EVOLVING GOLD CORP

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended March 31, 2019 and 2018

Expressed in Canadian dollars

Contents

Smythe CPA

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF EVOLVING GOLD CORP.

Opinion
We have audited the consolidated financial statements of Evolving Gold Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of comprehensive loss, changes in shareholders' equity (deficit) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion
We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the consolidated financial statements, which indicates that the Company incurred a net loss of $81,568 during the year ended March 31, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information
Management is responsible for the other information. The other information comprises of Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditors' report is Kevin Yokichi Nishi.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
October 24, 2019

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Evolving Gold Corp.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Expressed in Canadian Dollars

As at

	Note	March 31, 2019	March 31, 2018
Assets			
Current Assets			
Cash and cash equivalents	5	$ 16,205	$ 243,823
Marketable Securities	6	-	152,000
Accounts receivable		2,928	2,388
Prepaid expenses		8,318	51,117
		27,451	449,328
Non-Current Assets			
Property, plant and equipment	8	1,697	4,050
Reclamation bonds	9	19,590	18,900
Total Assets		**$ 48,738**	**$ 472,278**
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	10	$ 229,906	$ 648,462
Short-term loan	11	70,198	-
		300,104	648,462
Other Liabilities			
Asset retirement obligation	9	19,590	18,900
		319,694	667,362
Shareholders' Deficit			
Share Capital	12	85,230,416	85,230,416
Reserves	12	348,403	342,707
Deficit		(84,740,012)	(84,708,286)
Accumulated Other Comprehensive Loss		(1,109,763)	(1,059,921)
Total Deficit		(270,956)	(195,084)
Total Liabilities and Shareholders' Deficit		**$ 48,738**	**$ 472,278**

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

"R. Bruce Duncan"	***"Robert Horsley"***
Director	Director

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

Evolving Gold Corp.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Expressed in Canadian Dollars

For the years ended

	Note	Year ended March 31, 2019	2018
Expenses			
Accounting and audit		$ 47,374	$ 42,015
Amortization	8	2,353	2,909
Bank charges and interest		3,459	2,908
Legal		14,006	7,547
Management fees	17	150,000	150,000
Mineral properties	7	46,774	585,350
Office, rent and salaries		195,543	315,431
Share-based payments	13,17	5,696	59,823
Transfer agent and filing fees		14,594	14,707
		(479,799)	(1,180,690)
Other Items			
Recovery on disposal of mineral property		-	34,885
Gain on settlement of debt	10	548,947	5,621
Change in fair value of marketable securities		-	(26,631)
Flow-through premium recognized		-	1,999
Gain (loss) on disposition of marketable securities		(131,175)	117,246
Foreign exchange		(19,802)	(11,787)
Interest income		261	115
Net loss before income taxes		(81,568)	(1,059,242)
Income taxes			
Deferred income tax recovery	14	-	22,157
Net loss for the year		(81,568)	(1,037,085)
Other comprehensive income to be recycled through profit or loss			
Change in fair value of marketable securities		-	72,000
Realized gain on sale of marketable securities		-	(18,000)
Deferred income tax expense		-	(22,157)
Comprehensive loss for the year		**$ (81,568)**	**$ (1,005,242)**
Loss per share:			
basic and diluted		$ (0.01)	$ (0.07)
Weighted average number of common shares outstanding			
basic and diluted		15,722,378	15,627,446

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

Evolving Gold Corp.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIT)

Expressed in Canadian Dollars

For the years ended March 31, 2019 and 2018

		Share Capital					
	Note	Number of Shares	Amount	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity (Deficit)
Balance at March 31, 2017		**15,497,378**	**$ 85,207,747**	**$ 294,303**	**$ (83,671,201)**	**$ (1,091,764)**	**$ 739,085**
Stock options exercised		225,000	11,250	-	-	-	11,250
Reserve adjustment re options		-	11,419	(11,419)	-	-	-
Share-based payments	13	-	-	59,823	-	-	59,823
Loss for the year		-	-	-	(1,037,085)	31,843	(1,005,242)
Balance at March 31, 2018		**15,722,378**	**$ 85,230,416**	**$ 342,707**	**$ (84,708,286)**	**$ (1,059,921)**	**$ (195,084)**
Share-based payments	13	-	-	5,696	-	-	5,696
Loss for the year		-	-	-	(81,568)	-	(81,568)
Impact of adopting IFRS 9		-	-	-	49,843	(49,843)	-
Balance at March 31, 2019		**15,722,378**	**$ 85,230,416**	**$ 348,403**	**$ (84,740,012)**	**$ (1,109,763)**	**$ (270,956)**

