FREEDOM ENERGY INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Month Period Ended

June 30, 2018

(Expressed in Canadian dollars)

(Unaudited)

NOTICE OF NO AUDITOR'S REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited condensed interim consolidated financial statements of Freedom Energy Inc. (the "Company") for the three month period ended June 30, 2018 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors. The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements.

Freedom Energy Inc.

Condensed Interim Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	June 30, 2018 ($)	March 31, 2018 ($)
ASSETS		
Current assets		
Cash	11,219	32,142
Receivables (Note 4)	1,105	36,589
Term deposit (Note 5)	31,298	31,298
Investments (Note 6)	205	205
Prepaid expenses	3,767	5,067
	47,594	105,301
Non-current assets		
Exploration and evaluation assets (Note 7)	2	2
	47,596	105,303
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (Notes 8 and 11)	313,495	326,082
Loans payable (Note 9)	235,556	232,402
	549,051	558,484
Loans payable (Note 9)	350,566	343,912
	899,617	902,396
Shareholders' deficiency		
Share capital (Note 10)	13,030,009	13,030,009
Share subscriptions	-	(22,500)
Reserves (Note 10)	1,963,017	1,963,017
Deficit	(15,845,047)	(15,767,619)
	(852,021)	(797,093)
	47,596	105,303

Nature of Operations and Going Concern (Note 1)

These consolidated financial statements were authorized for issue by the Board of Directors on August 28, 2018. They were signed on the Board's behalf by:

"George Heard"
George Heard - Director

"Chester Shynkaryk"
Chester Shynkaryk - Director

Freedom Energy Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended June 30, 2018 ($)	Three Month Period Ended June 30, 2017 ($)
EXPENSES		
Bank charges	1,352	637
Consulting fees (Note 11)	35,235	62,657
Investor relations	-	27,273
Office and general	3,528	5,487
Professional fees (Note 11)	19,556	34,964
Salaries and benefits	5,937	5,498
Share-based compensation	-	-
Transfer agent and filing fees	2,051	2,761
Travel and accommodations	-	1,429
	(67,659)	(140,706)
OTHER INCOME (EXPENSES)		
Finance costs (Note 9)	(9,808)	(9,207)
Finance income (Note 5)	39	5,129
Foreign exchange gain (loss)	-	(12,161)
Loss and comprehensive loss for the period	(77,428)	(156,945)
Basic and diluted loss per share	(0.00)	(0.01)
Weighted average common shares outstanding	33,395,446	28,809,202

Freedom Energy Inc.

Condensed Interim Consolidated Statement of Changes in Shareholders` Deficiency
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital			Reserves				
	Number of Shares	Amount	Share Subscriptions	Option	Warrant	Total	Deficit	Total Shareholders' Deficiency
		($)	($)	($)	($)	($)	($)	($)
Balance at March 31, 2017	**28,809,202**	**12,624,066**	**(6,500)**	**1,485,959**	**425,753**	**1,911,712**	**(14,619,701)**	**(90,423)**
Net loss for the period	-	-	-	-	-	-	(156,945)	(156,945)
Balance at June 30, 2017	**28,809,202**	**12,624,066**	**(6,500)**	**1,485,959**	**425,753**	**1,911,712**	**(14,776,646)**	**(247,368)**
Private placement	4,651,244	412,443	(22,500)	-	51,305	51,305	-	441,248
Common shares cancelled	(65,000)	(6,500)	6,500	-	-	-	-	-
Net loss for the period	-	-	-	-	-	-	(990,973)	(990,973)
Balance at March 31, 2018	**33,395,446**	**13,030,009**	**(22,500)**	**1,485,959**	**477,058**	**1,963,017**	**(15,767,619)**	**(797,093)**
Private placement	-	-	22,500	-	-	-	-	22,500
Net loss for the period	-	-	-	-	-	-	(77,428)	(77,428)
Balance at June 30, 2018	**33,395,446**	**13,030,009**	**-**	**1,485,959**	**477,058**	**1,963,017**	**(15,845,047)**	**(852,021)**

