

**MINNOVA CORP.**

**CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED**

**JUNE 30, 2018 AND 2017**

**(UNAUDITED)**

(Expressed in Canadian Dollars)

**NOTICE TO READER**

The accompanying unaudited condensed interim financial statements of Minnova Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements as at and for the three months ended June 30, 2018, have not been reviewed by the Company's auditors.

**MINNOVA CORP.**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(UNAUDITED)  
(Expressed in Canadian Dollars)

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	June 30, 2018	March 31, 2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 50,841	\$ 73,353
Amounts receivable	225,525	188,627
Prepaid expenses	32,056	80,209
<b>TOTAL CURRENT ASSETS</b>	<b><u>308,422</u></b>	<b><u>342,189</u></b>
<b>NON-CURRENT ASSETS</b>		
Restricted cash equivalents (Note 3)	75,000	75,000
Equipment (Note 4)	308,706	315,724
Exploration properties and deferred exploration expenditures (Note 5)	18,249,066	18,081,618
<b>TOTAL NON-CURRENT ASSETS</b>	<b><u>18,632,772</u></b>	<b><u>18,472,342</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 18,941,194</u></b>	<b><u>\$ 18,814,531</u></b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Notes 6 and 12)	\$ 2,029,454	\$ 1,775,948
Hydro contract accrual	277,533	277,533
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>2,306,987</u></b>	<b><u>2,053,481</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Provision for closure and reclamation (Note 7)	2,921,499	2,940,254
<b>TOTAL LIABILITIES</b>	<b><u>5,228,486</u></b>	<b><u>4,993,735</u></b>
<b>EQUITY</b>		
Share capital (Note 9(b))	20,503,124	20,406,831
Share-based payment reserves (Notes 8 and 10)	2,986,194	2,999,687
Deficit	(9,776,610)	(9,585,722)
<b>TOTAL EQUITY</b>	<b><u>13,712,708</u></b>	<b><u>13,820,796</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$ 18,941,194</u></b>	<b><u>\$ 18,814,531</u></b>

**NATURE OF OPERATIONS AND GOING CONCERN** (Note 1)  
**COMMITMENTS AND CONTINGENCIES** (Notes 3, 5, 7, 13 and 14)

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_  
Signed "James White", Director  
\_\_\_\_\_  
Signed "Gorden Glenn", Director

See accompanying notes to the unaudited condensed interim financial statements

**MINNOVA CORP.**

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**CONDENSED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

(UNAUDITED)

(Expressed in Canadian Dollars)

<b>Three Months Ended June 30,</b>	<b>2018</b>	<b>2017</b>
<b>EXPENSES</b>		
Stock-based payments (Note 8)	\$ -	\$ 263,227
General and administrative (Note 11)	45,349	89,624
Management and directors' compensation (Note 12(b))	50,687	47,000
Professional and consulting fees (Note 12(a))	71,854	56,773
Amortization (Note 4)	<u>7,018</u>	<u>8,196</u>
<b>LOSS BEFORE BELOW ITEMS</b>	<b><u>(174,908)</u></b>	<b><u>(464,820)</u></b>
Reversal of flow-through premium liability	-	91,503
Finance cost (Note 7)	<u>(15,980)</u>	<u>(13,018)</u>
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b><u>\$ (190,888)</u></b>	<b><u>\$ (386,335)</u></b>
Net loss per common share - basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding		
- basic and diluted	30,879,074	28,347,192