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

Evolving Gold Corp.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Expressed in Canadian Dollars

	Year ended March 31, 2019	2018
Operating Activities		
Net loss for the year	$ (81,568)	$ (1,037,085)
Items not involving cash		
Share-based payments	5,696	59,823
Amortization	2,353	2,909
Gain on settlement of debt	(548,947)	(5,621)
Flow-through premium recognized	-	(1,999)
Gain (loss) on disposition of marketable securities	131,175	(117,246)
Change in fair value of marketable securities	-	26,631
Accrued interest on short-term loan	1,198	
Foreign exchange	(2,722)	14,366
Recovery on disposal of mineral property	-	(34,885)
Deferred income tax recovery	-	(22,157)
Changes in assets and liabilities		
Accounts receivable	(540)	2,316
Prepaid expenses	42,799	1,637
Accounts payable and accrued liabilities	130,391	(141,682)
Cash used in operating activities	(320,165)	(1,252,993)
Financing Activity		
Issuance of common stock	-	11,250
Short-term loan	69,000	-
Cash provided by financing activity	**69,000**	**11,250**
Investment Activities		
Proceeds from disposition of marketable securities	20,825	123,388
Proceeds from reclamation bond refunds	-	36,201
Acquisition of marketable securities	-	(80,000)
Acquisition of property and equipment	-	(3,818)
Cash provided by investment activities	**20,825**	**75,771**
Effects of exchange rate changes	2,722	(15,682)
Net change in cash and cash equivalents	(227,618)	(1,181,654)
Cash and cash equivalents, beginning balance	243,823	1,425,477
Cash and cash equivalents, ending balance	**$ 16,205**	**$ 243,823**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Evolving Gold Corp. (the "Company" or "Evolving") was incorporated as 6109527 Canada Ltd. on June 19, 2003, under the *Canada Business Corporation Act* and is in the business of acquiring, exploring and evaluating mineral properties. The Company is in the exploration stage and has interests in mineral properties located in Canada.

Effective December 7, 2010, the common shares of the Company were listed on the Toronto Stock Exchange ("TMX") and trade under the symbol EVG. On July 25, 2014, the Company announced its listing on the Canadian Stock Exchange ("CSX") and its delisting from the TMX. The head office, principal address and records office of the Company are located at 5213 Durie Road, Mississauga, Ontario L5M 2C6.

These consolidated financial statements are 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 the business for the foreseeable future. During the year ended March 31, 2019, the Company incurred a net loss of $81,568 (2018 - $1,037,085) and, as of that date, has an accumulated deficit of $84,740,012 since inception and expects to incur losses from operations for the foreseeable future. These conditions indicate the existence of a material uncertainty, which casts significant doubt about the Company's ability to continue as a going concern. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating and mineral property commitments as they come due and to finance future exploration and development of potential business acquisitions, economically recoverable reserves, securing and maintaining title and beneficial interest in the properties and upon future profitable production. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values. Such adjustments have not been included in these consolidated financial statements and could be material.

2. BASIS OF PREPARATION

a) Statement of Compliance

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

The consolidated financial statements were authorized for issue by the Board of Directors on October 24, 2019.

b) Change in Accounting Policy

The Company has adopted all of the requirements of IFRS 9 *Financial Instruments* ("IFRS 9") as of April 1, 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 utilizes a revised model for the classification and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flows of the financial asset.

Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

IFRS 9 amends some of the requirements of IFRS 7 *Financial Instruments: Disclosures* including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on the measurement of financial liabilities and de-recognition of financial instruments.

As a result of the adoption of IFRS 9, we have changed our accounting policy for financial instruments using the modified retrospective approach, without restatement of prior year's amounts. The change did not result in any changes to the carrying values of any of our financial instruments on transition date. The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39.