See accompanying notes to the condensed interim consolidated financial statements

Freedom Energy Inc.
Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Month Period Ended June 30, 2018	Three Month Period Ended June 30, 2017
	($)	**($)**
OPERATING ACTIVITIES		
Net loss for the period	(77,428)	(156,945)
Items not affecting cash:		
Finance costs	9,808	9,008
Finance income	-	(5,129)
Changes in non-cash working capital items:		
Amounts receivable	35,484	8,555
Prepaid expenses	1,300	31,998
Accounts payable and accrued liabilities	(12,587)	238,709
CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES	(43,423)	126,196
FINANCING ACTIVITIES		
Receipt of share subscriptions	22,500	-
CASH PROVIDED BY FINANCING ACTIVITIES	22,500	-
INVESTING ACTIVITIES		
Advance of note receivable	-	(160,120)
CASH USED IN INVESTING ACTIVITIES	-	(160,120)
CHANGE IN CASH DURING THE PERIOD	(20,923)	(33,924)
CASH - BEGINNING OF PERIOD	32,142	48,787
CASH - END OF PERIOD	11,219	14,863

Supplemental Cash Flow Information (Note 13)

1. NATURE OF OPERATIONS AND GOING CONCERN

Freedom Energy Inc., (the "Company") was incorporated on April 7, 2005 pursuant to the *Business Corporations Act* (British Columbia). The Company is listed on the TSX Venture Exchange (the "Exchange") and its common shares trade under the symbol "FREE-V". The Company's principal place of business is located at 315 – 837 West Hastings Street, Vancouver, British Columbia, V6C 3N6. The Company is an exploration stage junior mining company that focuses its exploration efforts on North American oil and gas projects.

These condensed interim consolidated financial statements have been prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company had a net loss of $77,428 for the three month period ended June 30, 2018 (2017 – $156,945), and has a working capital deficiency of $501,457 as at June 30, 2018 (March 31, 2018 – $453,183).

The Company's ability to continue as a going concern is dependent upon the continued support of its related parties, the ability of the Company to raise equity and/or debt financing, the discovery of economically recoverable reserves on its exploration and evaluation assets or the acquisition of a new profitable business operation. It is expected that the Company's current cash position will not be sufficient to fund its needs for the near future. These uncertainties cast significant doubt on the ability of the Company to continue as a going concern. If the Company is unable to secure additional financing, repay liabilities as they come due and/or continue as a going concern, then material adjustments could be required to the carrying value of assets and liabilities and the consolidated statement of financial position classifications used. Additionally, the Company may be required to liquidate its assets. These condensed interim consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of all assets and liabilities should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

(a) Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounts Standards ("IAS") 34, "Condensed Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Approval of the consolidated financial statements

These condensed interim consolidated financial statements were authorized for issue by the Board of Directors of the Company on August 28, 2018.

(c) Basis of presentation

These condensed interim consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are measured at fair value. In addition, the consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PREPARATION (continued)

(d) Presentation and functional currency

Presentation and functional currency
These consolidated financial statements are presented in Canadian dollars. The functional currency of the Company and its subsidiaries is the Canadian dollar.

Foreign currency transactions
Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the consolidated statement of financial position. Gains and losses arising on foreign currency translations are included in the Company's consolidated statements of loss and comprehensive loss.

(e) Significant accounting judgments and estimates

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. The preparation of the consolidated financial statements also requires management to exercise judgment in the process of applying accounting policies.

<u>Critical accounting estimates</u>

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively from the period in which the estimates are revised. The following are the key uncertainties related to estimates that have a significant risk of resulting in a material adjustment within the next financial year:

Impairment of non-financial assets
When there are indications that an asset may be impaired, the Company is required to estimate the asset's recoverable amount. Recoverable amount is the greater of value in use and fair value less costs to sell. Determining the value in use requires the Company to estimate expected future cash flows associated with the assets and a suitable discount rate in order to calculate present value. The Company considers both external and internal sources of information in assessing whether there are indications that the assets are impaired.

