GROUPTEN METALS

# CONSOLIDATED FINANCIAL STATEMENTS

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

## (Expressed in Canadian Dollars)

## INDEPENDENT AUDITORS' REPORT

**TO THE SHAREHOLDERS OF GROUP TEN METALS INC.**

We have audited the accompanying consolidated financial statements of Group Ten Metals Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at March 31, 2017 and 2016, and the consolidated statements of comprehensive loss, changes in shareholders' deficiency and cash flows 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Group Ten Metals Inc. and its subsidiaries as at March 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards.

*Emphasis of Matter*

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

WDM

Chartered Professional Accountants

Vancouver, British Columbia
July 28, 2017

**GROUP TEN METALS INC.**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
(Expressed in Canadian Dollars)

| | **March 31, 2017** | March 31, 2016 |
|---|---|---|
| **ASSETS** | **$** | $ |
| **Current** | | |
| Cash | **547,595** | 5,618 |
| Accounts receivable | **35,383** | 7,241 |
| Prepaid expenses | **50,855** | - |
| | **633,833** | 12,859 |
| **Non-Current** | | |
| Exploration and evaluation assets (Notes 5, 9 and 11) | **353,493** | 138,568 |
| | **987,326** | 151,427 |
| **LIABILITIES** | | |
| **Current** | | |
| Accounts payable and accrued liabilities (Notes 5(d)(i) and 10) | **148,115** | 693,614 |
| Due to related parties (Note 10) | **-** | 250,476 |
| Flow-through share premium liability (Note 6) | **100,000** | - |
| Short-term loans (Note 7 and 10(a)) | **11,000** | 19,000 |
| | **259,115** | 963,090 |
| **SHAREHOLDERS' EQUITY (DEFICIENCY)** | | |
| **Share capital** (Note 9) | **9,519,516** | 7,511,002 |
| **Share-based payments reserve** | **29,334** | 51,886 |
| **Deficit** | **(8,820,639)** | (8,374,551) |
| | **728,211** | (811,663) |
| | **987,326** | 151,427 |

Approved on behalf of the Board:
_"*Mike Rowley*"______ , Director
_"*Bill Harris*"_______ , Director

**GROUP TEN METALS INC.**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**
**FOR THE YEAR ENDED MARCH 31**
(Expressed in Canadian Dollars)

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Expenses** | | |
| Consulting fees (Note 10) | **140,013** | 145,796 |
| Exploration and evaluation assets expenditures (Note 5(f)) | **214,456** | 47,681 |
| Interest on short-term loans (Note 7) | **30,000** | - |
| Investor relations | **83,931** | 4,895 |
| Office and administration | **125,497** | 83,373 |
| Professional fees | **78,110** | 19,754 |
| Share-based payment expense (Notes 9(e) and 10(g)) | **11,080** | - |
| Transfer agent, regulatory and filing fees | **25,172** | 21,819 |
| Travel and accommodation | **6,421** | 24,892 |
| | **714,680** | 348,210 |
| **Other Items** | | |
| Gain on settlement of debt (Note 8) | **(234,960)** | (411,008) |
| Write-off of exploration and evaluation assets (Note 5(e)) | **-** | 187,565 |
| | **(234,960)** | (223,443) |
| **Net loss and comprehensive loss for the year** | **(479,720)** | (124,767) |
| **Basic and diluted loss per share** (Note 9(b)) | **$ (0.06)** | $ (0.05) |
| **Basic and diluted weighted average number of shares outstanding** (Note 9(b)) | **7,392,937** | 2,659,704 |

**GROUP TEN METALS INC.**
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)**
(Expressed in Canadian Dollars)

| | Number of shares (Note 9(b)) | Share capital | Share-based payments reserve | Deficit | Total |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **Balance, March 31, 2015** | **2,659,704** | **7,265,752** | **120,786** | **(8,318,684)** | **(932,146)** |
| Net loss for the year | - | - | - | (124,767) | (124,767) |
| Shares issued for properties | 435,714 | 91,500 | - | - | 91,500 |
| Shares issued for debt (Note 8) | 878,571 | 153,750 | - | - | 153,750 |
| Expiry of stock options and warrants | - | - | (68,900) | 68,900 | - |
| **Balance, March 31, 2016** | **3,973,989** | **7,511,002** | **51,886** | **(8,374,551)** | **(811,663)** |
| Net loss for the year | - | - | - | (479,720) | (479,720) |
| Private placements net of share issue costs | 31,000,000 | 1,816,686 | - | - | 1,816,686 |
| Shares issued as finders' fees | 432,780 | 25,427 | - | - | 25,427 |
| Shares issued for debt (Note 8) | 461,839 | 113,151 | - | - | 113,151 |
| Shares issued for properties (Note 5) | 292,857 | 53,250 | - | - | 53,250 |
| Expiry of stock options and warrants | - | - | (33,632) | 33,632 | - |
| Share-based payment expense | - | - | 11,080 | - | 11,080 |
| **Balance, March 31, 2017** | **36,161,465** | **9,519,516** | **29,334** | **(8,820,639)** | **728,211** |

**GROUP TEN METALS INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEAR ENDED MARCH 31, 2017**
(Expressed in Canadian Dollars)

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Operating Activities** | | |
| Net loss for the year | **(479,720)** | (124,767) |
| Items not involving cash: | | |
| Gain on settlement of debt | **(234,960)** | (411,008) |
| Share-based payment expense | **11,080** | - |
| Write-off of exploration and evaluation assets | **-** | 187,565 |
| | **(703,600)** | (348,210) |
| Net change in non-cash working capital (Note 11) | **(526,861)** | 345,443 |
| **Cash used in operating activities** | **(1,230,461)** | (2,767) |
| **Investing Activities** | | |
| Acquisition of mineral properties (Note 5) | **(161,675)** | (22,800) |
| Reclamation bond recovery | **-** | 3,000 |
| **Cash used in investing activities** | **(161,675)** | (19,800) |
| **Financing Activities** | | |
| Proceeds pursuant to private placements | **1,960,000** | - |
| Share issue costs | **(17,887)** | - |
| Receipt of short-term loans (Note 7) | **305,000** | 19,000 |
| Repayment of short-term loans (Note 7) | **(313,000)** | - |
| **Cash provided by financing activities** | **1,934,113** | 19,000 |
| **Net increase (decrease) in cash** | **541,977** | (3,567) |
| Cash, beginning of year | **5,618** | 9,185 |
| **Cash, end of year** | **547,595** | 5,618 |

