per unit for gross proceeds of \$231,000 (\$2,000 to be received). Each unit in the private placement consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share at an exercise price of \$0.10 for a period of 24 months. In connection with the private placement, the Company recorded share issuance costs of \$2,450 and 100,000 broker warrants were granted with a fair value of \$6,148 based on Black-Scholes model assuming an expected life of 2 years, a risk-free interest rate of 0.67%, a forfeiture rate of 0% and an expected volatility of 199.84%; and
- issued 2,395,000 common shares as a result of warrants exercised.

c) Stock options:

The Company follows the policies of the Canadian Securities Exchange under which it is authorized to grant options to executive officers and directors, employees, and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the policies, the exercise price of each option may not be less than the market price of the Company's stock as calculated on the day before the date of grant. The options can be granted for a maximum term of ten years. The options shall be subject to such vesting requirements, if any, as may be determined by the Board from time to time provided that options granted to consultants performing "investor relation activities" must vest in stages over 12 months with no more than ¼ of the options granted vesting in any six month period.

During the year ended March 31, 2018 and 2017, the Company granted 13,950,000 (2017 – 4,500,000) stock options to officers, directors and consultants of the Company with an estimated fair market value of \$7,573,216 (2017 - \$423,125).



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**8. CAPITAL STOCK AND RESERVES (cont'd...)**

c) Stock options: (cont'd...)

Stock option transactions for the year ended March 31, 2018 are summarized as follows:

Expiry Date	Exercise Price	March 31, 2017	Granted	Exercised	Cancelled	March 31, 2018	Exercisable
May 22, 2019	\$ 0.05	188,000	-	(188,000)	-	-	-
November 16, 2020	\$ 0.05	600,000	-	(250,000)	-	350,000	350,000
March 2, 2020	\$ 0.13	1,000,000	-	-	(1,000,000)	-	-
June 22, 2020	\$0.095	-	1,000,000	(1,000,000)	-	-	-
July 24, 2020	\$0.210	-	1,000,000	(1,000,000)	-	-	-
September 8, 2022	\$0.335	-	1,000,000	(1,000,000)	-	-	-
May 18, 2021	\$ 0.13	250,000	-	-	-	250,000	250,000
June 27, 2021	\$ 0.10	500,000	-	(250,000)	-	250,000	250,000
September 7, 2021	\$ 0.08	2,000,000	-	(2,000,000)	-	-	-
October 17, 2021	\$ 0.05	250,000	-	-	-	250,000	250,000
February 6, 2022	\$ 0.11	500,000	-	-	-	500,000	500,000
October 10, 2022	\$0.295	-	2,100,000	(302,000)	-	1,798,000	1,798,000
October 18, 2022	\$0.295	-	300,000	(180,000)	-	120,000	120,000
November 1, 2022	\$0.475	-	1,000,000	(1,000,000)	-	-	-
November 16, 2022	\$0.540	-	100,000	-	-	100,000	100,000
November 17, 2022	\$0.540	-	100,000	-	-	100,000	100,000
November 22, 2022	\$0.550	-	1,600,000	(1,500,000)	-	100,000	100,000
November 28, 2022	\$0.990	-	1,500,000	-	-	1,500,000	1,500,000
November 30, 2022	\$0.890	-	1,750,000	(1,750,000)	-	-	-
January 3, 2023	\$0.790	-	250,000	-	-	250,000	250,000
January 12, 2023	\$0.900	-	1,750,000	-	-	1,750,000	1,750,000
February 7, 2023	\$0.590	-	250,000	-	-	250,000	250,000
February 16, 2023	\$0.560	-	250,000	-	-	250,000	250,000
<b>Total</b>		<b>5,288,000</b>	<b>13,950,000</b>	<b>(10,420,000)</b>	<b>(1,000,000)</b>	<b>7,818,000</b>	<b>7,818,000</b>
<b>Weighted average exercise price</b>		<b>\$ 0.09</b>	<b>\$ 0.57</b>	<b>\$ 0.37</b>	<b>\$ 0.13</b>	<b>\$ 0.56</b>	<b>\$ 0.56</b>
<b>Weighted average remaining contractual life</b>						<b>4.40 years</b>	

Stock option transactions for the year ended March 31, 2017 are summarized as follows:

Expiry Date	Exercise Price	March 31, 2016	Granted	Exercised	March 31, 2017	Exercisable
May 22, 2019	\$0.05	188,000	-	-	188,000	188,000
November 16, 2020	\$0.05	1,100,000	-	(500,000)	600,000	600,000
March 2, 2020	\$0.13	-	1,000,000	-	1,000,000	1,000,000
May 18, 2021	\$0.13	-	250,000	-	250,000	250,000
June 27, 2021	\$0.10	-	500,000	-	500,000	500,000
September 7, 2021	\$0.08	-	2,000,000	-	2,000,000	2,000,000
October 17, 2021	\$0.05	-	250,000	-	250,000	250,000
February 6, 2022	\$0.11	-	500,000	-	500,000	500,000
<b>Total</b>		<b>1,288,000</b>	<b>4,500,000</b>	<b>(500,000)</b>	<b>5,288,000</b>	<b>5,288,000</b>
<b>Weighted average exercise price</b>		<b>\$ 0.05</b>	<b>\$ 0.10</b>	<b>\$ 0.05</b>	<b>\$ 0.09</b>	<b>\$ 0.09</b>
<b>Weighted average remaining contractual life</b>						<b>3.99 years</b>

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**8. CAPITAL STOCK AND RESERVES (cont'd...)**

c) Stock options: (cont'd...)

The fair value of stock options was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Fair value per option	\$0.54	\$0.09
Exercise price	\$0.57	\$0.10
Expected life (years)	4.71	4.56
Interest rate	1.64%	0.74%
Annualized volatility (based on historical volatility)	224.34%	183.74%
Dividend yield	0.00%	0.00%
Share price on grant date	\$0.55	\$0.10

d) Unit warrants:

During the year ended March 31, 2018, the Company issued 2,195,501 (2017 – 11,810,000) unit warrants in connection with private placement financings. Based on the residual method, no value was allocated to the unit warrants issued. A continuity of the unit warrants issued is as follows:

Expiry Date	Exercise Price	March 31, 2017	Issued	Exercised	Expired / Cancelled	March 31, 2018			
August 14, 2017	\$0.10	1,520,000	-	(1,520,000)	-	-			
May 18, 2018 <sup>(1)</sup>	\$0.10	7,400,000	-	(6,775,000)	-	625,000			
May 29, 2018 <sup>(2)</sup>	\$0.15	-	1,750,000	(555,556)	-	1,194,444			
November 18, 2018	\$0.10	2,160,000	-	(1,665,000)	-	495,000			
October 18, 2018	\$0.40	-	169,491	(100,000)	-	69,491			
November 20, 2018	\$0.60	-	101,010	-	-	101,010			
February 19, 2019	\$0.70	-	175,000	-	-	175,000			
<b>Total</b>		<b>11,080,000</b>	<b>2,195,501</b>	<b>(10,615,556)</b>	<b>-</b>	<b>2,659,945</b>			
<b>Weighted average exercise price</b>	<b>\$</b>	<b>0.10</b>	<b>\$</b>	<b>0.23</b>	<b>\$</b>	<b>0.11</b>	<b>-</b>	<b>\$</b>	<b>0.19</b>
<b>Weighted average remaining contractual life</b>							<b>0.32 years</b>		

<sup>(1)</sup> 75,000 expired unexercised subsequently; remainder were exercised

<sup>(2)</sup> exercised subsequent to the year-end

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**8. CAPITAL STOCK AND RESERVES (cont'd...)**

d) Unit warrants: (cont'd...)

Unit warrants transactions for the year ended March 31, 2017 are summarized as follows:

Expiry Date	Exercise Price	March 31, 2016	Issued	Exercised	Expired / Cancelled	March 31, 2017
March 1, 2017	\$0.10	500,000	-	-	(500,000)	-
April 25, 2017	\$0.10	-	500,000	(500,000)	-	-
August 14, 2017	\$0.10	1,620,000	-	(100,000)	-	1,520,000
May 18, 2018	\$0.10	-	9,000,000	(1,600,000)	-	7,400,000
November 18, 2018	\$0.10	-	2,310,000	(150,000)	-	2,160,000
<b>Total</b>		<b>2,120,000</b>	<b>11,810,000</b>	<b>(2,350,000)</b>	<b>(500,000)</b>	<b>11,080,000</b>
Weighted average exercise price		\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10
Weighted average remaining contractual life						1.13 years

e) Agent warrants:

During the year ended March 31, 2018, the Company issued Nil (2017 – 1,446,000) agent warrants in connection with finders' fees. Based on the Black-Scholes valuation model, \$Nil (2017 - \$162,905) was allocated to the agent warrants issued for the year ended March 31, 2018. A continuity of the agent warrants granted is as follows:

Expiry Date	Exercise Price	March 31, 2017	Issued	Exercised	Expired / Cancelled	March 31, 2018
May 18, 2018	\$0.10	1,301,000	-	(1,301,000)	-	-
November 18, 2018	\$0.10	100,000	-	(70,000)	-	30,000
<b>Total</b>		<b>1,401,000</b>	<b>-</b>	<b>(1,371,000)</b>	<b>-</b>	<b>30,000</b>
Weighted average exercise price		\$ 0.10	\$ -	\$ 0.10	\$ -	\$ 0.10
Weighted average remaining contractual life						0.64 years

Agent warrants transactions for the year ended March 31, 2017 are summarized as follows:

Expiry Date	Exercise Price	March 31, 2016	Issued	Exercised	Expired / Cancelled	March 31, 2017
March 1, 2017	\$0.10	50,000	-	-	(50,000)	-
May 18, 2018	\$0.10	-	1,346,000	(45,000)	-	1,301,000
November 18, 2018	\$0.10	-	100,000	-	-	100,000
<b>Total</b>		<b>50,000</b>	<b>1,446,000</b>	<b>(45,000)</b>	<b>(50,000)</b>	<b>1,401,000</b>
Weighted average exercise price		\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10	\$ 0.10
Weighted average remaining contractual life						1.17 years

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**8. CAPITAL STOCK AND RESERVES (cont'd...)**

f) Reserves:

Reserves comprise of share-based payment and warrant reserves.

**9. RELATED PARTY TRANSACTIONS**

Related party transactions are as follows:

Paid or accrued to:	Nature of transaction	For the year ended March 31, 2018	For the year ended March 31, 2017
<b><u>Key management personnel:</u></b>			
Directors	Management fees/Consulting fees/ Share-based payments	\$ 257,447	\$ 41,760
Former CEO	Management fees/Consulting fees/ Share-based payments	1,553,893	126,000
CEO	Management fees/Consulting fees/ Share-based payments	251,817	-
		<u>\$ 2,063,157</u>	<u>\$ 167,760</u>
<b><u>Related party:</u></b>			
A firm of which the CFO was a partner	Professional fees	\$ -	\$ 30,100
A company owned by the CFO	Professional fees	\$ 141,400	\$ -

The amounts due to related parties included in accounts payable and accrued liabilities are as follows:

	As at March 31, 2018	As at March 31, 2017
Due to a firm of which the CFO of the Company was a partner	\$ -	\$ 86,639
Due to a company owned by the CFO of the Company	166,612	-
Due to directors, CEO and former CEO of the Company	101,700	133,297
	<u>\$ 268,312</u>	<u>\$ 219,936</u>

The amounts owed are unsecured, non-interest bearing and have no specific repayment terms.

During the year ended March 31, 2018, the Company:

- issued 542,985 shares valued at \$54,299 to the former CEO and directors of the Company to settle \$72,000 of debt, recognizing a loss on share for debt of \$17,701 (Note 8).
- was forgiven an outstanding debt of \$40,898 to a firm of which the CFO of the Company was a partner.
- issued 1,000,000 shares (valued at \$860,000) to the former CEO of the Company as bonus for the management services provided (Note 8).

**9. RELATED PARTY TRANSACTIONS (cont'd...)**

During the year ended March 31, 2017, the Company:

- issued 1,250,000 shares to settle \$62,500 of debt with a firm of which the CFO of the Company was a partner.
- issued 133,334 shares to settle \$12,000 of debt with directors of the Company, recognizing a gain on shares for debt of \$2,000.
- issued 200,000 shares to settle \$9,540 of debt with the CFO of the Company, recognizing a loss on shares for debt of \$8,460.
- issued 480,000 shares to settle \$28,800 of debt with the former CEO of the Company, recognizing a loss on shares for debt of \$14,400.

Transactions with related parties were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS**

During the year ended March 31, 2018, significant non-cash investing and financing transactions included:

- a) issued 9,430,755 common shares with a fair value of \$1,115,000 for the acquisition of exploration and evaluation assets (Note 5);
- b) issued 1,663,615 common shares with a fair value of \$185,301 for exploration and evaluation expenditures;
- c) issued 1,046,962 common shares with a fair value of \$202,242 for services;
- d) issued 1,000,000 common shares with a fair value of \$860,000 for bonus management compensation;
- e) issued 542,985 common shares with fair value of \$54,299 to settle debt of \$72,000;
- f) issued a promissory note of \$100,000 for the acquisition of Zoro I Property;
- g) reallocated \$3,835,403 from reserves to share capital as a result of option and warrant exercise; and
- h) included in accounts payable and accrued liabilities is \$318,127 related to exploration and evaluation assets.