	IAS 39	IFRS 9
Assets		
Cash and cash equivalents	Amortized cost	Amortized cost
Marketable securities	Fair value through other comprehensive income	Fair value through profit or loss
Reclamation Bonds	Amortized cost	Amortized cost
Liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost
Asset retirement obligation	Fair value through profit or loss	Fair value through profit or loss

Under IFRS 9, the Company's marketable securities are designated as financial assets through profit or loss. For equity instruments not held for trading, we may make an irrevocable election at initial recognition to recognize changes in fair value through other comprehensive income rather than profit or loss. We did not make any such election upon adoption of IFRS 9.

On adoption of IFRS 9, unrealized loss in fair value of $49,843, previously recognized in other comprehensive income, has been reallocated to deficit.

c) Basis of Measurement

The consolidated financial statements have been prepared on a historical cost basis, except for marketable securities, which are accounted for at fair value. The consolidated financial statements are presented in Canadian dollars, which is also the Company's and its subsidiaries' functional currency, unless otherwise indicated. The preparation of consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are all entities over which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Details of subsidiaries are as follows:

		Percentage owned	
	Incorporation Jurisdiction	March 31, 2019	March 31, 2018
Evolving Gold Corporation ("Evolving US")	USA	100%	100%
Rattlesnake Mining Corporation	Canada	100%	100%
Rattlesnake Mining Company (Wyoming)	USA	100%	100%

Intercompany balances and transactions, including unrealized income and expenses arising from intercompany transactions, are eliminated on consolidation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements unless otherwise indicated.

a) Exploration and Evaluation Rights and Expenditures

All direct costs related to the acquisition of rights to explore mineral property interests and all exploration and evaluation expenditures are expensed in the period acquired until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated reserves as a depletion base.

b) Foreign Currency Transactions

Foreign currency accounts are translated into Canadian dollars as follows:

At the transaction date, each asset, liability, revenue and expense denominated in a foreign currency is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year-end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at the year-end date and the related translation differences are recognized in profit or loss.

Non-monetary assets and liabilities that are measured at historical cost are translated into Canadian dollars by using the exchange rate in effect at the date of the initial transaction and are not subsequently restated. Non-monetary assets and liabilities that are measured at fair value, or revalued are translated into Canadian dollars by using the exchange rate in effect at the date the value is determined and the related translation differences are recognized in profit or loss.

c) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, demand deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

d) Leased Assets

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognized as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analyzed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

e) Property, Plant and Equipment

Recognition and Measurement

On initial recognition, property, plant and equipment are valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Company, including appropriate borrowing costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability would be recognized within provisions. Property, plant and equipment is subsequently measured at cost less accumulated amortization, less any accumulated impairment losses, with the exception of land, which is not amortized. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Amortization

Amortization is recognized in profit or loss and is provided on a straight-line basis over the estimated useful life of the assets as follows:

Office furniture and fixtures over 3 years Computer equipment over 3 years Leasehold improvements over the term of the lease

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

f) Impairment of Non-Financial Assets

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

An impairment loss is charged to profit or loss, except to the extent they reverse gains previously recognized in accumulated other comprehensive income.

g) Financial Instruments

Financial Assets

<u>Initial recognition and measurement</u>

A financial asset is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income. A financial asset is measured at amortized cost if it meets the conditions that i) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows, ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and iii) is not designated as fair value through profit or loss or fair value through other comprehensive income.

<u>Subsequent measurement</u>

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company's marketable securities are included in financial assets at fair value through profit or loss.

Financial assets measured at fair value through other comprehensive income ("FVTOCI")

Financial assets measured at fair value through other comprehensive income are carried in the statement of financial position at fair value with changes in fair value therein, recognized in other comprehensive loss.

Financial assets measured at amortized cost

A financial asset is subsequently measured at amortized cost, using the effective interest method and net of any impairment allowance. The Company's cash and cash equivalents and reclamation bonds are included in financial assets at amortized cost.

Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

Derecognition

A financial asset or, where applicable a part of a financial asset or part of a group of similar financial assets is derecognized when:

- the contractual rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method. The Company's accounts payable and short-term loan are included in financial liabilities at amortized cost.

Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises. The Company's asset retirement obligation is included in financial liabilities at fair value through profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Fair Value Hierarchy

Fair value measurements of financial instruments are required to be classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The levels of the fair value hierarchy are defined as follows:

Level 1 -	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 -	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 -	Inputs for assets or liabilities that are not based on observable market data.

h) Provisions

Asset Retirement Obligation

The Company is subject to various government laws and regulations relating to environmental disturbances caused by its exploration activities. The Company records the present value of the estimated future costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and revegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is included in profit or loss. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environmental disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

i) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss, except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive income.

Current income taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

j) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The proceeds received on the issuance of units, comprised of common shares and warrants, are allocated using the residual value method. Under the residual value method, proceeds are allocated first to share capital up to the fair value of the common shares at the time of issuance, determined by reference to the quoted market price of the common shares on the issuance date, with the residual amount of proceeds, if any, allocated to the reserve for warrants.

The issuance of flow-through shares represents an issue of common shares and the sale of rights to tax deductions to the investors when the flow-through shares are issued. The sale of rights to tax deductions is deferred and presented as a liability in the consolidated statement of financial position. The proceeds received from flow-through shares are allocated between share capital, warrants, if any, and other liability using the residual method. Under the residual method, the proceeds are allocated first to share capital up to the fair value of the common shares at the time of issuance, determined by reference to the quoted market price of the common shares on the issuance date, with the residual amount of proceeds, if any, allocated to warrants based on their fair value, calculated using the Black-Scholes option pricing model, and then to other liability.

The Company fulfils its obligation to investors when it renounces the right to the tax deductions and the eligible expenditures are incurred. Upon fulfilment of the Company's obligation, the amount initially recognized as a liability is extinguished and recognized in profit or loss.

k) Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is calculated by dividing the net income available to common shareholders by the weighted average number of shares outstanding on a diluted basis. The weighted average number of shares outstanding on a diluted basis takes into account the additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting period. The calculation of basic and diluted earnings per share for all periods presented is adjusted retrospectively when the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split.

l) Share-based Payments

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to employees, they are recorded at the fair value of the equity instrument granted at the grant date. The grant date fair value is recognized over the vesting period, described as the period during which all the vesting conditions are to be satisfied. Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received. Options or warrants granted related to the issuance of shares are recorded as a reduction of share capital.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

All equity-settled share-based payments are reflected in stock option reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in stock option reserves is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest, except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

Recent Accounting Pronouncements

Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is the new standard that is likely to be relevant to the Company.

IFRS 16 New accounting standard that replaces IAS 17, IFRIC 4, SIC 15, and SIC 27 for the recognition, measurement, presentation, and disclosure of leases for both the lessee and lessor (effective for annual periods beginning on or after January 1, 2019).

The Company has not early adopted this standard, and as the Company does not have any leases over one year to maturity, the standard is not expected to have a material impact on the results and financial position of the Company when the standard is adopted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both. Information about critical estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements are discussed below.

Estimates

a) Asset Retirement Obligation

Rehabilitation provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made which management believes are a reasonable basis upon which to estimate the future liability. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of contamination, restoration standards and techniques will result in changes to provisions from year to year. Actual rehabilitation costs will ultimately depend on future market prices for the rehabilitation costs, which will reflect the market condition at the time the rehabilitation costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

b) Income Taxes

Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities. In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

c) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

Judgments

a) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

b) Going Concern

The assumption that the Company will be able to continue as a going concern is subject to critical judgments of management with respect to assumptions surrounding the short- and long-term operating budget, expected profitability, investing and financing activities, and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

5. CASH AND CASH EQUIVALENTS

Cash at banks earn interest at floating rates based on daily bank deposit rates. As at March 31, 2019, cash and cash equivalents included $16,205 (March 31, 2018: $243,823) held in commercial deposit accounts with a Canadian chartered bank.

Expressed in Canadian Dollars

6. MARKETABLE SECURITIES

Marketable securities consist of investments in the common shares of public companies and therefore have no fixed maturity date or coupon rate.

	Fair Value	
	March 31, 2019	**March 31, 2018**
NV Gold Corporation – Listed Company		
March 2019 – nil shares; March 2018 – 160,000 shares	-	152,000
	$ -	**$152,000**

The fair values of NV Gold Corporation have been determined directly by reference to published price quotations in an active market. During the year ended March 31, 2019 the Company sold 160,000 shares for proceeds of $20,825 (March 31, 2018: 123,700 shares for proceeds of $123,061) and recognized a realized loss of $131,175 (March 31, 2018: Gain of $117,246).

