Management Discussion and Analysis
of
Financial Position
and
Results of Operations
for the
Nine-month period ended December 31, 2018

This report is dated February 28, 2019
(The "Report Date")

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CSX: EVG / OTCBB: EVOGF / FSE: EV7

Introduction

The following information should be read in conjunction with the condensed consolidated interim financial statements of Evolving Gold Corp. ("Evolving" or the "Company") for the nine-month period ended December 31, 2018 and the audited consolidated financial statements of Evolving for the year ended March 31, 2018.

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion includes the results of the Company's wholly-owned subsidiaries:

- Evolving Gold Corp. (Nevada, USA)
- Rattlesnake Mining Corp. (Canada), and
- Rattlesnake Mining (Wyoming) Company (Wyoming, USA)

Note 3 of the consolidated financial statements at March 31, 2018, describes all of the Company's significant accounting policies and a description of changes made during the 2018 fiscal year is included therein. During the nine-month period ended December 31, 2018, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged, except that 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 Reader is referred to Note 3 of the September 30, 2018 financial statements.

All amounts presented in this document are stated in Canadian dollars, the functional and reporting currency of the Company, except where otherwise noted.

Cautionary Note Regarding Forward Looking Statements

This Management's Discussion and Analysis is intended to supplement and complement the condensed consolidated interim financial statements for the nine-month period ended December 31, 2018 and 2017, the audited consolidated financial statements for the year ended March 31, 2018 and the notes thereto (collectively the "Financial Statements"). Readers are encouraged to review these Financial Statements in conjunction with a review of this Management's Discussion and Analysis. Certain notes to the Financial Statements are specifically referred to in this Management's Discussion and Analysis and such notes are incorporated by reference herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: title to the Company's exploration properties; the level and suitability of exploration expenditures relating to those properties, including decisions regarding the impairment of mineral property expenditures; rehabilitation requirements; commodity prices; access to funding and capital markets conditions generally; various accounting estimations related to income taxes, share based payments and the valuation of available for sale securities; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact.

When used in this MD&A, the words "plan," "expect," "believe," and similar expressions generally identify forward looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including those factors disclosed under Risks and Uncertainties below. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.

Additional information relating to the Company may be found on SEDAR at www.sedar.com or at the company's website at www.evolvinggold.com.

Corporate Overview

The Company became a reporting issuer in the Provinces of Alberta, British Columbia and Ontario on May 14, 2004. The Company has traded on various exchanges since inception, and currently trades on the following exchanges:

Canadian Stock Exchange (CSX: EVG since July 25, 2014))
NASD (OTCBB: EVOGF since 2005)
Frankfurt Stock Exchange (EV7 since 2007)

Description of Business

Evolving Gold Corp. ("Evolving" or the "Company") is a Canadian-based mining exploration company engaged in the acquisition, exploration and development of natural resource properties.

The Company's focus is Canadian based mineral exploration properties, including the Lithium Lakes, Toro and Oxen properties located in Quebec, Canada.

Changes in Management, Directors, and Corporate Activities

On September 9, 2018, the Company announced that it had executed a non-binding letter of intent to acquire Bocana Resources Ltd., a private company with mineral property interests in South America.

The acquisition of Bocana constitutes a "fundamental change" for Evolving Gold under Canadian Securities Exchange policies -- and consequently the Company halted trading of its common shares on the CSE. Unless the transaction with Bocana fails to close, the company does not expect its shares will resume trading again until the transaction has been accepted by the CSE. The Company anticipates that the transaction will be put forward for shareholder approval at its next Annual General meeting, anticipated to be held prior to the year end.

In conjunction with the acquisition of Bocana, and as conditions to closing:

- Evolving Gold will consolidate its 15,722,378 currently issued and outstanding common shares on a two-to-three basis, to have approximately 10,481,585 common shares outstanding, and will continue under the Canada Business Corporations Act.
- Certain Evolving Gold management contracts and compensation agreements with directors and officers will be cancelled.
- Evolving Gold's board of directors will resign and be replaced with representatives nominated by Bocana, and new management will be appointed.
- Bocana will complete a non-brokered private placement to raise up to $1.2-million through the issuance of up to 12 million units at 10 cents per unit. Each unit will consist of one Bocana common share and one-half of one Bocana share purchase warrant exercisable at 25 cents for 24 months. The proceeds of the private placement will be used toward anticipated costs of the transaction with Evolving Gold, the settlement of certain of Bocana's debts and a proposed work program on properties that Bocana is currently negotiating with certain governmental entities in South America.
- Bocana will reduce its debt to $600,000 which debt will bear interest at 3 per cent per year and be payable on the earlier of 24 months or the date that $4-million in debt or equity is raised.
- All outstanding stock options in the capital of Evolving Gold will continue for the balance of their term (as adjusted for the consolidation).
- Evolving Gold will obtain all necessary regulatory and shareholder approvals. Evolving Gold expects to call a special meeting of its shareholders as soon as it has received prospectus level disclosure from Bocana regarding it, its mineral properties and its management. Full details of the transactions will be set out in the information circular pertaining to such meeting and will be posted on SEDAR.
- Evolving Gold will change its name to Trillion Minerals Corp., or such other name as may be determined by the board.

- Evolving Gold and Bocana will enter into a definitive formal agreement (share exchange agreement, plan of arrangement, amalgamation or such other form of agreement as may be determined) -- with closing thereunder to occur by Nov. 30, 2018.

After closing the transaction, the company expects to appoint the following officers and directors:

Daniel Kunz -- executive chairman and director

Senior mining engineer and MBA with more than 35 years of experience in engineering, mine operations, management, accounting and finance. Mr. Kunz was director and president of Ivanhoe Mines Ltd. and was part of the team that discovered the massive Oyu Tolgoi copper-gold deposit in Mongolia. During his seven-year tenure, the market capitalization value of Ivanhoe Mines increased from $400-million to $4.4-billion. He was a founder of and served as chief executive officer and president of MK Gold Company, a mine owner, producer and mining contractor. He was chief executive officer and president of Jinshan Gold Mines during the construction and a director during start-up of the CSH mine in China. He founded and for 10 years was chief executive officer of $110-million (U.S.) U.S. Geothermal Inc.

Tim Turner -- president and director

Currently is president and CEO of Bocana Investments SA, an investment vehicle that has reviewed, invested in and worked on several mining opportunities in South America. Mr. Turner has a BBA in petroleum land management from the University of Texas at Austin, and has over 37 years of varied oil, gas and mineral development experience including complex joint venture agreements, business partner operations and negotiating legal agreements involving acquisitions, joint operating agreements and the disposition of assets.

Tim Barry -- independent director

Currently president and CEO of Silver Bull Resources -- exploring a zinc/silver project in Mexico. Mr. Barry has over 19 years of exploration and management experience and has worked as a consulting geologist and manager on projects in Canada, Mexico, Australia, New Zealand, Mongolia, and West and Central Africa. Mr. Barry currently serves as a director for Sanatana Resources Inc. Mr. Barry is a chartered professional geologist (CPAusIMM). Mr. Barry holds a BSc in geology from the University of Otago in New Zealand.

Charles E. Jenkins, BA, CPA, CGA -- chief financial officer

Mr. Jenkins will stay with the company in his current role as chief financial officer.

Peter Parsley -- vice-president -- senior geologist

Senior geologist with over 32 years of experience in field exploration, drilling, sampling, logging, mine permitting, development, compliance and mine disturbance reclamation. Experience includes gold deposits in North America, Africa, Asia and South America. He has a master's degree in geology, is a registered professional geologist, and has been working with Daniel Kunz & Associates from Boise, Idaho, for the last four years.

Other directors will be added prior to the resumption of trading and will be disclosed in subsequent news releases.

Pursuant to the LOI, Evolving Gold will issue post-consolidated common shares, on a one-for-one basis, to acquire all outstanding shares of Bocana. Following closing of the Bocana offering (assuming it is fully subscribed), Bocana will have 66.5 million shares outstanding. In accordance with CSE policies, Evolving Gold shares held by new principals (officers, directors, control persons) will be subject to escrow, to be released as to 10 per cent on closing, with an additional 15 per cent released every six months thereafter over 36 months.

Bocana, through its wholly owned subsidiaries, currently holds and anticipates securing a 100-per-cent interest in several new mineral concessions in South America. These concessions are currently being negotiated and finalized with the respective governmental and regulatory entities that issue these agreements. Full disclosure of Bocana's mineral property interests will be provided upon settlement of all concessions.