**Supplemental cash flow information (Note 11)**

## 1. NATURE OF OPERATIONS AND GOING CONCERN

Group Ten Metals Inc. (the "**Company**"), was incorporated on April 28, 2006, under the laws of British Columbia, Canada, under the name ABC Mining Ventures Inc. ("**ABC**"). On October 11, 2007, ABC changed its name to Dundee Mines Ltd., on May 27, 2008, to Duncastle Gold Corp. and on February 25, 2015, to Group Ten Metals Inc. The Company's principal business activities include the acquisition and exploration of mineral properties.

The Company's registered office is 900 - 885 West Georgia Street, Vancouver, British Columbia, Canada, V6C 3H1.

The business of exploring for minerals involves a high degree of risk and there can be no assurance that any of the Company's current or future exploration programs will result in profitable mining operations. The recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain financing to complete their exploration and development, establish future profitable operations, or realize proceeds from their sale. The carrying value of the Company's mineral properties does not reflect current or future value.

These consolidated financial statements were 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. As at March 31, 2017, the Company had working capital of $374,718 (2016: working capital deficiency of $950,231). The Company had a net loss of $479,720 for the year ended March 31, 2017 (2016: $124,767) and had an accumulated deficit of $8,820,639 as at March 31, 2017 (2016: $8,374,551).

As at March 31, 2017, the Company does not have sufficient working capital to meet its administrative overheads and continue with its exploration programs. The Company has relied mainly upon the issuance of share capital to finance its activities. Future capital requirements will depend on many factors including the Company's ability to execute its business plan. To finance future activities, the Company will be required to enter into joint venture agreements and/or issue share capital, through private placements and the exercise of options and warrants, and is actively seeking additional equity financing. There can be no assurance that such financing will be available on a timely basis under terms acceptable to the Company and, therefore, a material uncertainty exists that casts significant doubt over the Company's ability to continue as a going concern. These consolidated financial statements do not include the adjustments to assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

## 2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

These consolidated financial statements were prepared on a historical cost basis using the accrual basis of accounting, except for cash flow information.

The Board of Directors (the "**Board**") approved these consolidated financial statements on July 28, 2017.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Yankee Girl Resources Corp., incorporated in British Columbia, Canada and Group Ten (Alaska) Inc., incorporated in Alaska, USA.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Principles of Consolidation (continued)

A subsidiary is an entity in which the Company has control, where control requires exposure or rights to variable returns and the ability to affect those returns through power over the investee. All intercompany balances and transactions have been eliminated upon consolidation.

### (b) Significant Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and judgments that affect amounts reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant. Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements include:

*Impairment of long-lived assets*

The carrying value of mineral property acquisition costs is reviewed each reporting period to determine whether there is any indication of impairment. The determination of the impairment involves the application of a number of significant judgments and estimates to certain variables including metal price trends, plans for properties, and the results of exploration and evaluation to date.

*Determination of, and provision for, reclamation and remediation obligations*

The Company assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. Accounting for reclamation and remediation obligations requires management to make estimates of the future costs the Company will incur to complete the reclamation and remediation work required to comply with existing laws and regulations. Actual costs incurred may differ from those amounts estimated. Also, future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Company. Increases in future costs could materially impact the amounts charged to operations for reclamation and remediation.

*Deferred taxes*

The Company recognizes a deferred tax asset to the extent recovery is probable. Assessing the recoverability of deferred tax assets requires management to make significant estimates of future taxable profit against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. In addition, changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

*Share-based payments*

Share-based payments are determined using the Black-Scholes option pricing model at the date of grant and are expensed to net loss over each award's vesting period. The Black-Scholes option pricing model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Mineral Properties

All expenditures related to the acquisition of mineral properties are capitalized on a property-by-property basis, net of recoveries which are recorded when received, until these mineral properties are placed into commercial production, sold or abandoned. If commercial production is achieved from a mineral property, the related mineral properties are tested for impairment and reclassified to mineral property in production. If a mineral property is sold or abandoned, the related capitalized costs will be expensed to profit or loss in that period.

All expenditures related to the exploration and evaluation of mineral properties, net of recoveries which are recorded when received, are expensed to net loss in the period in which they are incurred.

From time to time, the Company may acquire or dispose of all or part of its mineral property interests under the terms of property option agreements. Options are exercisable entirely at the discretion of the optionee, and accordingly, option payments are recognized when paid or received. If recoveries are received and exceed the capitalized expenditures, the excess is reflected in profit or loss.

All capitalized mineral property costs are reviewed at each reporting date, on a property-by-property basis, to consider whether there are any conditions that may indicate impairment. When the carrying value of a property exceeds its net recoverable amount that may be estimated by quantifiable evidence of an economic geological resource or reserve, joint venture expenditure commitments or the Company's assessment of its ability to sell the property for an amount exceeding the carrying value, provision is made for the impairment in value. The amounts capitalized for mineral properties represent costs incurred to date less write-downs, and are not intended to reflect present or future values.

The Company recognizes an estimate of the liability associated with statutory, contractual, constructive or legal obligations associated with site closure and property retirement costs in the period in which the liability is incurred if a reasonable estimate of fair value can be made. The estimated fair value or present value of future cash flows is capitalized to the related mining acquisition assets with a corresponding increase in the rehabilitation provision in the period incurred. The capitalized amount will be depreciated on a unit-of-production basis over the estimated life of the ore reserve.