7. EXPLORATION AND EVALUATION EXPENDITURES

a) Expenditures During the Year

The Company's exploration and evaluation expenditures for the years ended March 31, 2019 and 2018 are summarized as:

	Lithium Lakes	Nicobi	Oxen	Toro	Jake Creek	March 31, 2019
Acquisition and land maintenance	$ 431	$ -	$ -	$ 12,734	$ -	**$ 13,165**
Consulting - geological	9,924	5,879	-	9,385	-	**25,188**
Field expenses and other	-	-	-	290	-	**290**
Reclamation	-	-	-	-	8,131	**8,131**
	$ 10,355	$ 5,879	$ -	$ 22,409	$ 8,131	**$ 46,774**

	Lithium Lakes	Nicobi	Oxen	Toro	Jake Creek	March 31, 2018
Acquisition and land maintenance	$ 13,977	$ -	$ 2,369	$ 13,809	$ -	**$ 30,155**
Assaying	21,530	2,409	4,139	32,451	-	**60,529**
Consulting - geological	99,108	16,307	9,426	111,315	-	**236,156**
Field expenses and other	58,458	5,334	-	178,615	-	**242,407**
Reclamation	-	-	-	-	16,103	**16,103**
	$ 193,073	$ 24,050	$ 15,934	$ 336,190	$ 16,103	**$ 585,350**

b) Transactions During the Period

During the year ended March 31, 2019, the Company evaluated its existing properties and conducted minimal work, including property expenditures noted related to Jake Creek to allow for the return of bonds held by various regulatory bodies, and general administrative costs of maintaining the subsidiary while the remaining bonds are outstanding.

c) Properties

Lithium Lakes and related Properties

Lithium Lakes

On June 16, 2016, the Company purchased the Lithium Lakes Property in Quebec, Canada. Pursuant to the purchase agreement, the Company issued to the vendor a total of 300,000 common shares fair valued at $0.31 per share ($93,000). The Company also paid the vendor $40,000. The Lithium Lakes claims are subject to a 1% net smelter returns royalty, whereby the Company will have the right, at any time, to acquire one-half of the royalty by paying $500,000 to the royalty holder. During the year ended March 31, 2017, the Company increased its land position by staking several claims adjacent to its existing mineral claims.

Toro

On October 21, 2016, the Company claimed the Toro Property in the James Bay area of the Quebec province (Canada). It consists of 324 generally contiguous claims in nine blocks, covering about 17,224 hectares. The area is prospective for gold and base metals. During the year ended March 31, 2017, the Company increased its land position by staking several claims adjacent to its existing mineral claims.

Nicobi

On January 27, 2017, the Company claimed the Nicobi Property in the Abitibi area of the Quebec province (Canada). It consists of 57 contiguous claims, covering about 3,193 hectares. The area is prospective for gold and base metals.

Oxen

On February 7, 2017, the Company acquired the Oxen Property in the Ungava Bay area of the Quebec province (Canada). It consists of 17 contiguous claims, covering about 788 hectares. The area is prospective for gold and base metals.

Jake Creek Property

The Jake Creek Property was located in northern Humboldt County, Nevada, approximately 45 miles northeast of Winnemucca, and consisted of 699 generally contiguous, unpatented mining claims covering approximately 14,405 acres. The Company was the sole owner of the Jake Creek Property claim block and held an undivided 100% interest. As of September 30, 2016, the Company allowed the claims to lapse, and accordingly the Company no longer has any interest in these claims.

Expressed in Canadian Dollars

8. PROPERTY, PLANT AND EQUIPMENT

	Office furniture and equipment	Computer equipment and software	Total
Cost:			
March 31, 2018	$ 50,043	$ 16,520	$ 66,563
Disposals	-	(12,346)	(12,346)
March 31, 2019	$ 50,043	$ 4,174	$ 54,217
Depreciation:			
March 31, 2018	$ (50,043)	$ (12,470)	$ (62,513)
Additions	-	(2,353)	(2,353)
Disposals	-	12,346	12,346
March 31, 2019	$ (50,043)	$ (2,477)	$ (52,520)
Net book value:			
At March 31, 2019	**$ -**	**$ 1,697**	**$ 1,697**