See accompanying notes to the unaudited condensed interim financial statements

**MINNOVA CORP.**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(UNAUDITED)  
(Expressed in Canadian Dollars)

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<b>For the Three Months Ended June 30,</b>	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (190,888)	\$ (386,335)
Items not involving cash:		
Amortization	7,018	8,196
Accretion of provision for closure and reclamation	15,980	13,019
Reversal of flow-through premium liability	-	(91,503)
Stock-based payments	-	263,227
	<u>(167,890)</u>	<u>(193,396)</u>
Changes in non-cash working capital balances:		
(Increase) in amounts receivable	(36,898)	(7,946)
Decrease (increase) in prepaid expenses	48,153	(27,097)
Increase in accounts payable and accrued liabilities	130,968	5,858
	<u>142,223</u>	<u>(29,185)</u>
<b>Cash flows used in operating activities</b>	<b><u>(25,667)</u></b>	<b><u>(222,581)</u></b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Increase in exploration properties and deferred exploration expenditures	(79,645)	(401,742)
<b>Cash flows used in investing activities</b>	<b><u>(79,645)</u></b>	<b><u>(401,742)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from exercise of warrants and broker warrants	82,800	-
<b>Cash flows from financing activities</b>	<b><u>82,800</u></b>	<b><u>-</u></b>
Decrease in cash and cash equivalents	(22,512)	(624,323)
Cash and cash equivalents, beginning of period	73,353	873,535
<b>Cash and cash equivalents, end of period</b>	<b><u>\$ 50,841</u></b>	<b><u>\$ 249,212</u></b>
<b>Supplemental Information:</b>		
Cash, end of period	\$ 50,841	\$ 249,212
Cash equivalents, end of period	-	-
<b>Cash and cash equivalents, end of period</b>	<b><u>\$ 50,841</u></b>	<b><u>\$ 249,212</u></b>

See accompanying notes to the unaudited condensed interim financial statements

**MINNOVA CORP.****CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(UNAUDITED)

(Expressed in Canadian Dollars)

	<u>Share Capital</u>		<u>Share-based Payment Reserves</u>			<u>Deficit</u>	<u>Total</u>
	<u>Number</u>	<u>Amount</u>	<u>Stock options</u>	<u>Share purchase warrant reserve</u>	<u>DSU and RSU</u>		
<b>Balance, March 31, 2017</b>	<b>28,347,192</b>	<b>\$ 19,072,798</b>	<b>\$ 1,625,950</b>	<b>\$ 920,280</b>	<b>953,971</b>	<b>\$ (9,588,985)</b>	<b>\$ 12,984,014</b>
Stock-based payments	-	-	263,227	-	-	-	263,227
Loss for the period	-	-	-	-	-	(386,335)	(386,335)
<b>Balance, June 30, 2017</b>	<b><u>28,347,192</u></b>	<b><u>\$ 19,072,798</u></b>	<b><u>\$ 1,889,177</u></b>	<b><u>\$ 920,280</u></b>	<b><u>953,971</u></b>	<b><u>\$ (9,975,320)</u></b>	<b><u>\$ 12,860,906</u></b>
<b>Balance, March 31, 2018</b>	<b>30,824,173</b>	<b>\$ 20,406,831</b>	<b>\$ 1,133,100</b>	<b>\$ 1,037,897</b>	<b>828,690</b>	<b>\$ (9,585,722)</b>	<b>\$ 13,820,796</b>
Shares issued upon exercise of warrants and broker warrants	112,000	82,800	-	-	-	-	82,800
Reclassification of fair value of warrants and broker warrants exercised	-	14,658	-	(14,658)	-	-	-
Warrants issued upon exercise of broker warrants	-	(1,165)	-	1,165	-	-	-
Loss for the period	-	-	-	-	-	(190,888)	(190,888)
<b>Balance, June 30, 2018</b>	<b><u>30,936,173</u></b>	<b><u>\$ 20,503,124</u></b>	<b><u>\$ 1,133,100</u></b>	<b><u>\$ 1,024,404</u></b>	<b><u>828,690</u></b>	<b><u>\$ (9,776,610)</u></b>	<b><u>\$ 13,712,708</u></b>

See accompanying notes to the unaudited condensed interim financial statements

## **1. NATURE OF OPERATIONS AND GOING CONCERN**

Minnova Corp. (the "Company") is a public company incorporated on July 19, 1994 pursuant to the laws of the Companies Act of Barbados. Since the Company's management and the principal office of the Company are located in Toronto, Ontario, a continuance (the "Continuance") of the Company from the laws of Barbados to the laws of the Province of Ontario was filed on April 21, 2010. As a result of the Continuance, the corporate legislation that governs the Company ceased to be the Barbados Act and the Company is now governed by the Business Corporations Act (Ontario). The registered office of the Company is located at 365 Bay Street, Suite 400, Toronto, Ontario, M5H 2V1. On June 26, 2014, the Company changed its name to "Minnova Corp." and commenced trading on the Toronto Stock Venture Exchange ("TSX-V") on June 27, 2014 under the new symbol "MCI".

