Management Discussion and Analysis
of
Financial Position
and
Results of Operations
for the
Year ended March 31, 2018

This report is dated July 30, 2018
(The "Report Date")

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Introduction

The following information should be read in conjunction with the audited consolidated financial statements 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 - Active)
- Rattlesnake Mining Corp. (Canada - Inactive), and
- Rattlesnake Mining (Wyoming) Company (Wyoming, USA - Active)

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 year ended March 31, 2018, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged.

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 audited consolidated financial statements for the year ended March 31, 2018 and 2017, 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

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

Lithium Lakes and related Properties Summary

Project Name	**Number of Claims**	**Project Size (Ha)**
Lithium Lake	137	7,297.67
Toro	324	17,224.83
Nicobi	57	3,193.05
Oxen	17	788.59
Total	535	28,504.14

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.

<u>Toro</u>

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.

<u>Nicobi</u>

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.

<u>Oxen</u>

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.

<u>2016 Exploration</u>

On September 8, 2016, the Company announced it had completed its initial field mapping and survey program on targets the company had previously identified as potential pegmatite hosts for lithium mineralization on the Lithium Lakes Property. A number of pegmatite bodies were identified, along with minerals associated with fertile granites, such as green muscovite and garnets that may be associated with lithium mineralized pegmatite. Geological mapping, conducted from July 9, 2016, to July 23, 2016, indicated that the area surrounding targets T5 and T8 is of particular interest for lithium prospectivity. This represents an area of eight kilometres by two kilometres which current observations highlight as the most prospective for the presence of lithium mineralization. During this initial exploration program, the field crew was able to find a series of minerals associated with fertile granite and possible mineralized pegmatite of lithium-cesium-tantalum (LCT) type, the potential host rocks for lithium mineralization.

The geological team also identified a large circular structure (approximately 1,000 metres in diameter) associated with a topographic low and a geophysical magnetic high. This type of signature is sometimes associated with kimberlite or lamprophyre pipes, either of which are potential hosts for diamonds. This circular structure could also be associated with a carbonatite intrusion, which is sometimes associated with rare earth element mineralization. Other geological structures could also create a similar type of signature and further field exploration will be necessary in order to identify the source of this anomaly. Assay results of grab samples from pegmatite, paragneiss, granite and basalt units are still pending. The technical team will use the assay results to determine the presence of any chemical zonation and/or fertile granite compositions associated with potentially lithium-bearing pegmatite bodies (Selway et al., 2005). The grab sample duplicates will serve as field duplicates in a quality assurance/quality control program established by the company. Grab samples from bedrock outcrop were shipped to Actlabs (Val d'Or, Que.), where they will be pulped and assayed using the Ultratrace 3 package. This procedure combines INAA with near-total acid digestion and ICP-OES and ICP-MS analyses to provide the concentrations of 65 elements.

The field exploration team compiled the data in preparation for the second phase of groundwork, which will focus on the heart of the claims, located between targets T5 and T8, including further assessment of T1, which hosts the circular structure described above. The remaining unvisited targets were also part of the next field program. The historical geophysical data on the property are being compiled and will be reassessed along with the company's recent observations from the field by Dynamic Discovery Geosciences, to enhance the efficiency of field prospecting activities in the future.

On September 15, 2016, the Company announced it had increased its land position by staking 166 new claims for a total of 88.26 square kilometres in the vicinity of the Lithium Lakes property. The newly acquired claims were named the Toro property by the Company and the Toro Property also include target T1 that was previously in the Lithium Lakes Property. The discovery of a circular high-magnetic anomaly coincident with a topographic low on the Lithium Lakes property has expanded the company's focus to include diamonds. The new claims cover other magnetic anomalies of circular shape and of significant size that may be related to kimberlite pipes (it is important to note that other geological structures could also generate similar magnetic anomalies, and field validation has yet to be conducted).

The new targets are located in the La Grande and Opinaca geological subprovinces identified as the eastern extension of the North Caribou terrain, which hosts the Victor diamond mine operated by De Beers Canada (Victor is hosted in a kimberlite pipe belonging to an 18-pipe swarm, of which 16 are diamondiferous). Six key factors for kimberlite exploration (age of craton, magnetic high, topographic low, target shape, relationship with deep linear features and Keating score) were used to select the Toro anomalies, making them significant targets for diamond exploration. The company intends to perform a full desktop geophysical review of the different targets before proceeding with field exploration, which includes indicator tracing from till samples collected with the assistance of a helicopter.