	Office furniture and equipment	Computer equipment and software	Total
Cost:			
March 31, 2017	$ 50,043	$ 12,702	$ 62,745
Additions	-	3,818	3,818
March 31, 2018	$ 50,043	$ 16,520	$ 66,563
Depreciation:			
March 31, 2017	$ (50,043)	$ (9,561)	$ (59,604)
Additions	-	(2,909)	(2,909)
March 31, 2018	$ (50,043)	$ (12,470)	$ (62,513)
Net book value:			
At March 31, 2018	**$ -**	**$ 4,050**	**$ 4,050**

During the year ended March 31, 2019, the Company disposed of various laptops and monitors for total proceeds of $nil. Subsequent to March 31, 2019, the Company disposed of all its remaining assets. See Note 20, Subsequent Events.

Expressed in Canadian Dollars

9. ASSET RETIREMENT OBLIGATIONS

The Company continues to maintain reclamation bonds on deposit related to its former United States properties. The full repayment of the bonds may take up to three years, as the refund of the balance of the bond held is dependent upon the regrowth of native flora. The Company may be required to engage in additional reclamation work to complete said regrowth. The Company fulfills its site restoration obligations as required when a drill site is abandoned, and accordingly, no discounted present value was calculated due to the expected short-term nature of the obligation.

The reclamation bond balances and asset retirement obligations vary due to the effects of foreign exchange, and are as follows:

	March 31, 2019	March 31, 2018
Reclamation bonds	**$ 19,590**	**$ 18,900**
Asset retirement obligations	**$ 19,590**	**$ 18,900**

10. ACCOUNTS PAYABLE AND DEBT SETTLEMENTS

Accounts payable and accrued liabilities consists of trade payables, accruals and other non-trade payables

During the year ended March 31, 2019, the Company recognized a gain on settlement of debt of $548,947 as certain accounts payable were written down as no longer payable (2018: $5,621).

11. SHORT-TERM LOAN

On November 7, 2018, the Company entered into a loan agreement with a potential acquirer of the Company, and received a loan of $60,000, subsequently increased by $9,000, and bearing interest at a rate of 5% per annuum, repayable on November 7, 2019. Accrued interest as of March 31, 2019 is $1,198. See Note 21, Subsequent Events.

12. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares, issuable in series. The holders of common shares are entitled to receive dividends, which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regard to the Company's residual assets.

The changes to share capital during the years ended March 31, 2019 and 2018 are summarized in the consolidated statement of shareholders' equity.

During the year ended March 31, 2019, the Company did not complete any share capital transactions.

During the year ended March 31, 2018, the Company completed the issuance of 225,000 shares for gross proceeds of $11,250 as a result of the exercise of 225,000 stock options at $0.05 per share.

Expressed in Canadian Dollars

b) Share Purchase Warrants

The following is a summary of changes in warrants for the years March 31, 2019 and 2018:

	March 31, 2019			March 31, 2018		
	Number of warrants	Weighted average exercise price		Number of warrants	Weighted average exercise price	
Warrants outstanding, beginning of year	1,000,000	$	0.15	1,000,000	$	0.15
Issued	-	$	-	-	$	-
Expired	-	$	-	-	$	-
Warrants outstanding, end of year	1,000,000	$	0.15	1,000,000	$	0.15

As at March 31, 2019 and 2018 the Company had total outstanding warrants as follows:

	Number of warrants	Exercise price	Expiry
Share purchase warrants	1,000,000	$0.15	April 22, 2019
	1,000,000		

Subsequent to the year end, the Company extended the term of the warrant to expire on April 19, 2021.

13. SHARE-BASED PAYMENTS

The Company established a share purchase option plan (the "Plan") in September 2004. In September 2007, shareholder approval was obtained to adopt a "rolling" stock option plan. The Board of Directors administers the Plan, pursuant to which the Board of Directors may grant, from time to time, incentive stock options up to an aggregate maximum of 10% of the issued and outstanding shares of the Company to directors, officers, employees, consultants or advisors. All options granted under the Plan shall expire not later than the tenth anniversary of the date the options were granted. The exercise price of an option is determined by the Board of Directors, but shall not be less than the market price of the common shares of the Company on the CSX on the last business day before the date on which the options are granted, less any discount permitted by the rules of the exchange. Vesting and terms are at the discretion of the Board of Directors. The vesting of options range from vested immediately, a vesting period of three months to a two-year period from the date of the grant at 25% and 20%, respectively. Options granted for investor relations vest in accordance with CSX regulation.