The Company's exploration operations are subject to government legislation, policies and controls relating to prospecting, development, production, environmental protection, mining taxes and labour standards. In order for the Company to carry out its exploration activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed or that new permits that have been or will be applied for will be granted.

Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. The recoverability of valuations assigned to exploration properties and deferred exploration expenditures is dependent upon discovery of economically recoverable reserves, the ability to obtain necessary financing to complete development and future profitable production or proceeds from disposition.

Although the Company has taken steps to verify title to exploration properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to other licensing requirements or regulations, social licensing requirements unregistered prior agreements, unregistered claims, aboriginal land claims and non-compliance with regulatory requirements.

In order to meet future expenditures and cover administrative costs, the Company will need to raise additional financing. The Company has a working capital deficiency of \$1,998,565 and a deficit of \$9,776,610 as at June 30, 2018 and will require additional financing to fund its continuing exploration efforts. These conditions indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern. Although the Company has been successful in raising funds to date, there can be no assurance that adequate funding will be available in the future, or available under terms acceptable to the Company. These financial statements have been prepared on a going concern basis that assumes the Company will be able to continue to realize its assets and discharge its liabilities in the normal course of business. In the event the Company is not able to obtain adequate funding, there is uncertainty as to whether the Company will be able to maintain its property interests. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities that would be necessary if the Company were unable to obtain adequate financing. Such adjustments could be material. Changes in future conditions could require material write downs of the carrying values of certain assets.

The unaudited condensed interim financial statements were approved by the Board of Directors on August 29, 2018.

## **2. BASIS OF PREPARATION**

### **Statement of Compliance:**

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The accounting policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as at August 29, 2018, the date the Board of Directors approved these unaudited condensed interim financial statements for issue. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended March 31, 2018. Any subsequent changes to IFRS that are issued and effective as at March 31, 2019 could result in a restatement of these unaudited condensed interim financial statements.

### **Change in Accounting Policies**

#### **IFRS 2 – Share-based Payment ("IFRS 2")**

IFRS 2 was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. On April 1, 2018, the Company adopted this amendment and has determined that the adoption of this new amendment does not have a significant impact on its financial statements.

#### **IFRS 15 - Revenue From Contracts With Customers ("IFRS 15")**

IFRS 15 proposes to replace IAS 18 - Revenue, IAS 11 - Construction contracts, and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. On April 1, 2018, the Company adopted IFRS 15 and has determined that the adoption of this new standard does not have a significant impact on its financial statements.

#### **IFRS 9 Financial Instruments ("IFRS 9")**

On July 24, 2014, the IASB issued the completed IFRS 9, Financial Instruments, (IFRS 9 (2014)) to come into effect on January 1, 2018 with early adoption permitted.

IFRS 9 (2014) includes finalized guidance on the classification and measurement of financial assets. Under IFRS 9, financial assets are classified and measured either at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL") based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 largely retains the existing requirements in IAS 39 Financial Instruments: recognition and measurement, for the classification and measurement of financial liabilities.

## **2. BASIS OF PREPARATION (Continued)**

### **Change in Accounting Policies (continued)**

#### **IFRS 9 Financial Instruments ("IFRS 9") (continued)**

The Company adopted IFRS 9 in its consolidated financial statements on January 1, 2018. Due to the nature of its financial instruments, the adoption of IFRS 9 had no impact on the opening accumulated deficit balance on January 1, 2018. The impact on the classification and measurement of its financial instruments is set out below.

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Company can irrevocably designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

It is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows associated with the financial asset instead of selling the financial asset for a profit or loss;  
Its contractual terms give rise to cash flows that are solely payments of principal and interest.

All financial instruments are initially recognized at fair value on the consolidated statement of financial position. Subsequent measurement of financial instruments is based on their classification. Financial assets and liabilities classified at FVTPL are measured at fair value with changes in those fair values recognized in the consolidated statement of loss and comprehensive loss for the year. Financial assets classified at amortized cost and financial liabilities are measured at amortized cost using the effective interest method.