The amount of the provision will be increased each reporting period due to the passage of time and the amount of accretion is charged to profit or loss. The provision can also increase or decrease due to changes in regulatory requirements, discount rates, and assumptions regarding the amount and timing of future rehabilitation expenditures. Any changes are recorded directly to the related mining assets with a corresponding change to the rehabilitation provision. Actual rehabilitation expenditures incurred are charged against the rehabilitation provision to the extent of the liability recorded.

### (d) Reclamation Bonds

Reclamation bonds are recorded at amortized cost and held by government agencies or in trust.

### (e) Related Party Transactions

Parties are considered related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered a related party transaction when there is a transfer of resources or obligations between related parties.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (f) Share Capital

Proceeds from the issue of units, consisting of common shares and share purchase warrants, are first allocated to common shares based on the quoted market value of the common shares at the time the units are priced, and the balance, if any, is allocated to the attached warrants. Share issue costs are netted against share proceeds prorated to common shares and share purchase warrants.

### (g) Non-monetary Consideration

Shares issued for non-monetary consideration to non-employees are recorded at the fair value of the goods or services received. When such fair value cannot be estimated reliably, fair value is measured based on the quoted market value of the Company's shares on the date of share issuance. Shares to be issued, which are contingent upon future events or actions, are recorded by the Company when it is reasonably determinable that the shares will be issued.

### (h) Share-based Payments

Share-based payments for employees are measured at fair value of the instruments issued on the date of grant and amortized over the vesting period. Share-based payments for non-employees are measured at either the fair value of the goods or services received or the fair value of the equity instrument issued, if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded on the date the goods or services are received. The fair value of stock options is charged to profit or loss using the graded vesting method, with the offset credit to share-based payment reserve.

Consideration received on the exercise of stock options is recorded as share capital and the related fair value previously recorded is transferred from share-based payment reserve to share capital. Upon expiry, related fair value previously recorded is transferred from share-based payment reserve to deficit.

### (i) Flow-through shares

The Company has financed a portion of its exploration expenditures through the issuance of flow-through shares. Canadian income tax law permits the Company to transfer the tax deductibility of qualifying resource expenditures financed by such shares to the flow-through shareholders.

On issuance, the Company allocates the flow-through share proceeds into i) share capital, ii) warrants, and iii) a flow-through share premium, if any, using the residual value method. If investors pay a premium for the flow-through feature, it is recognized as a liability. Upon incurring qualifying expenditures, the Company reduces the liability and recognizes a deferred income tax recovery in income for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision. At the end of a period, the flow-through share premium liability consists of the portion of the premium on flow-through shares that corresponds to the portion of qualifying exploration expenditures that have not yet been incurred.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a prescribed period.

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (j) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their respective tax basis. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the enactment date.

Deferred tax assets also result from unused tax losses carried forward, resource related tax pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### (k) Loss per Share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options, warrants and similar instruments that would be anti-dilutive.

### (l) Financial Instruments

The Company classifies its financial assets in the following categories: at fair value through profit or loss, available-for-sale or loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

*Fair value through profit or loss (“FVTPL”)*

FVTPL financial assets are initially recognized at fair value with changes in fair value recorded through profit or loss.

*Available-for-sale (“AFS”)*

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories and are recognized at fair value and subsequently carried at fair value.

Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive loss and classified as a component of equity.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(l) Financial Instruments** (continued)

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date.

Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

*Impairment of financial assets*

At each reporting date the Company assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

*Financial liabilities*

The Company classifies its financial liabilities in the following categories: other financial liabilities and derivative financial liabilities.

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit and loss over the period to maturity using the effective interest method.

Other financial liabilities are classified as current or non-current based on their maturity date.

The Company has no derivative financial liabilities.

**(m) Future Accounting Standards Changes**

(i) IFRS 9 – Financial Instruments

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets as defined in IAS 39. The standard was initially effective for annual period beginning on or after January 1, 2013, but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2018. The Company has determined that there is no impact of this standard on its consolidated financial statements.

(ii) IFRS 15 – Revenue from Contracts with Customers

IFRS 15 clarifies the principles for recognizing revenue from contracts with customers. IFRS 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively, and improve guidance for multiple-element arrangements. The standard is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively. The Company has not yet determined the impact of this standard on its consolidated financial statements.

(Expressed in Canadian Dollars)

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (m) Future Accounting Standards Changes (continued)

(iii) IFRS 16 – Leases

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the least term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 18 and the distinction between operating and finance leases is retained. The standard is effective for annual period beginning on or after January 1, 2019.

## 4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new accounting standards, amendments to standards, and interpretations have been issued but not yet effective as of March 31, 2017. The Company is assessing the impact of these new standards, but does not expect them to have a significant effect on the consolidated financial statements. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded herein.

**IFRS 9 – Financial Instruments**

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 “Financial Instruments” and applies to classification and measurement of financial assets as defined in IAS 39. The mandatory effective date has been set for annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of this standard on its financial statements.

## 5. EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation acquisition costs for the years ended March 31, 2016 and 2017 were as follows:

| | Yukon Properties | Duke Island | Drayton | Black Lake | Yankee Dundee | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| **Balance, March 31, 2015** | **24,268** | **-** | **-** | **-** | **187,565** | **211,833** |
| Additions | 40,800 | 60,000 | 7,500 | 6,000 | - | 114,300 |
| Impairment | - | - | - | - | (187,565) | (187,565) |
| **Balance, March 31, 2016** | **65,068** | **60,000** | **7,500** | **6,000** | **-** | **138,568** |
| Cash | 70,000 | - | - | 50,000 | - | 120,000 |
| Shares issued | 4,500 | - | 7,500 | 41,250 | - | 53,250 |
| Staking | - | - | 5,600 | 9,586 | - | 15,186 |
| Filing and maintenance fees | 5,301 | 10,377 | 7,625 | 3,186 | - | 26,489 |
| **Balance, March 31, 2017** | **144,869** | **70,377** | **28,225** | **110,022** | **-** | **353,493** |

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

### a) Yukon Properties

The Company has option agreements to acquire a 100% interest in four platinum group properties totaling over 240 square kilometres in the Kluane Ultramafic Belt in southwestern Yukon. Terms of the agreements are as follows:

*CKR*

The Company owns a 100% interest in the claims.