Phase 2 fieldwork at Lithium Lakes performed geological mapping and prospecting in the area that was previously defined by the company as having the most potential for lithium mineralization. This area surrounds targets T5, T1 and T8, where minerals found during the first reconnaissance survey indicate the possible presence of fertile granites that may be associated with lithium mineralized pegmatite. Boulder-field prospecting was also done down ice from the individual targets. This phase of exploration also included field prospecting on targets T3, T4, T9 and T12, which were not part of the earlier fieldwork program.

On October 13, 2016, Evolving Gold Corp. announced it had completed the planning for an exploration program on the Toro property to assess the potential of the 24 kimberlite targets. The Toro field campaign, which was conducted by two geologists and two technicians, began on Oct. 12, 2016. The company simultaneously completed phase 2 of its field exploration activities on the Lithium Lakes property, initially announced Sept. 8, 2016, which was conducted by an additional two geologists and two technicians.

In this first phase of field exploration of the kimberlite targets, approximately half of the circular magnetic anomalies identified on the Toro property were selected for geological mapping, field prospecting and till sampling for kimberlite indicator minerals (KIMs) glacially down ice from the targets.

A till sampling survey down ice from the circular magnetic anomalies selected for phase-one assessment work was also performed. The coarse till samples were screened with a 20-mesh sieve, and 10 kilograms of the finer material were tagged, bagged and sealed on site. The samples were then shipped to C.F. Mineral Research Ltd. in Kelowna, B.C., to determine the presence of KIMs by means of heavy mineral concentration, optical picking, mounting of grains for microscopic analysis and the determination of their microchemistry using electron microprobe analysis (EMPA). The assessment process was estimated to take a minimum of two months at the time the field program was completed.

2017 Exploration

On July 5, 2017, the Company announced it had received the complete analytical results of its Toro project till sampling program from C.F. Mineral Research Ltd. of Kelowna, B.C. The exploration target showing the most interesting combination of metallic anomalies was Toro 7, located less than five kilometres from the Eastmain-01 road. Till samples were collected on a line 1,086 metres in length, down ice from the 900-metre-wide high-magnetic geophysical target. The highly anomalous Toro 7 values include two gold results (12,300 parts per billion and 11,800 parts per billion), three copper anomalies (110.5, 62.2 and 54.1 parts per million copper) and five bismuth anomalies (3.69, 3.97, 4.9, 6.52 and 8.97 parts per million bismuth). There were six additional anomalous gold results, all continuous with the highly anomalous gold results, providing a positive gold signal with a total length of greater than 800 metres and open to the north. Also anomalous were tin (four anomalous values), antimony (two) and silver (two), each of which are good pathfinders for gold mineralization. Other anomalous element levels down ice from Toro 7 were phosphorus (one), niobium (four), rare earth elements (REE) (four), tantalum (two), cobalt (one) and uranium (three). All metallic assays of till concentrate samples were interpreted using statistical population analysis. Values at or above the 90th percentile were deemed to be anomalous. Values at or above the 95th percentile were deemed to be highly anomalous. Gold values over 1,000 parts per billion (equivalent to one gram per tonne Au in the till concentrate) were deemed anomalous while values over 10,000 parts per billion (equivalent to 10 grams per tonne Au in the till concentrate) were deemed highly anomalous.

These geochemical anomalies at Toro 7 are consistent with iron oxide copper gold (IOCG) mineralization. Other features of target Toro 7 are also comparable with the characteristics of IOCG:

Table 1: Comparison of IOCG Deposit Characteristics with Target Toro 7

Criterion	IOCG Characteristics[1]	Toro 7
Gold and Copper	Disseminated copper and gold associated with iron oxide	Gold and copper anomalies in till. Two highly anomalous and six anomalous Au values.
Other Metals	Enriched in F, P, Cu, Au, REE, U, Ag, Co, Bi and W.	Anomalous in P (1), Cu (3), Au (8), REE (4), U (3), Ag (2), Co (1), Bi (5), Sn (4), Sb (2), Nb (4), Ta (2)
Tectonic Context	Craton rift or continental arc rift context	Continental arc context is typical of the signature of intrusions in the Gamart Suite found on the Toro Property[2]
Crust thickness and depth of fault	Thick continental crust and deep faults	Thick continental crust and deep-seated faults (*see NR dated September 15th, 2017)*
Period	Neoarchean, Paleo- and Meso-Proterozoic, and Cretaceous	Neoarchean (2.647 Gy)[2]

Multiple geochemical anomalies were also found associated with other Toro exploration targets. The Toro 2, Toro 4 and Toro 24 geochemical anomalies may potentially be explained by an IOCG source. The Toro 1, Toro 16 and Toro 22 anomalies could correlate with a carbonatite source. Carbonatite intrusions share the same geological context as kimberlites as well as similar magnetic responses in the aerial geophysical surveys available to the company.