Details of options outstanding as at March 31, 2019 and 2018 are as follows:

	March 31, 2019			March 31, 2018		
	Number of options	Weighted average exercise price		Number of options	Weighted average exercise price	
Options outstanding, beginning of year	1,549,000	$	0.33	1,549,000	$	0.31
Options granted	-	$	-	225,000	$	0.20
Options exercised	-	$	-	(225,000)	$	0.05
Options outstanding, end of year	**1,549,000**	**$**	**0.33**	**1,549,000**	**$**	**0.33**
Options exercisable, end of year	**1,549,000**	**$**	**0.33**	**1,174,333**	**$**	**0.30**

Expressed in Canadian Dollars

As at March 31, 2019 and 2018, the following options were outstanding:

Expiry Date	Exercise Price	Options Outstanding
December 19, 2019	$0.05	425,000
July 25, 2021	$0.50	750,000
September 30, 2021	$0.50	149,000
September 5, 2022	$0.20	225,000
		1,549,000

Fair Value of Options Granted During the Year

There were no options granted during the year ended March 31, 2019.

During the year ended March 31, 2018, the Company granted 225,000 stock options at an exercise price of $0.20 per share to a director. The options vest upon grant and expire in five years from the grant date. Stock-based payment of $59,823 was recognized as a result of the grant as well as previously issued grants which vested during the period. During 2019, $5,696 was recognized as a result of the grant.

Options Issued to Employees

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Options Issued to Non-Employees

Options issued to non-employees are measured based on the fair value of the goods or services received at the date of receiving those goods or services. If the fair value of the goods or services received cannot be estimated reliably, the options are measured by determining the fair value of the options granted, using a valuation model.

Amounts Capitalized Arising from Share-based Payment Transactions

No amounts were capitalized during the years ended March 31, 2019 and 2018.

The fair value pricing model inputs for options granted during the years ended March 31, 2019 and 2018 included:

	March 31, 2019	March 31, 2018
Share price on grant date	$ -	$0.195
Exercise price	$ -	$0.20
Risk-free interest rate	-	0.75%
Expected life (years)	-	5
Volatility	-	215%
Dividend rate	-	0%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Expressed in Canadian Dollars

14. INCOME TAXES

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	March 31, 2019	March 31, 2018
Net loss before income taxes	**$ (81,568)**	**$ (1,059,242)**
Tax recovery based on the statutory rate of 27% (2018: 26.25%)	(22,024)	(278,051)
Non-deductible (taxable) differences	(18,152)	15,888
Foreign income taxed at other than Canadian statutory rate	1,538	150,403
Effect of change in tax rates		6,574,170
Impact of under-provision in previous year	39,903	-
Impact of foreign exchange on tax assets and liabilities	237,210	777,152
Changes in unrecognized deferred tax assets	91,987	(7,261,719)
Origination and reversal of temporary differences	(330,462)	-
Income tax expense (recovery)	**$ -**	**$ (22,157)**

The Canadian federal corporate tax rate is 15% and the BC provincial tax rate is 12% prior to January 1, 2019. There have been no changes in the BC provincial tax rate nor the United States tax rate.

Deferred Income Tax Assets and Liabilities

Significant components of the Company's deferred income tax assets and liabilities are as follows:

	March 31, 2019	March 31, 2018
Share issue costs	$ 9,000	$ 16,000
Capital assets	303,000	301,000
Mineral properties	28,361,000	28,544,000
Non-capital losses carried forward	86,619,000	86,420,000
Capital losses	166,000	166,000
Unrealized foreign exchange gain	2,786,000	2,786,000
	118,244,000	118,233,000
Unrecognized deferred tax asset	(118,244,000)	(118,233,000)
Net deferred tax assets	**$ -**	**$ -**

The Company has only recognized deferred income tax assets to the extent to which it is probable that sufficient taxable income will be realized, or taxable temporary differences will reverse, during the carry-forward periods to utilize the deferred tax assets.