On November 7, 2018, the Company signed the definitive agreement with Bocana to proceed with the transaction.

The Company continues to conduct due diligence and anticipates making the required regulatory filings in the coming months.

There were no changes in management or directors during the period. Please see Mineral Properties below for a detailed description of the activities of the Company during the period.

Mineral Properties

During the nine-month period ended December 31, 2018, 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.

Lithium Lakes and related Properties Summary

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.

The property is located about 10 kilometres north of the Route du Nord, and between eight and 30 kilometres from the Nemaska Lithium Whabouchi project, and consists of four blocks of claims, totaling 105 active claims located on public land. The total area of the property at acquisition was 5,596.5 hectares, or 55.965 square kilometres. Access is provided through a road which originates from the town of Chibougamau, approximately 250 kilometres to the south-southeast. The main claim block extends 15 kilometres in a northeast-southwest direction and six kilometres in a northwest-southeast direction. A network of Hydro-Quebec access roads crosses the eastern part of the property. Several prospective areas may require the construction of ATV trails for local ground access.

On July 5, 2016, the Company announced that it had increased its land position by staking an additional 31 claims directly NE of the 100% owned Lithium Lakes Property recently acquired by the Company. The new claims add an area of 16.49 km^2 to the Lithium Lakes Property, which had a total area of 72.5 km^2. A few claims were transferred onto the Toro Property (see below) and the total area of the Lithium Lakes property is now of 7,031 hectares, or 70.31 square kilometres. The new claims cover the potential bedrock sources for three high priority targets from lake sediment anomalies that indicate the possible presence of lithium bearing pegmatites glacially up ice from the anomalies.

Toro

On October 21th, 2016, the company claimed the Toro Property in the James Bay area of the Quebec province (Canada). It consists in 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 27th, 2017, the Company claimed the Nicobi Property in the Abitibi area of the Quebec province (Canada). It consists in 57 contiguous claims, covering about 3,193 hectares. The area is prospective for gold and base metals.

Oxen

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

The claims are located next to Osisko Mining Inc.'s Kan property in the Labrador Trough, and show similar geology to that property as well as multiple geochemical anomalies located glacially down ice from the property, indicating a possible source located on the Oxen claims. Subsequently, additional claims were staked by Osisko; the Oxen property is now entirely surrounded by Osisko Mining claims. Osisko Mining optioned its Kan property to Barrick Gold Corp., under which agreement Barrick Gold will have to spend $15-million on the Kan property over four years to earn a 70-per-cent interest. Following the disclosure of this agreement, Evolving Gold acquired the 17 claims which are located approximately 12 kilometres east of the main Kan showing. Evolving Gold is confident that the amount of money to be spent by Barrick exploring the Kan area will generate significant interest in this region of the Labrador Trough, which may increase the value of the Oxen land package.

The Oxen claims include the lower, middle and upper units of the Baby formation, along with the Montagnais sills and the Hellancourt basalt formation. Targets of interest on the Oxen property include zinc-copper-lead massive sulphide mineralization hosted in carbonatized basalt and black shales of the Baby formation. Gold mineralization was also found in sediment-hosted polymetallic vein mineralization in the Baby formation nearby. The Oxen claims also cover the Montagnais sills unit which has demonstrated gold showings in proximity to the Baby formation. Two thrust faults cross the Oxen property in a north-northwest to south-southeast direction, which have the potential for serving as control structures for mineral deposition. Field exploration work will target banded iron formations which may be proximal to the thrust faults. Significant gold discoveries have been made at, for example, Meadowbank and Meliadine, where these geological features are present. Quebec government lake and river sediment surveys conducted in 2009 and 2010 defined multiple geochemical anomalies in cobalt, copper, zinc and nickel glacially down ice from the Oxen property. The glacial drift direction indicates that the source of those anomalous samples could be located on the Oxen property. Multiple zinc anomalies and associated copper are good indicators for volcanic massive sulphides.

Jake Creek Property, Nevada, USA

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 a total of approximately 14,405 acres. The Company was the sole owner of the Jake Creek Property claim block and held an undivided, 100% interest in the Jake Creek Property.