Share-based compensation
Management is required to make certain estimates when determining the fair value of share-based awards, based on the number of awards that are expected to vest and the inputs used in calculating fair value using the Black-Scholes option pricing model. These estimates affect the amount recognized as share-based compensation in the Company's consolidated statements of loss and comprehensive loss.

2. BASIS OF PREPARATION (continued)

(e) Significant accounting judgments and estimates (continued)

Critical judgments used in applying accounting policies
In the preparation of these consolidated financial statements management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

Income taxes
The measurement of deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The Company recognized deferred tax assets for deductible temporary differences, to the extent that it is probable that there is taxable profit available against which the deductible temporary differences can be utilized, dependent upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Functional currency
The Company applied judgment in determining its functional currency and the functional currency of its subsidiary. Functional currency was determined based on the currency in which funds are sourced and the degree of dependence by the subsidiary on the Company for financial support.

Going concern
The Company applies judgment in assessing whether material uncertainties exist that would cast substantial doubt as to whether the Company could continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim consolidated financial statements are based on IFRS consistent with the policies disclosed in Note 3 of the Company's annual audited financial statements that were approved on July 20, 2018. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended March 31, 2018.

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Standards

During the period ended June 30, 2018, the Company adopted the following accounting standards:

IFRS 9, Financial Instruments – Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement.*

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: 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.

IFRS 15, Revenue from Contracts with Customers

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

The adoption of these standards did not have a material impact on the Company's financial statements.

4. RECEIVABLES

The Company's amounts receivable is comprised of the following:

	June 30, 2018	**March 31, 2018**
	($)	**($)**
GST receivable	966	4,254
Other receivables	139	32,335
	1,105	36,589

(Expressed in Canadian Dollars)

5. TERM DEPOSIT

As at June 30, 2018, the Company held a term deposit of $31,298 (March 31, 2018 - $31,298), required as security pursuant to the Company's credit card arrangement with a financial institution, which earns interest at 0.5% per annum. The term deposit matures August 9, 2018.

6. INVESTMENTS

As at June 30, 2018, the Company held 519 common shares of Global Resources Investment Trust plc ("GRIT") with a fair value of $205 (March 31, 2015 - $205). GRIT is an investment fund traded on the London Stock Exchange that invests primarily in small- and medium-sized listed natural resources companies.

7. EXPLORATION AND EVALUATION ASSETS

Good Hope Property, Nevada

On June 24, 2016, the Company entered into an option agreement to acquire a 100% interest in the Good Hope gold property (the "Good Hope Property"). The terms of the option require the following payments:

Date	Cash	Common Shares	Property Expenditures
	($)		($)
December 7, 2016 (issued)	-	200,000	-
December 7, 2017	-	200,000	-
December 7, 2018	100,000	200,000	-
December 7, 2019	-	200,000	-
December 7, 2020	-	200,000	-
December 7, 2021	-	-	2,000,000

The optionor of the Good Hope Property will also retain a 5% net smelter return ("NSR") royalty; however, the Company can purchase up to 3% of the NSR royalty in exchange for cash payments of $1,000,000 for each 1% of the NSR royalty.

During the three month period ended June 30, 2018, the Company did not incur any exploration and evaluation expenditures.

During the year ended March 31, 2018, the Company incurred the following exploration and evaluation expenditures:

	Jefferson County	Good Hope	Total
	($)	($)	($)
Balance at March 31, 2017	1	67,860	67,861
BLM claim fees	-	14,607	14,607
Impairment	-	(82,466)	(82,466)
Balance at March 31, 2018	1	1	2

(Expressed in Canadian Dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities are comprised of the following:

	June 30, 2018	March 31, 2018
	($)	($)
Trade payables	180,755	203,595
Accrued liabilities	45,000	40,826
Due to related parties (Note 12)	87,740	81,661
	313,495	326,082

9. LOANS PAYABLE

As at June 30, 2018, loans and accrued interest are outstanding with an aggregate value of $586,122 (March 31, 2018 - $576,314). bear simple interest at rates between 8% - 9% per annum. One loan is currently in default and the other is repayable on or before March 31, 2023.