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

The following table summarizes the classification and measurement changes under IFRS 9 for each financial instrument:

<b>Classification</b>	<b>IAS 39</b>	<b>IFRS 9</b>
Cash and cash equivalents	Loans and receivables (amortized cost)	Amortized cost
Amounts receivable	Loans and receivables (amortized cost)	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities (amortized cost)	Amortized cost
Hydro contract accrual	Other financial liabilities (amortized cost)	Amortized cost

The original carrying value of the Company's financial instruments under IAS 39 has not changed under IFRS 9.

### **Recent Accounting Pronouncements:**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after April 1, 2018 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 16 – Leases ("IFRS 16") was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier adoption is permitted if IFRS 15 has also been applied.



## **2. BASIS OF PREPARATION (Continued)**

### **Recent Accounting Pronouncements (continued):**

IFRIC 23 – Uncertainty Over Income Tax Treatments (“IFRIC 23”) was issued in June 2017 and clarifies the accounting for uncertainties in income taxes. The interpretation committee concluded that an entity shall consider whether it is probable that a taxation authority will accept an uncertain tax treatment. If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, then the entity shall determine taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. If an entity concludes it is not probable that the taxation authority will accept an uncertain tax treatment, the entity shall reflect the effect of uncertainty in determining the related taxable profit (tax loss), tax bases, unused tax losses and credits or tax rates. IFRIC 23 is effective for annual periods beginning on or after January 1, 2019.

## **3. RESTRICTED CASH EQUIVALENTS**

The Company has guaranteed by pledge of a guaranteed investment certificate an irrevocable standby letter of credit for \$75,000 to the Government of Manitoba as a financial assurance guarantee in connection with the PL Property closure plan (see Note 7).

## **4. EQUIPMENT**

### **Cost**

	<b>Equipment</b>	<b>Buildings</b>	<b>Total</b>
<b>Balance, March 31, 2018 and June 30, 2018</b>	<b>\$ 105,000</b>	<b>\$ 305,096</b>	<b>\$ 410,096</b>

### **Accumulated Amortization**

	<b>Equipment</b>	<b>Buildings</b>	<b>Total</b>
<b>Balance, March 31, 2018</b>	<b>\$ 23,100</b>	<b>\$ 71,272</b>	<b>\$ 94,372</b>
<b>Amortization for the period</b>	<b>4,095</b>	<b>2,923</b>	<b>7,018</b>
<b>Balance, June 30, 2018</b>	<b>\$ 27,195</b>	<b>\$ 74,195</b>	<b>\$ 68,608</b>

### **Carrying Amount**

	<b>Equipment</b>	<b>Buildings</b>	<b>Total</b>
<b>Balance, March 31, 2018</b>	<b>\$ 81,900</b>	<b>\$ 233,824</b>	<b>\$ 315,724</b>
<b>Balance, June 30, 2018</b>	<b>\$ 77,805</b>	<b>\$ 230,901</b>	<b>\$ 308,706</b>

During the three months ended June 30, 2018, the Company expensed \$7,018 in amortization to the statement of operations (three months ended June 30, 2017 - \$8,196).

## 5. EXPLORATION PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

**As at June 30, 2018**

	March 31, 2018	Additions	Changes for closure and reclamation	June 30, 2018
<i>Exploration and Evaluation Properties</i>				
Nokomis Property	\$ 2,781,772	\$ -	\$ -	\$ 2,781,772
PL Property	15,299,846	257,303	(89,855)	15,467,294
	<b>\$ 18,081,618</b>	<b>\$ 257,303</b>	<b>\$ (89,855)</b>	<b>\$ 18,249,066</b>

**As at March 31, 2018**

	March 31, 2017	Additions	Changes for closure and reclamation	March 31, 2018
<i>Exploration and Evaluation Properties</i>				
Nokomis Property	\$ 2,704,117	\$ 77,655	\$ -	\$ 2,781,772
PL Property	13,454,740	1,934,961	(89,855)	15,299,846
	<b>\$ 16,158,857</b>	<b>\$ 2,012,616</b>	<b>\$ (89,855)</b>	<b>\$ 18,081,618</b>

### PL Project (PL Mine and Nokomis Property)

The Company owns a 100% interest in the PL Mine and contiguous Nokomis property, located in Manitoba, subject to a 3% net smelter royalty (NSR) that reduces to 2.5% and 2% if gold is below US\$1,000/oz and US\$750/oz, respectively