Toro 18 had three anomalous gold values (up to 22,000 parts per billion) and one anomaly in copper, molybdenum, lithium and tantalum. Toro 19 and Toro 21 had two anomalous gold values. Toro 23 had anomalous gold, copper and tungsten. Toro 24 till concentrates yielded three anomalous gold (up to 14,500 parts per billion) and copper values. These anomalies may be associated with intrusion-related gold mineralization near IOCG or carbonatite intrusions.

Toro 9, Toro 14, Toro 15 and Toro 20 anomalies have geochemical patterns associated with lithium-bearing pegmatites. Toro 14 is highly prospective, yielding anomalous values in lithium (four), gold (two), zinc (two) and copper (two), as well as niobium, tantalum, tin and silver (one each). Toro 14 also provided six till concentrate samples anomalous in total REE, with three such results well in excess of 1 per cent by weight.

Table 2: Anomalous Till Sample Results from the Toro Project

Exploration Target	Anomalous Till Sample Results (number of anomalous results)
Toro 1	gold (3), lithium (1), niobium (2), tantalum (4)
Toro 2	gold (4, up to 12800 ppb), copper (2) molybdenum (2), lithium (1), niobium (1)
Toro 4	gold (1), silver (1), copper (1), tantalum (2), niobium (4)
Toro 9	gold (1), copper (1), niobium (2), tantalum (3), lithium (1)
Toro 14	gold (2), copper (2), lithium (4), REE (3), niobium (1), tantalum (1), tin (1), zinc (2), silver (1)
Toro 15	gold (4), lithium (2), REE (5)
Toro 16	gold (2), niobium (1), tantalum (1), tungsten (1), REE (1)
Toro 18	gold (3, up to 22000 ppb), copper (1), molybdenum (1), lithium (1), tantalum (1)
Toro 19	gold (2)
Toro 20	gold (3), lithium (5)
Toro 21	gold (2),lithium (1)
Toro 22	gold (2), copper (1), lithium (1), REE (4)
Toro 23	gold (2), copper (1), tungsten (1)
Toro 24	gold (3, up to 14500 ppb), copper (2), tantalum (1)

Based on these results, the company staked 70 additional claims in the areas where strong geochemical anomalies were defined by the company's technical team, increasing the Toro project's footprint to a total of 130.32 square kilometres. The till anomalies correlate well with 14 priority magnetic targets that could correspond to gold/copper mineralization in iron oxide copper gold deposits, rare earth elements in carbonatites, intrusion-related gold deposits or lithium mineralization in pegmatite. The claims on Toro 7 and for the entire Toro project can be seen on the company's website.

Toro 7 and other readily accessible exploration targets were then planned to be the subject of further field assessment by an all-terrain-vehicle-based team to be dispatched in the first week of July 2017. A helicopter-based field program of the less-accessible exploration targets was also planned and was expected to begin later in the summer.

Another goal of the till sampling program was to assess kimberlite indicator mineral (KIM) content down ice from selected circular magnetic targets on its Toro property. A total of 16 possible kimberlite targets were investigated for KIM, out of 24 such targets, selected on the basis of their geophysical characteristics. In the field, a sampling line was oriented perpendicular to the historical glacial flow and down ice from the target, with a sample spacing of approximately 100 metres. Each till sample was screened in the field to collect approximately five kilograms of fine material. For each field sample, a heavy mineral concentrate was isolated in the laboratory by C.F. Minerals using dense media separation followed by magnetic separation. These concentrates were then assessed for KIM using optical picking and microscopy, and later assayed for metal content. The KIM results for the potential kimberlite targets assessed in the phase 1 field program were all negative or inconclusive. However, the numerous anomalous and highly anomalous metal results in the till concentrate samples are strongly suggestive of other types of intrusive features with similar magnetic signatures.