During the year ended March 31, 2017, significant non-cash investing and financing transactions included:

- a) issued 2,643,334 common shares valued at \$183,400 to settle debt of \$148,195;
- b) reallocated \$14,737 from reserves to share capital as a result of option and warrant exercise;
- c) included in accounts payable and accrued liabilities is \$51,067 related to exploration and evaluation assets;
- d) received Alchemist shares with a fair value of \$4,000 as proceeds for Tchlento Lake Property;

**10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS (cont'd...)**

- e) issued 2,055,555 common shares with a fair value of \$166,944 for Winston Property, Zoro I and Manitoba Lithium properties; and
- f) issued 1,000,000 common shares with a fair value of \$135,000 to an arm's length party as finder's fee for Zoro I option agreement.

**11. SEGMENTED INFORMATION**

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	March 31, 2018	March 31, 2017
Exploration and evaluation assets		
Canada	\$ 3,259,315	\$ 896,946
United States	696,367	291,500
	\$ 3,955,682	\$ 1,188,446

**12. FINANCIAL RISK MANAGEMENT**

**Capital management**

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern. In the management of capital, the Company monitors its adjusted capital which comprises all components of equity (i.e. capital stock, reserves and deficit).

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements. The Company is not exposed to any externally imposed capital requirements. The Company's overall strategy remains unchanged from fiscal year 2017.

**Fair value**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets and 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.

**12. FINANCIAL RISK MANAGEMENT (cont'd...)**

The fair value of the Company's long-term investment constitutes a Level 1 fair value measurement.

The carrying value of cash, accounts payable and accrued liabilities, and short-term loans payable approximate their fair value because of the short-term nature of these instruments.

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash. The maximum exposure is the carrying amount of cash on the consolidated statements of financial position. The Company limits its exposure to credit loss by placing its cash with major Canadian financial institutions.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2018, the Company had a cash balance of \$3,213,505 (March 31, 2017 – \$312,367) to settle current liabilities of \$930,046 (March 31, 2017 - \$394,091). All of the Company's financial liabilities, except for the short term loans payable (see Note 7), have contractual maturities of 30 days and are subject to normal trade terms. The Company plans to raise money from the equity market to settle its liabilities.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and interest-bearing debt. The Company's cash and interest bearing debt do not have significant exposure to interest rate risk.

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable and accrued liabilities, and option agreement payments that are denominated in a foreign currency. There is a risk in the exchange rate of the Canadian dollar relative to the US dollar and a significant change in this rate 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.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

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**13. INCOME TAXES**

The actual income tax provisions differ from the expected amounts calculated by applying the Canadian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. The components of these differences are as follows:

	2018	2017
Loss before taxes for the year	\$ (10,655,708)	\$ (1,263,136)
Canadian federal and provincial income tax rates	26.25%	26.00%
Expected income tax recovery based on the above rates	\$ (2,797,123)	\$ (328,415)
Non-deductible items	1,989,927	111,573
Effect of tax rate change	(47,400)	-
Tax benefit not realized	854,596	216,842
Deferred income tax recovery	\$ -	\$ -

The significant components of the Company's deferred income tax assets and liabilities, using a Canadian basic statutory rate of 27% (2017 – 26%) are as follows:

	March 31, 2018	March 31, 2017
Non-capital losses	\$ 1,445,000	\$ 609,000
Cumulative exploration and development expenses	36,000	13,000
Share issuance costs and others	6,000	11,000
	1,487,000	633,000
Unrecognized deferred tax assets	(1,487,000)	(633,000)
Net deferred tax assets	\$ -	\$ -

At March 31, 2018, the Company has accumulated non-capital losses of approximately \$5,353,000 (2017 - \$2,344,000) which may be available to offset future income for income tax purposes which expire over the next twenty years. These losses, if not utilized, will expire through to 2038. In addition, there are resource-related expenditures of approximately \$4,088,000 (2017 - \$1,238,000) which may be used to offset future taxable income indefinitely, subject to annual rates prescribed by the Canadian Income Tax Act. Deferred tax benefits, which may arise as a result of these losses, have not been recognized in these financial statements as it is not probable that the Company will generate future taxable income against which to utilize the temporary differences.



**14. SUBSEQUENT EVENTS**

Subsequent to the year ended March 31, 2018, the Company:

- issued 50,000 common shares upon the exercise of options for gross proceeds of \$14,500;
- issued 1,759,445 common shares upon the exercise of warrants for gross proceeds of \$235,667;
- issued 18,480 shares for settlement of debt with related party of \$6,000;
- issued 120,973 shares for services of \$59,000;
- issued 234,000 shares for shares to be issued of \$210,000;
- granted 1,300,000 stock options to directors and consultants of the Company at an exercise price of \$0.325 per option, expiring on May 7, 2023.