During the three month period ended June 30, 2018, the Company incurred loan interest of $9,808 (2017 - $9,008), and this amount has been recognized as finance costs on the consolidated statements of loss and comprehensive loss.

10. SHARE CAPITAL

(a) Authorized share capital

Unlimited number of common shares without par value.
Unlimited number of Class A preferred shares with a par value of $1.00 each.

(b) Issued share capital

<u>Three Month Period Ended June 30, 2018</u>

The was no activity.

10. SHARE CAPITAL (continued)

Year Ended March 31, 2018

(i) On July 12, 2017, the Company issued 2,256,800 common shares at $0.11 per share under a non-brokered private placement for aggregate proceeds of $248,248.

(ii) On September 27, 2017, the Company recorded a return to treasury for 65,000 common shares that were previously issued at $0.10 per share.

(iii) On December 6, 2017, the Company issued 944,444 units at $0.09 for aggregate proceeds of $85,000. Each unit was comprised of a common share and a common share purchase warrant which entitles the holder to purchase an additional common share at a price of $0.10 for two years. A value of $33,055 was attributed to the warrants.

(iv) On March 6, 2018, the Company issued 1,200,000 units at $0.09 per unit under the first tranche of a non-brokered private placement for aggregate proceeds of $108,000. On March 28, 2018, the Company completed the second tranche of the placement and issued 250,000 units at $0.09 for aggregate proceeds of $22,500. Each unit was comprised of a common share and a common share purchase warrant which entitles the holder to purchase an additional common share at a price of $0.15 for two years. A total of $22,500 in subscription proceeds had not been received as at March 31, 2017 and were recorded as a subscription receivable in equity. A value of $18,250 was attributed to the warrants.

(c) Options

The Company has a share option plan whereby a maximum of 10% of the issued and outstanding common shares of the Company may be reserved for issuance pursuant to the exercise of share options. The term of the share options granted are fixed by the board of directors and are not to exceed 10 years. The exercise prices of the share options are determined by the board of directors, but shall not be less than the closing price of the Company's common shares on the day preceding the day on which the directors grant the share options, less any discount permitted by the Exchange. The share options vest immediately on the date of grant unless otherwise required by the Exchange; however, a four-month hold period applies to all shares issued on the exercise of a share option, commencing from the date that the share option is granted.

Other terms and conditions are as follows: all share options are non-transferable; no more than 5% of the outstanding shares may be granted to any one individual in any 12-month period; without the prior consent of the Exchange, no more than 2% of the outstanding shares may be granted to a consultant, or an employee performing investor relations activities, in any 12-month period; disinterested shareholder approval must be obtained for (i) any reduction in the exercise price of an outstanding option, if the holder is an insider, (ii) any grant of share options to insiders, within a 12-month period, exceeding 10% of the Company's outstanding shares; and share options will be reclassified in the event of any consolidation, subdivision, conversion or exchange of the Company's common shares.

(Expressed in Canadian Dollars)

10. SHARE CAPITAL (continued)

There were no changes in the stock options during the three month period ended June 30, 2018 or the year ended March 31, 2018.

A summary of stock options outstanding as at June 30, 2018 is as follows:

Expiry Date	Options Outstanding	Options Exercisable	Exercise Price	Remaining Life
			($)	(years)
August 29, 2018	280,000	280,000	0.60	0.16
October 27, 2019	1,950,000	1,950,000	0.10	1.33
	2,230,000	2,230,000	0.16	1.18

(d) Warrants

A continuity schedule of the Company's outstanding share options is as follows:

	Number Outstanding	Weighted Average Exercise Price
	($)	($)
Balance – March 31, 2017	-	-
Issued	2,394,444	0.13
Balance – March 31, 2018 and June 30, 2018	2,394,444	0.13

The following table summarizes the share purchase warrants outstanding as at June 30, 2018:

Number of Warrants	Weighted Average Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
	($)		(yrs)
250,000	0.15	March 28, 2020	1.74
1,200,000	0.15	March 6, 2020	1.68
944,444	0.10	December 6, 2019	1.44
2,394,444	0.13		1.59