*Spy*

In order to obtain a 100% interest in the Spy Property, the Company had a commitment to issue 21,429 post-consolidation common shares on or before October 19, 2017 and a further 21,429 post-consolidation common shares on or before October 19, 2018. On July 6, 2017, the Company issued a total of 42,857 post-consolidation common shares, satisfying the remaining commitments. The Company now owns a 100% interest in the Spy Property.

See Note 9(b) for disclosure on the number of shares that were issued during the years ended March 31, 2017 and 2016 in relation to the Spy Property.

The Spy claims are subject to a 3% Net Smelter Return ("**NSR**"), with an option to buy down to 1% for $1,500,000.

*Catalyst*

The original agreement was amended on March 24, 2016 to update the terms of the option to the following:

- Issue 28,571 post-consolidation common shares to Ashburton Ventures Inc. ("**Ashburton**") within 5 days of regulatory approval;
- Pay $10,000 to Ashburton within 90 days of obtaining regulatory approval;
- Provide Ashburton proof of payment of invoices totaling $28,062 within 90 days of obtaining regulatory approval,
- Issue 500,000 post-consolidation common shares to Denali Resources Ltd. ("**Denali**") within 5 days of regulatory approval;
- Issue 250,000 post-consolidation common shares to Denali on or before 12 months from the date of regulatory approval; and
- Issue 250,000 post-consolidation common shares to Denali on or before 24 months from the date of regulatory approval.

As of the date of filing of these financial statements, regulatory approval has not yet been received.

*Ultra*

In order to obtain a 100% in the Ultra Property, the Company has the following remaining commitments:

- Issue 28,571 post-consolidation common shares and incur aggregate exploration expenditures of $28,000 on or before February 10, 2016;
- Incur aggregate exploration expenditures of $150,000 on or before February 10, 2017;
- Incur aggregate exploration expenditures of $300,000 on or before February 10, 2018; and
- Incur aggregate exploration expenditures of $500,000 on or before February 10, 2019.

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

### a) Yukon Properties (continued)

*Ultra* (continued)

The claims are subject to a 2% NSR, with an option to buy down to 1% for $1,000,000.

On July 6, 2017, the Company issued 28,571 post-consolidation common shares to satisfy the share issuance portion of the option agreement.

### b) Duke Island (Alaska)

The Company owns a 100% interest in 31 unpatented mineral claims located on Duke Island, Alaska. Pursuant to an agreement dated August 28, 2015, the only remaining commitment for the Company is to contract an amount of $200,000 worth of geological and/or geophysical expenditures to a specified vendor to be completed at Duke Island or on the Company's Yukon properties. Should less than this amount of expenditure be awarded within three years, ten per cent (10%) of the difference will become payable in cash.

See Note 9(b) for disclosure of the number of shares that were issued during the year ended March 31, 2016 in relation to the Duke Island Property.

The claims are subject to a 1% NSR.

### c) Drayton (Ontario)

In order to obtain a 100% interest in 7 mineral claims located in the Patricia Mining Division near Sioux Lookout, Ontario, the Company must issue 35,714 post-consolidation common shares on or before October 1, 2017 and a further 142,857 post-consolidation common shares on or before October 1, 2018.

See Note 9(b) for disclosure of the number of shares that were issued during the years ended March 31, 2017 and 2016 in relation to the Drayton Property.

The claims are subject to a 1% NSR upon commencement of commercial production.

### d) Black Lake (Ontario)

(i) In order to obtain a 100% interest in 19 mineral claims located in the Patricia Mining Division near Sioux Lookout, Ontario, the Company has the following remaining commitments:

- $25,000 on or before September 30, 2016 (outstanding);
- $30,000 on or before September 30, 2017; and
- $50,000 on or before September 30, 2018.

The claims are subject to a 2% NSR upon commencement of commercial production, with an option to buy down to 1% for $1,000,000.

At March 31, 2017, the outstanding $25,000 payment was capitalized to exploration and evaluation assets with the corresponding amount included in accounts payable and accrued liabilities.

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

### d) Black Lake (Ontario) (continued)

(ii) To further consolidate the area between the Black Lake and Drayton Properties, the Company:

a. entered into an option agreement to earn an undivided 100% interest in 6 mineral claims. The Company has the following remaining cash commitments:

- $16,000 on December 30, 2017;
- $20,000 on December 30, 2018; and
- $30,000 on December 30, 2019.

The claims are subject to a 2% NSR upon commencement of commercial production, with an option to buy down to 1% for $1,000,000 any time up to the commencement of commercial production.

b. entered into an option agreement to earn an undivided 100% interest in 5 mineral claims. On April 18, 2017, the option agreement was amended to remove $1.25 million of work commitments that were a component of the original agreement. As consideration for the removal of the work requirement, the Company has agreed to issue 100,000 additional common shares per year in each of 2017, 2018 and 2019. On May 16, 2017, the Company issued 157,142 post-consolidated common shares pursuant to the amended agreement to satisfy its 2016 and 2017 obligations. The Company has the following remaining commitments:

- Pay $10,000 and issue 128,571 post-consolidation common shares on or before March 11, 2018; and
- Pay $10,000 and issue 128,571 post-consolidation common shares on or before March 11, 2019.

The claims are subject to a 3% NSR upon commencement of commercial production, with an option to buy down to 2% for $1,000,000.

See Note 9(b) for disclosure of the number of shares that were issued during the years ended March 31, 2017 and 2016 in relation to the Black Lake Property.