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## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2018	March 31, 2018
Trade payables	\$ 1,495,900	\$ 817,376
Accrued and payroll liabilities	533,554	689,588
<b>Total</b>	<b>\$ 2,029,454</b>	<b>\$ 1,506,964</b>

The following is an aged analysis of the accounts payable and accrued liabilities:

	June 30, 2018	March 31, 2018
Less than 1 month	\$ 647,806	\$ 813,404
1 to 3 months	558,859	2,747
Over 3 months	822,789	690,813
<b>Total</b>	<b>\$ 2,029,454</b>	<b>\$ 1,506,964</b>

## 7. PROVISION FOR CLOSURE AND RECLAMATION

The Company has provided a letter of credit in the amount of \$75,000 to the Government of Manitoba under the terms of the closure plan on the PL Property (see Note 3). The Company further provided all assets, goods and personal property involved in the operation of the PL Property, as a security of up to \$5,000,000 for the performance of the closure plan and the rehabilitation program.

The Company's provision for closure and reclamation costs is based on management's estimates of costs to abandon and reclaim mineral properties and facilities as well as an estimate of the future timing of the costs to be incurred. The Company has estimated its total provision for closure and reclamation to be \$2,921,499 at June 30, 2018, based on a total future liability of approximately \$3,073,000 (March 31, 2018 - \$3,073,000), an inflation rate of 1.68% (March 31, 2018 - 1.18%) and a discount rate of 2.17% (March 31, 2018 - 2.11%). Reclamation is expected to occur in approximately 10 years.

The following is an analysis of the provision for closure and reclamation:

<b>Balance, March 31, 2018</b>	<b>\$ 2,940,254</b>
Effect of changes in the inflation and discount rate	(34,735)
Accretion incurred in the year	15,980
<b>Balance, June 30, 2018</b>	<b>\$ 2,921,499</b>

During the three months ended June 30, 2018, the Company expensed \$15,980 as accretion which was recorded in finance cost on the statements of operations (three months ended June 30, 2017 - \$13,018).

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## **8. DEFERRED STOCK UNITS AND RESTRICTED STOCK UNITS**

On January 12, 2017, the Company announced that it issued a total of 300,000 Deferred Stock Units ("DSUs") to non-executive directors as an annual award as outlined in the DSU Plan adopted in August 2016.

The Company also granted 1,500,000 Restricted Share Units ("RSUs") to executives and consultants. The RSUs were granted in accordance with the Company's Restricted Share Unit Plan and are subject to vesting provisions. More specifically, the grant consists of a base amount of 500,000 units with vesting subject to retention while the remaining bonus units are subject to performance conditions.

The DSUs vested immediately on the date of grant and the RSUs vest as to one-third on the date of grant, one-third in six months and one-third in twelve months.

As at June 30, 2018, the DSUs and the RSUs had fully vested. For the three months ended June 30, 2018, stock-based compensation of \$nil (three months ended June 30, 2017 - \$263,227) was recorded in the unaudited condensed interim statements of operations in relation to the RSUs based on the quoted market stock price of the Company's common shares of \$0.85 on January 12, 2017, the grant date.

Under the DSU and RSU plan, the maximum number of common shares subject to issuance is 2,160,307.

## **9. SHARE CAPITAL**

### **(a) Authorized:**

Unlimited number of common shares with no par value.

### **(b) Common Shares Issued:**

	<b>Number of Shares</b>	<b>Amount</b>
<b>Balance, March 31, 2017 and June 30, 2017</b>	<b>28,347,192</b>	<b>\$ 19,072,798</b>
<b>Balance, March 31, 2018</b>	<b>30,824,173</b>	<b>\$ 20,406,831</b>
Shares issued upon exercise of warrants and broker warrants	112,000	82,800
Reclassification of fair value of warrants and broker warrants exercised	-	14,658
Warrants issued upon exercise of broker warrants (i)	-	(1,165)
<b>Balance, June 30, 2018</b>	<b>30,936,173</b>	<b>\$ 20,503,124</b>

(i) During three months ended June 30, 2018, the Company issued 6,000 warrants expiring on June 9, 2019 upon the exercise of 12,000 broker warrants. The grant date fair value assigned to these warrants was \$1,165, estimated using the Black-Scholes valuation model with the following assumptions: expected dividend yield of 0%, expected volatility of 64%, risk-free interest rate of 1.68% and an expected life of 1.09 years.