During the year ended March 31, 2017, the Company allowed the claims to lapse, due to the expense of maintaining the property with the Bureau of Land Management and the cost of maintaining operations in the United States, and accordingly the Company no longer has any interest in these claims. The property expenditures noted subsequent to the lapse of the claim areas results from expenses incurred to allow for the return of bonds held by various regulatory bodies, and from closing the remaining minor facilities of the Company in Nevada.

The Company's exploration and evaluation expenditures for the nine-month period ended December 31, 2018 and year ended March 31, 2018 are:

	Lithium Lakes	Nicobi	Oxen	Toro	Jake Creek	December 31, 2018
Acquisition and land maintenance	$ 431	$ -	$ -	$ 12,734	$ -	**$ 13,165**
Administration	-	-	-	-	-	**-**
Assaying	-	-	-	-	-	**-**
Consulting - geological	9,924	5,879	-	9,385	-	**25,188**
Field expenses and other	-	-	-	290	-	**290**
Reclamation	-	-	-	-	6,304	**6,304**
	$ 10,355	$ 5,879	$ -	$ 22,409	$ 6,304	**$ 44,947**

	Lithium Lakes	Nicobi	Oxen	Toro	Jake Creek	March 31, 2018
Acquisition and land maintenance	$ 13,977	$ -	$ 2,369	$ 13,809	$ -	**$ 30,155**
Administration	-	-	-	-	-	**-**
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**

Results of Operations

The results for the nine-month period ended December 31, 2018 and 2017 are as follows:

	Three-months ended December 31,		Nine-months ended December 31,	
	2018	**2017**	**2018**	**2017**
Loss for the period	$(87,756)	$(374,886)	$(359,797)	$(956,525)
Comprehensive income (loss) for the period	$158,447	$(401,232)	$(244,011)	$(911,264)
Basic and diluted loss per share	$0.01	$(0.03)	$(0.02)	$(0.06)

On an operating basis, the loss for the three and nine-month periods ended December 31st was $(87,756) and Year to date: $(359,797 (2017 $(374,886) and $(956,525) respectively). The operating expenditures reflect the following:

- Accounting and audit of $13,714 (YTD: $22,374) for 2018 and $660 for 2017, reflecting review and tax return costs incurred during the period;
- Amortization of $348 (YTD: $2,005) (2017: $1,041 and YTD: $2,081) reflects the reduced amounts of depreciable assets, primarily computers, of the Company;
- Bank charges and interest of $512 (YTD: $1,535) (2017: $474 and YTD: $2,282) varied due to the amounts on deposit and activity in the accounts;
- Interest of $452 was recorded with respect to the shareholder loan received during the period;
- Legal expense of $599 (YTD: $5,119) (2017: $2,409 and YTD: $6,146) primarily reflects work performed to commence the transaction with Bocana, as well as normal regulatory and corporate activities;
- Management fees of $37,500 (YTD: $112,500) (2017: $37,500 and YTD: $112,5000) are unchanged over the periods and are being accrued;

- Mineral property expenditures of $2,573 (YTD: $44,947) (2017: $228,605 and YTD: $554,345) reflect the reduced exploration work in this period compared to last year due to a lack of funds as well as the as the Company evaluating its properties and plans. The expenditures on Jake Creek were all related to reclamation and closure activities;
- Office, rent and salaries expense of $28,930 (YTD: $153,791) (2017: $100,780 and YTD: $226,970) reflect the cost to maintain the operations of the Company, primarily with respect to the head office of the Company and general corporate expenses. Expenses were lower overall due to cost controls implemented;

	Three-months ended Dcember 31,		Nine-months ended Dcember 31,	
	2018	**2017**	**2018**	**2017**
Administration	$ 11,601	$ 36,944	$ 36,659	$ 120,966
Trade shows, marketing and promotion	1,497	27,021	56,606	47,265
Rent	15,832	36,815	60,526	58,739
	$ 28,930	$ 100,780	$ 153,791	$ 226,970

- Share-based payments of $nil (YTD: $5,696) (2017: $nil and YTD: $40,430) reflect the timing of vesting of previously issued stock options;
- Transfer agent and filing fees of $3,128 (YTD: $11,378) (2017: $4,077 and YTD: $11,111) reflect the level of corporate activities and ongoing costs to maintain listings, transfer services and the timing of corporate activities including preliminary cost of the annual general meeting.