### e) Yankee Dundee / Ronoke / Warkentin (British Columbia)

Yankee Dundee consists of 26 Crown-granted mineral claims located in the Nelson Mining District near Ymir, British Columbia.

On June 25, 2013, the Company closed the sale of its interests and obligations in the properties to Armex Mining Corp. ("**Armex**") in exchange for advance royalty payments, royalty payments, and production payments. Due to uncertainty surrounding completion of the transaction, the Company did not initially recognize the transaction as a sale.

Ronoke and Warkentin are also located in the Nelson Mining District. Subsequent to the sale agreement, all non-core Ronoke claims were allowed to lapse. Additionally, non-core Warkentin claims were allowed to lapse and the property now consists of nil mineral claims (2015 - 9 mineral claims).

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

### e) Yankee Dundee / Ronoke / Warkentin (British Columbia) (continued)

The remaining terms of the agreement are as follows:

(i) Armex is to pay remaining advance royalty payments of:

- \$50,000 on or before August 28, 2015 (unpaid); and
- \$50,000 on or before August 28, 2016 (unpaid) and annually thereafter until the commencement of commercial production.

(ii) Armex is to pay production and additional payments of:

- \$250,000 upon the commencement of commercial production;
- \$250,000 upon the first anniversary of commencement of commercial production; and
- additional production payments aggregating \$1,000,000 payable from 30% of net revenues as defined in the agreement.

Armex has the right to satisfy the production and additional payments by paying the aggregate sum of \$1,250,000 any time during the first year of commercial production.

Armex will also assume all obligations per existing underlying option agreements with respect to the Yankee Dundee claims which consist of a 1% NSR upon commencement of commercial production until the recovery of the lesser of aggregate expenditures incurred and \$5,000,000, after such time, the NSR will increase to 2.5%. At any time up to the commencement of commercial production, an option is available to purchase 1.5% of the NSR for \$500,000 and the remaining 1% for \$500,000.

The Company will also be entitled to a 2.5% NSR upon commencement of commercial production, with Armex holding the right to repurchase the royalty at any time on the basis of \$1,000,000 for each 1%. In addition, the Company retains back-in rights pursuant to the agreement by which it can re-acquire the property in the event specific production milestones are not met.

Armex disputes the overdue advance royalty payments that were payable on or before August 28, 2015 and August 28, 2016. As the Company believed that the financial situation of Armex had deteriorated to an extent that precluded it from completing the sale agreement, an impairment provision totaling \$187,565 was recorded against all capitalized costs relating to Yankee Dundee during the year ended March 31, 2016.

(Expressed in Canadian Dollars)

## 5. EXPLORATION AND EVALUATION ASSETS (continued)

### f) Exploration and Evaluation Expenditures

Exploration expenditures incurred for the year ended March 31, 2017, were as follows:

| | Yukon Properties | Duke Island | Drayton | Black Lake | Total |
|---|---|---|---|---|---|
| Assays | 2,640 | - | - | 3,917 | 6,557 |
| Camp costs | 21,710 | - | - | 121 | 21,831 |
| Field supplies and rentals | - | - | - | 6,796 | 6,796 |
| Drilling | - | - | - | 64,009 | 64,009 |
| Geological | 27,006 | - | 4,500 | 28,699 | 60,205 |
| Geophysics | - | - | 11,651 | 12,011 | 23,662 |
| Overhead and admin | 438 | - | - | - | 438 |
| Prospecting and mapping | 8,669 | - | - | - | 8,669 |
| Reports | 4,000 | - | 6,000 | 24,000 | 34,000 |
| Travel and accommodation | 2,535 | - | - | 2,787 | 5,322 |
| Less: Government Grants | (17,033) | - | - | - | (17,033) |
| | 49,965 | - | 22,151 | 142,340 | 214,456 |

Exploration expenditures incurred for the year ended March 31, 2016, were as follows:

| | Yukon Properties | Duke Island | Drayton | Black Lake | Total |
|---|---|---|---|---|---|
| Assays | 1,339 | - | - | - | 1,339 |
| Camp and field supplies | 2,720 | - | - | - | 2,720 |
| Geological | 30,700 | 5,702 | - | 21,901 | 58,303 |
| General exploration | - | - | - | - | 1,142 |
| | 34,759 | 5,702 | - | 21,901 | 63,504 |
| Less: Government Grants | (15,823) | - | - | - | (15,823) |
| | 18,936 | 5,702 | - | 21,901 | 47,681 |

## 6. FLOW-THROUGH SHARE PREMIUM LIABILITY

A summary of the changes in the Company's flow-through share premium liability was as follows:

| | $ |
|---|---|
| Balance, March 31, 2015 and 2016 | - |
| Flow-through share premium liability on the issuance of flow-through common shares | 100,000 |
| Balance, March 31, 2017 | 100,000 |

## 7. SHORT-TERM LOANS

At March 31, 2017, the Company had short-term loans totaling $11,000 (2016: $19,000). During the year ended March 31, 2017, the Company received a loan for $50,000, which had a term of one year and an interest rate of 10% per annum. Title to the CKR Yukon property was provided as security for the loan. Additionally, the Company received a total of $225,000 in September 2016 and another $25,000 in October 2016, from eight lenders, each with a term of one year and an interest rate of 10% per annum. The title to the Drayton/Black Lake Property was provided as security to the group of lenders. The remaining short-term loan of $5,000 received during the year ended March 31, 2017 was made in May 2016 and was non-interest bearing with no fixed term.

Pursuant to the private placement noted in Note 9(b), in February and March 2017, the Company repaid short-term loans totaling $313,000. The Company also paid a total of $30,000 in interest.