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

The Company's key management personnel consist of directors, officers and companies owned or controlled in whole or in part by officers and directors. Except as disclosed elsewhere in these consolidated financial statements, the following summarizes the Company's related party transactions during the three month periods ended June 30, 2018 and 2017:

Key Management Personnel

	June 30, 2018	June 30, 2017
	($)	($)
Professional and consulting fees paid or accrued to a corporation controlled by the Chief Financial Officer ("CFO") of the Company.	13,644	11,925
Consulting fees paid or accrued to a corporation controlled by the former Corporate Secretary of the Company.	-	6,000
Total	13,644	17,925

a) As at June 30, 2018, a total of $55,572 (March 31, 2018 – $46,246) was included in accounts payable and accrued liabilities owing to a corporation controlled by the CFO of the Company for professional and consulting fees.

b) As at June 30, 2018, a total of $9,000 (March 31, 2018 - $12,010) was included in accounts payable and accrued liabilities owing to a corporation controlled by the Corporate Secretary of the Company for consulting fees.

c) As at June 30, 2018, a total of $23,168 (March 31, 2018 - $23,405) was included in accounts payable and accrued liabilities owing to the CEO of the Company for reimbursable expenses.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and evaluation of mineral property interests. As at June 30, 2018 and March 31, 2018, the Company's non-current assets were located in the United States.

(Expressed in Canadian Dollars)

13. SUPPLEMENTAL CASH FLOW INFORMATION

During the three month periods ended June 30, 2018 and 2017, the Company incurred the following non-cash investing and financing transactions:

	June 30, 2018 ($)	June 30, 2017 ($)
Interest earned during the period	-	5,129
Income taxes paid during the period	-	-

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

IFRS 7 *Financial Instruments: Disclosure* establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identic/al 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.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's financial instruments consist of cash, term deposits, investments, amounts receivables, note receivable, accounts payable and loans payable.

The fair values of the Company's amounts receivable, note receivable, accounts payable and accrued liabilities and loans payable approximate their carrying values due to the short-term nature of these instruments. The carrying amount of the term deposit approximates its fair value, as the stated rate approximates the market rate of interest.

The Company's cash and investments are classified at Level 1 of the fair value hierarchy. The Company has no financial instruments classified as Level 2 or 3.

Financial instrument risk exposure
The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes.

Credit risk
Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its payment obligations. The Company has no material counterparties to its financial instruments with the exception of the financial institutions that hold its cash and term deposit. The Company manages this credit risk by ensuring that these financial assets are placed with a major financial institution with strong investment grade ratings by a primary ratings agency. The Company's receivables consist primarily of goods and services tax due from the government and the balances are in good standing as at June 30, 2018.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk
The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash and term deposit. The Company's cash and term deposit are invested in business accounts which are available on demand. The Company has significant financial liabilities outstanding including accounts payable and accrued liabilities, subject to normal net 30 terms, and loans payable. The Company is exposed to the risk that it may not have sufficient liquid assets to meet its commitments associated with these financial liabilities. To the extent that the Company does not believe it has sufficient liquidity to meet these obligations, management will consider securing additional funds through equity transactions.

Interest rate risk
The Company is exposed to interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. Interest rate risk is minimal as the Company does not have significant interest-bearing assets or any interest-bearing liabilities that are tied into market rates.

Foreign exchange risk
Foreign currency exchange rate risk is the risk that the fair value of financial instruments or future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company expects to continue to raise equity predominantly in Canadian dollars. The Company is not exposed to significant foreign exchange risk.

Commodity 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 precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in pricing may be significant.

15. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes the components of deficiency as well as its cash balances. In order to maximize ongoing development efforts, the Company does not pay dividends.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, or acquire or dispose of assets.

The Company's investment policy is to invest its cash in highly liquid investments, which are readily convertible into cash with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company expects that its current capital resources will not be sufficient to carry out its exploration and evaluation plans and operations through its current operating period. The Company is planning to use debt and equity financing to support ongoing operations. However, there is no assurance that additional funding and/or suitable joint venture agreements will be obtained. The Company has no externally imposed capital requirements.