Non-operating items affecting the loss for the period include:

- A gain on settlement of debt of $280,383 was recognized as certain debts are now not payable. In 2017 a smaller gain of $5,621 was recognized;
- A realized gain on the disposition of marketable securities of $20,825 (017: $154) was offset by a loss in the fair value of $24,330 (YTD: $152,000) compared to 2017 loss of $30,261 and $581 respectively;
- Foreign exchange was a loss of 30,675 (YTD: loss of $33,651 (2017: a gain of $3,915 and YTD: $3,068). The higher volatility and reduced value of the Canadian dollar relative to the US dollar during the periods contributed to the variations; and
- Interest income was $nil (YTD: $229) this year compared to $115 in 2017.

Selected Annual Information

	2018 Canadian $	**2017 Canadian $**	**2016 US $**
Interest income	115	120	738
Share Based Payments	59,823	261,502	13,603
Exploration and evaluation expenditures	585,350	509,464	187,696
Comprehensive income (loss) for the year	(1,005,242)	(1,253,015)	2,467,468
Income (loss) per share, basic and fully diluted	(0.07)	(0.08)	0.16
Total assets	472,278	1,591,950	2,202,421
Total non-current liabilities	18,900	57,100	84,044
Working capital	(199,134)	737,943	1,281,061

Summary of Quarterly Results (Unaudited)

The following is a summary of the results from the eight previously completed financial quarters:

	Fiscal 2017-2018			Fiscal 2017-2018
	Q3 December 31, 2018	Q2 September 30, 2018	Q1 June 30, 2018	Q4 March 31, 2018
Interest income and other	-	229	-	-
Share based payments	-	5,696	-	59,823
Exploration and evaluation expenditure	2,573	27,569	14,715	585,350
Comprehensive income (loss)	158,447	(137,811)	(264,646)	(93,978)
Income (loss) per share	0.01	-	(0.01)	(0.07)
Total Assets	76,586	78,449	168,333	472,278
Working capital	(374,992)	(594,238)	(462,789)	(199,134)

		Fiscal 2017-2018		Fiscal 2016-2017
	Q3 Dec. 31, 2017	Q2 September 30, 2017	Q1 June 30, 2017	Q4 March 31, 2017
Interest income and other	-	115	-	-
Share based payments	-	40,430	-	226,627
Exploration and evaluation expenditure	228,605	242,181	83,559	51,322
Comprehensive income (loss)	(401,232)	(382,384)	(127,666)	(627,847)
Income (loss) per share	(0.03)	(0.02)	(0.01)	(0.04)
Total Assets	715,084	1,071,343	1,453,819	1,591,950
Working capital	(125,377)	274,796	604,989	737,943

Interest Income
Interest income fluctuated with the amount of interest earning assets held and the interest rate earned thereon.

Net Loss
Net loss varies based on normal corporate expenditures and certain periodic expenses, such as share-based compensation and gains on the sale of marketable securities. Stock-based compensation varies with the timing of vesting of option grants. A gain on sale of marketable securities is recorded when a sale occurs.

Working Capital
Working Capital for many quarters presented above decreased due to exploration and administrative costs, and increased when assets were sold, recorded as held for sale, or when debt settlements occurred.

Capital Expenditures

During the nine-month period ended December 31, 2018, the Company incurred net capital expenditures of $nil (March 31, 2018 - $3,818).

Financing Activities

During the nine-month period ended December 31, 2018, the Company did not engage in any financing activities.

During the year ended March 31, 2018, the Company completed the following transactions:

- The issue of 225,000 common shares for proceeds of $11,250 upon the exercise of 225,000 stock options at $0.05 per share.
- The issue of 300,000 common shares for property at a fair value of $93,000. See Mineral Properties above.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities for the nine-month period ended December 31, 2018 resulted in a cash decrease of $201,801 (March 31, 2018: $1,181,654). As at December 31, 2018, the Company's cash and cash equivalents balance was $42,022 (March 31, 2018: $243,823) and the Company had a working capital deficit of $374,992 (March 31, 2018: working capital deficit of $199,134).