## 8. SETTLEMENT OF DEBT

On February 15, 2016, the Company entered debt settlement agreements with creditors to settle $888,046 of outstanding debt by way of a write-off and the issuance of 1,340,411 post-consolidation common shares (878,571 post-consolidation shares issued at March 31, 2016 and 461,839 post-consolidation shares issued during the year ended March 31, 2017). A total of $723,287 of debt was settled at $0.10 per share while a further $107,500 was settled at $0.05 per share, including $152,258 of debt owed to Michael Rowley, President and CEO of the Company, and MVR Consulting Inc., a company controlled by Michael Rowley, to be settled for $47,500. During the year ended March 31, 2017, the Company recorded a gain on the settlement of debt of $210,137 (2016: $411,008).

In addition, during the year ended March 31, 2017, the Company wrote off $24,823 of accounts payable (2016: $Nil) and recorded the amount as a gain on settlement of debt.

## 9. SHARE CAPITAL

### a) Authorized

Unlimited common shares without par value.

### b) Share issuance details

On November 23, 2016, the Company consolidated its common shares. The consolidation was approved by the shareholders of the Company on November 23, 2016 and was subsequently approved by the TSX Venture Exchange ("**TSX-V**"). The consolidation resulted in each shareholder of the Company receiving one post-consolidation share for every seven pre-consolidation common shares held. The number of shares, warrants and options and earnings per share data presented in these consolidated financial statements have all been adjusted retroactively to reflect the impact of this share consolidation.

***Year ended March 31, 2017***

- On February 28, 2017, the Company issued 26,000,000 non flow-through units ("**NFT Units**") pursuant to a private placement at a price of $0.06 per NFT Unit for gross proceeds of $1,560,000. Each NFT Unit consisted of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to acquire one common share of the Company at an exercise price of $0.12 per share with an expiry of February 28, 2020.

**9. SHARE CAPITAL** (continued)

**b) Share issuance details** (continued)

***Year ended March 31, 2017*** (continued)

- On February 28, 2017, the Company also issued 5,000,000 units on a flow-through basis ("**FT Units**") at a price of $0.08 per FT Unit for gross proceeds of $400,000. Each FT Unit consisted of one flow-through common share of the Company and one-half of one share purchase warrant, with each whole warrant entitling the holder to acquire one non flow-through common share of the Company at an exercise price of $0.16 per share with an expiry of February 28, 2020.

- In connection with the private placement completed on February 28, 2017, the Company paid finders' fees of 432,780 NFT Units.

- On October 14, 2016, the Company issued 21,429 post-consolidation common shares with a fair value of $4,500 in connection with the Spy Property agreement;

- On October 14, 2016, the Company issued 35,714 post-consolidation common shares with a fair value of $7,500 in connection with the Drayton Property agreement;

- On July 7, 2016, the Company issued 92,857 post-consolidation common shares with a fair value of $16,250 in connection with the Black Lake Property agreement;

- On May 31, 2016, the Company issued 142,857 post-consolidation common shares with a fair value of $25,000 in connection with the Black Lake Property agreement; and

- On April 11, 2016, the Company issued 461,839 post-consolidated common shares with a fair value of $113,151 to settle debts of $323,288 (see Note 8).

***Year ended March 31, 2016***

- In February 2016, the Company issued 878,571 post-consolidation common shares with a fair value of $153,750 to settle debts of $564,758 (see Note 8). A director of the Company received 271,429 post-consolidated common shares in the settlement.

- In December 2015, the Company issued 28,572 post-consolidation common shares with a fair value of $6,000 pursuant to an option agreement for the Black Lake Property;

- In December 2015, the Company issued 285,715 post-consolidation common shares with a fair value of $60,000 pursuant to an option agreement for the Duke Island Property;

- In December 2015, the Company issued 85,714 post-consolidation common shares with a fair value of $18,000 pursuant to an option agreement for the Spy Property; and

- In December 2015, the Company issued 35,714 post-consolidation common shares with a fair value of $7,500 pursuant to an option agreement for the Drayton Property.

**c) Stock options**

The Company has a rolling stock-based compensation plan (the "**Plan**") allowing for the reservation of common shares issuable under the Plan to a maximum 10% of the number of issued and outstanding common shares of the Company at any given time. The exercise price, term and vesting period of each option are determined by the Board within regulatory guidelines.

(Expressed in Canadian Dollars)

## 9. SHARE CAPITAL (continued)

### c) Stock options (continued)

A summary of the changes in stock options is presented below:

| | Number of options | Weighted average exercise price |
|---|---|---|
| | | $ |
| Balance, March 31, 2015 | 180,285 | 0.84 |
| Expired | (11,571) | 0.98 |
| Cancelled | (28,287) | 0.63 |
| Balance, March 31, 2016 | 140,427 | 0.70 |
| Granted | 2,840,000 | 0.15 |
| Cancelled or expired | (41,857) | 1.43 |
| Balance, March 31, 2017 | 2,938,570 | 0.16 |

The following stock options were outstanding as at March 31, 2017:

| Outstanding | Exercisable | Weighted average Exercise Price | Expiry Date | Weighted average remaining life (in years) |
|---|---|---|---|---|
| | | $ | | |
| 98,570 | 98,570 | 0.35 | February 3, 2020 | 2.85 |
| 2,840,000 | - | 0.15 | March 20, 2022 | 4.97 |
| 2,938,570 | 98,570 | 0.16 | | |

### d) Share purchase warrants

A summary of the changes in warrants is presented below:

| | Number of warrants | Weighted average exercise price |
|---|---|---|
| | | $ |
| Balance, March 31, 2015 | 362,229 | 0.62 |
| Expired | (30,286) | 0.70 |
| Balance, March 31, 2016 | 331,943 | 0.62 |
| Issued | 28,932,780 | 0.12 |
| Balance, March 31, 2017 | 29,264,723 | 0.13 |

(Expressed in Canadian Dollars)