As at March 31, 2019, the Company had accumulated non-capital losses totaling approximately $15,836,000 in Canada expiring in various amounts from 2026 to 2039, and $71,396,000 in the US expiring in various amounts from 2028 to 2039 that may be applied against future year's taxable income in Canada and US.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated.

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to significant interest rate risk due to the short term to maturity of its financial instruments.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in commodity prices. The Company is not exposed to significant commodity price risk as the Company does not hold significant marketable securities.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company has significant exposure to foreign exchange rate fluctuation. The Company is exposed to currency risk to the extent that monetary assets and liabilities held by the Company are not denominated in United States dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. The Company holds balances in US dollars that could give rise to exposure to foreign exchange risk.

Expressed in Canadian Dollars

Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately $900 (March 31, 2018: $26,358) as detailed below:

United States Dollar Denominated Balances	**March 31, 2019**	**March 31, 2018**
Cash	$ (8)	$ 152,643
Accounts payable	(8,988)	(418,223)
	$ (8,996)	**$ (265,580)**
10% change in exchange rate impact	**$ (900)**	**$ (26,358)**

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at March 31, 2019 and 2018 relating to cash and cash equivalents of $16,205 and $243,823, respectively, held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all cash and cash equivalent assets based on changes that are reasonably possible at the reporting date

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditures.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Accounts payable and other liabilities	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 2 years**	**Over 5 years**	**Total**
March 31, 2019	$ 229,906	$ 70,198	$ -	$ -	$ 300,104
March 31, 2018	$ 648,462	$ -	$ -	$ -	$ 648,462

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The consolidated statement of financial position carrying amounts for cash and cash equivalents and trade and other liabilities approximate fair value due to their short-term nature. Due to the use of subjective judgments and uncertainties in the determination of fair values these values should not be interpreted as being realizable in an immediate settlement of the financial instruments.

16. CAPITAL MANAGEMENT

The Company monitors its cash, common shares, warrants and stock options as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investors' confidence required to sustain future development and production of the business.

The Company is not exposed to any externally imposed capital requirements nor were there any changes in the Company's capital management processes during the years ended March 31, 2019 and 2018.

17. RELATED PARTY TRANSACTIONS

Key Management Compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include the Company's CEO and CFO. Payments to key management are recorded as management fees. Share-based payments were incurred for both key management and directors. No directors' fees were paid during the applicable years.

The following key management compensation was incurred:

	Year ended March 31, 2019	Year ended March 31, 2018
Management fees and salaries	$ 150,000	$ 150,000
Share-based payments	5,696	52,609
	$ 155,696	**$ 202,609**

Management fees are payable in Canadian dollars. After allowing for offsetting accruals, write-downs, expense allocations and disbursements, unpaid and accrued management fees as of March 31, 2019 were $87,500 (March 31, 2018 $52,250), which is included in accounts payable.

18. COMMITMENT

The Company had a lease expiring August 31, 2019 for office space occupied by its head office. Future minimum payments under the operating lease as at the end of the indicated periods are as follows:

	March 31, 2019	March 31, 2018
Within one year	$ 30,725	$ 82,721
After one year, but no more than two years	-	36,192
More than two years	-	-
	$30,725	$118,913

19. LOSS PER SHARE

Basic loss per share amounts is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. The basic and diluted loss per share is the same, as there are no instruments that have a dilutive effect on earnings. Diluted loss per share for each of years presented excludes the effect of potentially dilutive securities, including 1,549,000 share purchase options (March 31, 2018: 1,549,000 options) and 1,000,000 share purchase warrants (March 31, 2018: 1,000,000 warrants), as their inclusion in the calculation of diluted loss per share would have been anti-dilutive.

20. SEGMENTED DISCLOSURE

The Company has one operating segment, mineral exploration and evaluation. All of the Company's non-current assets are located in Canada

21. EVENTS SUBSEQUENT TO THE YEAR-END

The Company has evaluated its activities subsequent to March 31, 2019 and has determined that the following are material events to be reported:

- On October 2, 2019, the Company announced that the proposed reverse takeover by Bocana resources Ltd., which had been announced in 2018, had been terminated. As a result of a mutually agreed settlement, the loan received from Bocana had been forgiven.
- At July 31, 2019, the Company ended its lease at its previous office. As a result of the end of the lease, the Company sold or otherwise disposed of all of its furniture, office equipment and computers for proceeds of $4,000.