## 10. SHARE-BASED PAYMENT RESERVES

### (a) Stock Options

The Company has granted options for the purchase of common shares to its directors, officers, employees and certain consultants. The purpose of the plan is to attract, retain and motivate these parties by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth. These options are valid for a maximum of 5 years from the date of issue. Vesting terms and conditions are determined by the Board of Directors at the time of the grant. The maximum number of options to be issued under the plan shall not exceed 10% of the total number of common shares issued and outstanding.

The following table shows the continuity of stock options for the periods ended June 30, 2018 and 2017:

	Number of Stock Options	Weighted Average Exercise Price
Balance, March 31, 2017 and June 30, 2017	2,805,000	\$ 0.64
Balance, March 31, 2018 and June 30, 2018	2,275,000	\$ 0.52

The following are the stock options outstanding at June 30, 2018:

Number of Options Issued	Grant Date Fair Value (\$)	Number of Options Exercisable	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Expiry Date
600,000	223,154	600,000	0.38	0.58	January 27, 2019
725,000	287,608	725,000	0.40	1.24	September 26, 2019
225,000	80,405	225,000	0.36	2.67	March 1, 2021
300,000	217,316	300,000	0.75	3.07	July 25, 2021
425,000	324,617	425,000	0.85	3.57	January 22, 2022
<b>2,275,000</b>	<b>1,133,100</b>	<b>2,275,000</b>	<b>0.52</b>	<b>1.88</b>	

**10. SHARE-BASED PAYMENT RESERVES (Continued)**

**(b) Share Purchase Warrants**

The following table shows the continuity of share purchase warrants for the periods ended June 30, 2018 and 2017:

	<b>Number of Warrants</b>	<b>Weighted Average Exercise Price</b>
<b>Balance, March 31, 2017 and June 30, 2017</b>	<b>3,172,093</b>	<b>\$ 0.82</b>
<b>Balance, March 31, 2018</b>	<b>3,965,757</b>	<b>\$ 0.82</b>
Exercised	(100,000)	0.75
Granted (Note 9(b)(i))	6,000	0.75
<b>Balance, June 30, 2018</b>	<b>3,871,757</b>	<b>0.83</b>

The following are the share purchase warrants outstanding at June 30, 2018:

<b>Number of Warrants Issued</b>	<b>Grant Date Fair Value (\$)</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (years)</b>	<b>Expiry Date</b>
2,152,393	528,046	0.85	0.84	May 4, 2019
777,750	192,518	0.85	0.92	June 2, 2019
306,000	42,044	0.75	0.92	June 1, 2019
130,999	16,322	0.75	0.93	June 6, 2019
504,615	88,153	0.75	0.95	June 11, 2019
<b>3,871,757</b>	<b>867,083</b>	<b>0.83</b>	<b>0.88</b>	

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## 10. SHARE-BASED PAYMENT RESERVES (Continued)

### (c) Broker Warrants

The following table shows the continuity of broker warrants for the periods ended June 30, 2018 and 2017:

	Number of Broker Warrants	Weighted Average Exercise Price
<b>Balance, March 31, 2017 and June 30, 2017</b>	<b>431,117</b>	<b>\$ 0.60</b>
<b>Balance, March 31, 2018</b>	<b>440,070</b>	<b>\$ 0.65</b>
Exercised	(12,000)	(0.65)
<b>Balance, June 30, 2018</b>	<b>428,070</b>	<b>\$ 0.65</b>

The following are the broker warrants outstanding at June 30, 2018:

Number of Broker Warrants Issued	Grant Date Fair Value (\$)	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Expiry Date
258,287	104,279	0.65	0.84	May 4, 2019
84,030	33,856	0.65	0.92	June 2, 2019
34,800	5,872	0.65	0.92	June 1, 2019
50,953	13,314	0.65	0.95	June 11, 2019
<b>428,070</b>	<b>157,321</b>	<b>0.65</b>	<b>0.88</b>	