## 9. SHARE CAPITAL (continued)

### d) Share purchase warrants (continued)

The following share purchase warrants were outstanding as at March 31, 2017:

| Outstanding | Exercisable | Exercise Price | Expiry Date |
|---|---|---|---|
| | | $ | |
| 157,651 | 157,651 | 0.53 | December 31, 2017 |
| 174,283 | 174,283 | 0.70 | December 31, 2017 |
| 26,432,780 | - | 0.12 | February 27, 2020 |
| 2,500,000 | - | 0.16 | February 27, 2020 |
| 29,264,714 | 331,934 | | |

### e) Share-based payment expense and reserve

The fair value at grant date of options granted during the year ended March 31, 2017 was $302,302 (2016: $Nil), or $0.11 per option. Pursuant to vesting schedules, a portion of the fair value will be expensed in future periods. The share-based payment expense for the year ended March 31, 2017 was $11,080 (2016: $Nil) and was recorded in the consolidated statement of comprehensive loss. The fair value of the stock options that vested during the year ended March 31, 2017 was calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

| | |
|---|---|
| Risk-free interest rate | 0.97% |
| Expected stock price volatility | 93% |
| Expected dividend yield | 0.0% |
| Expected option life in years | 5.0 |

## 10. RELATED PARTY TRANSACTIONS

Key management personnel at the Company are the Directors and Officers of the Company.

In addition to those transactions disclosed elsewhere in these consolidated financial statements, the Company entered into the following related party transactions:

**a)** For the year ended March 31, 2017, MVR Consulting Inc. charged fees of $94,835 (2016: $83,655) for consulting services which were recorded as consulting fees. Included in due to related parties at March 31, 2017 was an amount of $Nil (2016: $167,651) for these services. In addition, the President loaned $11,000 to the Company during the year ended March 31, 2016. The balance of the loan outstanding at March 31, 2017 was $11,000 (2016: $11,000) and was included in short-term loans. During the year ended March 31, 2016, $152,258 of debt was settled by the issuance of shares (see note 8).

**b)** Included in accounts payable and accrued liabilities at March 31, 2017 was an amount of $17,500 (2016: $17,769) owed to MCC Geoscience Inc., a private company controlled by Tom McCandless, a former director and officer of the Company (resigned June 8, 2016) for geological and consulting services.

(Expressed in Canadian Dollars)

## 10. RELATED PARTY TRANSACTIONS (continued)

**c)** For the year ended March 31, 2017, Midnight Mining Services Ltd., a private company controlled by Bill Harris, a director of the Company, charged fees of $29,961 (2016: $35,300) for geological and consulting fees which were recorded as consulting fees. Included in due to related parties at March 31, 2017 was an amount of $Nil (2016: $52,545) for these services.

**d)** For the year ended March 31, 2017, Kirkham Geosystems Ltd., a private company controlled by Garth Kirkham, a director of the Company, charged fees of $30,000 (2016: $Nil) for geological services. Included in accounts payable and accrued liabilities at March 31, 2017 was an amount of $3,000 (2016: $Nil) relating to an overpayment in regards to the private placement described in Note 9(b).

**e)** For the year ended March 31, 2017, Whistle Creek Consulting Inc., a private company controlled by Eugene Spiering, a former director of the Company (resigned June 15, 2016) charged fees of $Nil (2016: $17,500) for consulting services. Included in accounts payable and accrued liabilities at March 31, 2017 was an amount of $Nil (2016: $18,565) owed to Whistle Creek Consulting Inc.

**f)** For the year ended March 31, 2017, a former officer of the Company charged fees of $Nil (2016: $8,000) for consulting services. The officer resigned from the Company on December 1, 2015. Included in accounts payable and accrued liabilities at March 31, 2017 was an amount of $Nil (2016: $30,000) owed to the former officer.

**g)** For the year ended March 31, 2017, the Company's CFO charged fees of $3,000 (2016: $Nil) for consulting services which were recorded as consulting fees. Included in accounts payable and accrued liabilities at March 31, 2017 was an amount of $525 (2016: $Nil) for these services.

**h)** Of the $11,080 recorded as share-based payment expense, $4,682 was allocated to Directors and Officers of the Company.

These transactions were in the normal course of operations and were measured at the fair value of the services rendered. Amounts due to related parties are unsecured, non-interest-bearing, and have no formal terms of repayment.

## 11. SUPPLEMENTAL CASH FLOW INFORMATION

The net change in non-cash operating working capital balances for the years ended March 31 consisted of the following:

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Accounts receivable | (28,142) | (4,057) |
| Prepaid expenses | (50,855) | - |
| Accounts payable and accrued liabilities | (197,388) | 251,744 |
| Due to related parties | (250,476) | 97,756 |
| | (526,861) | 345,443 |

The non-cash transactions for the year ended March 31, 2017 consisted of the Company issuing a total of 292,857 post-consolidation common shares valued at $53,250 as option payments on its Spy, Drayton and Black Lake properties (see Note 9(b)). The Company also recorded a gain of $210,137 on the settlement of $323,288 of debt and a gain of $24,823 on the write-off of accounts payable (see Note 8).

(Expressed in Canadian Dollars)

## 11. SUPPLEMENTAL CASH FLOW INFORMATION (continued)

The non-cash transactions for the year ended March 31, 2016 consisted of the Company issuing a total of 435,715 post-consolidation common shares valued at $91,500 as option payments on its Spy, Drayton, Black Lake and Duke Island properties (see Note 9(b)). The Company also reclassified $795,429 of related party transactions as a result of the resignation of two directors. The Company also recorded a gain of $411,008 on the settlement of $564,758 of debt (see Note 8).

## 12. FINANCIAL INSTRUMENTS

### a) Categories of Financial Instruments

The Company's financial instruments include cash, accounts payable and accrued liabilities, short term loans and due to related parties. The Company has classified its financial instruments into the following categories:

| Financial Instrument | Category | Carrying Value |
|---|---|---|
| Cash | FVTPL | Fair Value |
| Accounts Payable and Accrued Liabilities | Other Financial Liabilities | Amortized Cost |
| Short-Term Loans and Due to Related Parties | Other Financial Liabilities | Amortized Cost |

### b) Fair Value

The carrying values of accounts payable and accrued liabilities, due to related parties and short-term loans approximate their fair values due to the short period to maturity.