The Company has not yet put into commercial production any of its mineral properties and as such has no operating revenues. Accordingly, the Company is dependent on the equity markets as its sole source of operating working capital. The Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for the investor support of its projects.

The Company will continue to require funds to meet its obligations and as a result, will have to continue to rely on equity and debt financing during such period. There can be no assurance that financing, whether debt or equity, will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

The Company continues to review its mineral property holdings on an annual basis. The Company does not have any other commitments for material capital expenditures either in the near or long term over normal operating requirements and none are presently contemplated other than as disclosed above.

Transactions with Related Parties

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:

	Three Months ended December 31, 2018	Three Months ended December 31, 2017	Nine Months ended December 31, 2018	Nine Months ended December 31, 2017
Management fees and salaries	$ 37,500	$ 37,500	$ 112,500	$ 112,500
Share-based payments	-	-	5,696	33,316
	$ 37,500	**$ 37,500**	**$ 118,196**	**$ 145,816**

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 December 31, 2018 were $50,000 (March 31, 2018 $52,250).

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

Critical Accounting Estimates and Changes in Accounting Polices

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 estimates and assumptions of the Company are set out in Note 4 to the annual audited Consolidated Financial Statements as of and for the year ended March 31, 2018, which are incorporated herein by reference. The reader is referred to those statements for a detailed discussion of the accounting policies.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income 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.

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 retrospectively. 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
Liabilities		
Accounts payable and accrued liabilities	Amortized cost	Amortized cost

Under IFRS 9, the Company's equity marketable securities are designated as financial assets through fair value 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.

The fair value of marketable securities is $nil under both IAS 39 and IFRS 9. On adoption, the unrealized loss in fair value of $49,843, previously recognized in other comprehensive income, has been reallocated to retained earnings.

Future Accounting Changes

The Company did not adopt any new or amended standards for the year beginning April 1, 2018, aside from the adoption of IFRS 9 described above, that had a material impact on the consolidated financial statements. New accounting standards, amendments to standards and interpretations that have been issued but are not effective during the period nine-month period ended December 31, 2018 are summarized in Note 3 of the annual audited Consolidated Financial Statements as of and for the year ended March 31, 2018.

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. However, management has yet to assess the impact on the Company's operations.

IFRS 16 *Leases*

Issued by IASB	January 13, 2016
Incorporated into CPA Canada Handbook	June 2016
Effective for annual periods beginning on or after	January 1, 2019

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.

The new standard supersedes the requirements in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Financial Instruments

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 unaudited condensed consolidated interim 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

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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.

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 $21,454 (March 31, 2018: $26,358) as detailed below:

United States Dollar Denominated Balances	December 31,2018	March 31, 2018
Cash	$ 270	$ 152,643
Accounts payable	(214,808)	(418,478)
	$ (214,538)	**$ (263,580)**
10% change in exchange rate impact	**$ (21,454)**	**$ (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 December 31, 2018 and March 31, 2018 relating to cash and cash equivalents of $42,022 and $243,823 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
December 31, 2018	$ 428,551	$ -	$ -	$ -	$ 429,551
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 payables 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.

Fair Value Hierarchy
Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The marketable securities are based on quoted prices and are therefore considered to be Level 1.

Risks and Uncertainties

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company's control. These can be categorized as operational, financial and regulatory risks.

Operational risks include: the Company may not be able to find and develop reserves economically, the Company cannot guarantee title to its properties, the Company may have difficulty in marketing production and services, the Company must manage changing governmental law and regulations, the Company may have difficulty in hiring and retaining skilled employees and contractors, there are significant risks and hazards related to mining that are beyond the Company's control, there is no assurance that the Company will acquire additional mineral properties and any acquisitions may expose the Company to new risks, and the mining industry is intensely competitive for the acquisition of new properties, access to capital and hiring of skilled personnel. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations.

Financial risks include commodity prices, interest rates and fluctuating foreign exchange rates, all of which are beyond the Company's control. Additional financial risks are the Company's ability to raise capital to continue funding its operations.

Regulatory risks include the possible delays in getting regulatory approval to, and permits for, the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the Company must meet in order to maintain its exchange listing.

Events after the reporting period

The Company has evaluated its activities subsequent to December 31, 2018 and has determined that there are no material events to be reported.