## 11. GENERAL AND ADMINISTRATIVE

Three Months Ended June 30,	2018	2017
Office and general	\$ 7,624	\$ 95
Salaries and benefits	3,283	2,295
Travel	11,350	-
Business development	11,659	83,292
Stock exchange and transfer agent fees	11,119	1,056
Shareholder information	314	2,886
Part XII.6 tax	-	-
<b>General and administrative</b>	<b>\$ 45,349</b>	<b>\$ 89,624</b>

## 12. RELATED PARTY TRANSACTIONS

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

(a) The Company entered into the following transactions with related parties recorded as professional and consulting fees and share issue costs:

Three Months Ended June 30,	2018	2017
Irwin Lowy LLP (i) - professional and consulting fees	\$ 6,861	\$ 35,013

- (i) A director of the Company is a partner at Irwin Lowy LLP, a law firm, and the fees relate to professional services provided by the firm. As at June 30, 2018, the Company owed \$11,272 (March 31, 2018 - \$nil) to this firm and this amount is included in accounts payable and accrued liabilities. The amount is unsecured, non-interest bearing with no fixed terms of repayment.
- (ii) As at June 30, 2018, the Company owed \$522,387 (March 31, 2018 - \$454,587) to a corporation controlled by the Chief Executive Officer ("CEO") of the Company and this amount is included in accounts payable and accrued liabilities. During the three months ended June 30, 2018, \$30,000 (three months ended June 30, 2017 - \$30,000) of these fees were recorded as capitalized exploration and evaluation costs and \$30,000 (three months ended June 30, 2017 - \$30,000) were recorded in management and directors' compensation on the statements of operations and comprehensive loss.
- (iii) As at June 30, 2018, the Company had prepaid balance with the CEO of the Company in the amount of \$nil (March 31, 2018 - \$23,000) and \$19,247 (March 31, 2018 - \$19,247) receivable from Geodex Minerals Ltd, a company with which the Company shares the common management team.



**12. RELATED PARTY TRANSACTIONS (Continued)**

(b) Remuneration of directors and key management personnel of the Company was as follows:

<b>Three Months Ended June 30,</b>	<b>2018</b>	<b>2017</b>
Directors fees	\$ 16,000	\$ 17,000
Amounts paid or accrued to CEO for salaries, consulting and benefits	\$ 60,000	\$ 60,000
Stock-based payments	\$ -	\$ 83,355

Director fees - the Board of Directors do not have employment or service contracts with the Company. Directors are entitled to director fees and stock options for their services. As at June 30, 2018, the Company owed \$273,914 (March 31, 2018 - \$257,914) to the directors and \$522,387 (March 31, 2018 - \$454,587) to the CEO of the Company which was included in the accounts payable and accrued liabilities. These amounts are unsecured, non-interest bearing with no fixed term of repayment.

Salaries and benefits - officers are entitled to stock options, consulting fees or salaries and benefits where employment or service contracts are in place with the Company for their services.

During the three months ended June 30, 2018, stock-based compensation of \$nil (three months ended June 30, 2017 - \$83,355) for the RSUs awarded to officers and directors of the Company was recorded in the statement of operations and comprehensive loss.

As at March 31, 2018, \$50,747 (March 31, 2018 - \$1,735) of cash was held in the Irwin Lowy LLP trust account, a law firm, where the interim CFO is a partner.

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### **13. ENVIRONMENTAL CONTINGENCIES**

The Company's exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and are generally becoming more restrictive. The Company conducts its operations so as to protect public health and the environment and believes its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations.

### **14. COMMITMENTS AND CONTINGENCIES**

Pursuant to the terms of the flow-through share agreements, the Company needs to comply with its flow-through contractual obligations with subscribers with respect to the Income Tax Act (Canada). The Company has indemnified the subscribers of current and previous flow-through share offerings against any tax related amounts that become payable by the shareholder as a result of the Company not meeting its expenditure commitments. As at June 30, 2018, the Company is committed to incurring approximately \$nil in qualifying exploration expenditures in Canada by December 31, 2018.

The Company is party to a management contract. This contract contains clauses requiring additional payments of up to \$480,000 be made upon the occurrence of certain events such as a change of control. As a triggering event has not occurred, the contingent payments have not been reflected in these financial statements. Additional minimum management contractual commitments remaining under the agreement are approximately \$480,000, of which \$240,000 is due within one year.