### c) Financial Risk Management

The Company's financial instruments are exposed to certain financial risks, including liquidity risk, currency risk, interest rate risk, credit risk, and other price risk.

The Company's exposure to these risks and its methods of managing the risks are summarized as follows:

#### (i) Liquidity Risk

Liquidity risk is the risk that the Company will be unable to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to provide reasonable assurance that it will have sufficient funds to meet liabilities when due by forecasting cash flows for operations, anticipated investing and financing activities and through management of its capital structure.

As at March 31, 2017, all of the Company's financial liabilities had contractual maturities of less than 90 days. The Company does not have sufficient cash to meet requirements for administrative overhead, maintaining its mineral interests and continuing with its exploration program in the following twelve months. The Company will be required to raise additional capital in the future to fund its operations.

## 12. FINANCIAL INSTRUMENTS (continued)

### c) Financial Risk Management (continued)

#### (ii) Currency Risk

The Company is exposed to currency risk to the extent expenditures incurred or funds received and balances maintained by the Company are denominated in currencies other than the Canadian dollar. The Company does not manage currency risks through hedging or other currency management tools and considers the risks related to foreign currency are not significant at this time. The Company is not exposed to material currency risk.

#### (iii) Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Based on the current cash balances and expected future interest rates, the Company is not exposed to material interest rate risk.

#### (iv) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk mainly in respect to managing its cash. The Company's mitigates such credit risk by risk management policies that require significant cash deposits or any short-term investments be invested with Canadian chartered banks rated BBB or better, or commercial paper issuers R1/A2/P2 or higher. All investments must be less than one year in duration.

#### (v) Other Price Risk

Other price risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk.

## 13. CAPITAL MANAGEMENT

The Company's capital includes components of shareholders' deficiency. The Company's objectives in managing its capital are to maintain the ability to continue as a going concern and to continue to explore the Company's mineral properties for the benefit of its stakeholders. To effectively manage the Company's capital requirements, the Company has a planning and budgeting process in place setting out the expenditures required to meet its strategic goals. The Company compares actual expenses to budget on all exploration projects and overhead to manage costs, commitments and exploration activities.

As the Company is in the exploration stage, its operations have been substantially funded by the issuance of equity instruments. The Company will continue to rely on equity issuances for future funding depending upon market and economic conditions at the time.

There have been no changes in the Company's approach to capital management during the year ended March 31, 2017.

The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

## 14. SEGMENTED INFORMATION

The Company has one operating segment, acquisition, exploration and development of mineral properties. The table below shows consolidated data by geographic segment based on the location:

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| | $ | $ |
| Non-current assets by geographic segment | | |
| Canada | 283,116 | 118,005 |
| United States | 70,377 | 65,702 |
| | 353,493 | 183,707 |

## 15. INCOME TAXES

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Loss before income taxes | (479,720) | (124,767) |
| Canadian federal and provincial income tax rates | 26.00% | 26.00% |
| Income tax recovery based on the above rates | (124,727) | (32,439) |
| Increase (decrease) due to: | | |
| Non-deductible expenses and other permanent differences | 3,453 | 280 |
| Losses for which no tax benefit is recorded | 121,274 | 32,159 |
| Net income tax recovery | - | - |

The components of unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset has been recognized consist of the following amounts:

| | March 31, 2017 | March 31, 2016 |
|---|---|---|
| | $ | $ |
| Share issue costs | 15,030 | 1,856 |
| Exploration and evaluation assets | 1,405,066 | 1,191,461 |
| Plant and equipment | 9,147 | 9,147 |
| Capital losses and other | 52,715 | 52,715 |
| Non-capital losses | 4,250,568 | 3,992,787 |
| Unrecognized temporary differences and non-capital losses | 5,732,526 | 5,247,966 |

(Expressed in Canadian Dollars)

## 15. INCOME TAXES (continued)

In assessing the realizability of deferred tax assets, management considers whether it is probable that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those deferred tax assets are deductible.

As at March 31, 2017, the Company's unrecognized non-capital losses expire as follows:

| | $ |
|---|---|
| 2027 | 67,000 |
| 2028 | 531,000 |
| 2029 | 570,000 |
| 2030 | 660,000 |
| 2031 | 537,000 |
| 2032 | 467,000 |
| 2033 | 472,000 |
| 2034 | 265,000 |
| 2035 | 188,000 |
| 2036 | 494,000 |
| | 4,251,000 |

## 16. COMMITMENT

As a result of the issuance of FT Units on February 28, 2017, the Company has a commitment to incur $400,000 on qualifying Canadian exploration expenditures on or before December 31, 2018. At March 31, 2017, all of the commitment was remaining.

## 17. SUBSEQUENT EVENTS

In addition to the subsequent events described elsewhere in these consolidated financial statements, the following subsequent events occurred:

On June 26, 2017, the Company entered into an option agreement to acquire a 100% interest in the Stillwater West project from Picket Pin Resources LLC, a private US entity, consisting of 282 claims in south central Montana, USA. In order to earn a 100% interest, the Company must:

- Issue a total of 3.6 million shares of the Company beginning with 900,000 shares within ten days of regulatory approval (issued on July 6, 2017) and 900,000 shares on or before May 31 of each of 2018, 2019 and 2020;
- Make United States dollars ("**USD**") $40,000 in cash payments with USD$20,000 on or before each of May 31, 2018 and 2019;
- Make advance royalty payments until commencement of commercial production of USD$15,000 within ten days of regulatory approval, USD$30,000 on or before May 31, 2018 and USD$50,000 on or before May 31, 2019 and annually thereafter; and
- Execute a work contract for a minimum of USD$50,000 per year for the duration of the three year option agreement for technical and management work which is three years.

The claims are subject to a 2% NSR, with an option to buy down to 1% for USD$2,000,000.