On September 14, 2017, the Company announced it had discovered two new areas of interest on its Toro property in Northern Quebec during a helicopter inspection of the property. The company began the helicopter survey on its Toro property in Northern Quebec on Sept. 6, 2017. The survey included field prospecting on 14 Toro magnetic targets associated with significant elemental anomalies in till assays generated from the previously reported till sampling program. The planned survey also included additional till sampling glacially down-ice from those selected magnetic anomalies.

One of the two new areas of interest was identified following the sighting of a mineralized boulder from the air. The block was two metres by two metres by at least 1.5 metres in size, was angular to semi-angular, and showed the typical flatiron shape which indicates glacial transport. At surface, the block showed intense weathering due to the presence of sulphates and iron oxides. On semi-fresh section, the block was determined to be sediment containing between 2 per cent and 20 per cent of fine-grained and disseminated pyrite along with trace amounts of chalcopyrite and bornite. Stringers of pyrite were found throughout the block. The boulder showed layers of sediments and mineralization styles that vary between the layers, indicating the potential for zoning inside the source rock. A smaller, eight-centimetre rounded block was found a few centimetres away from it and showed coarse automorphous pyrite in a quartz vein in the same sediment. This reinforces the theory that the bedrock source would show alteration zoning, and over a width greater than the size of the larger block. A total of 12 samples were taken from the various mineralization styles on the blocks and were sent to Actlabs in Ancaster, Ont., for rush assay of gold and base metal content.

A post discovery review of historical surveys completed by the Ministry of Energy and Natural Resources (MERN) in 1971 revealed strong iron, molybdenum, zinc and arsenic anomalies in some lake sediments in the vicinity of these glacially transported blocks. Secondary anomalies in sulphur, zinc, copper, molybdenum, arsenic and lead were also identified in some lake sediments on the claim block. These elements are all pathfinders for gold mineralization when they are associated with sulphide mineralization. Company staff performed a statistical analysis on the MERN lake sediment data (278 assay results overall) collected from within the same geological formation as the boulder discovery. Values at or above the 95th percentile were defined as strong anomalies whereas those between the 85th and 95th percentiles were defined as weak anomalies. The sediment anomalies strongly suggest that the company should focus its search for a sulphide-rich formation located close to the discovery boulders. Known schistosities in the area run northwest-southeast to north-northwest to south-southeast and correlate well with the lake sediment anomalies as shown in a figure available at the company's website.

A magnetic survey performed in 2011 by MERN indicates that the discovery boulders lie on a regional semi-circular magnetic feature that would most likely correlate with a fold or a geological contact. Such folds and contacts can act as permissive structures for the transport of hydrothermal fluids. The company has acquired 80 new contiguous claims (4,250 hectares) over this large magnetic feature that has been named the Pistol claim block. The discovery boulders are erratic blocks transported during past glaciation. The size and form of boulders and known direction of glacial drift are factors that can be used to determine the potential source of a transported boulder. (For example, a larger boulder that is angular will usually have a nearby source up-ice whereas a small and rounded boulder would likely have its source farther away.) The presence of the discovery boulders indicates that the regional geology is much more prospective for mineral exploration than previously thought, as regional mapping shows the only lithology in the area to be a granodiorite unit. The company's technical team theorizes that granodiorite would be more commonly seen and identified in outcrop, whereas softer sediments and volcanic rocks would tend to be found in topographic lows or under cover due to differential erosion and till deposition during and following regional glaciation. Thus, mapping programs may have overlooked potential mineralization-hosting rock units, and overreported the granodiorite units.

During the helicopter survey, the technical team also observed a group of rust-coloured boulders in the northern portion of the Toro property, on the Toro 24 target. The Toro 24 target was being revisited as a follow-up based on prior till survey results including three strong gold anomalies (1,110 ppb, 6,900 ppb and 14,500 ppb) along with anomalous copper and tantalum. On the ground, the investigation of the rusty boulders led the team to discover a basalt unit in contact with a granodiorite body located to the south. The company believes that the contact is a major structural feature due to the presence of veining, pegmatite intrusions and shearing associated with the contact, along with visible sulphide mineralization. Four samples were collected from the contact zone, and were sent to Actlabs in Ancaster, Ont., for rush assay of their gold and base metal content. Regional magnetic maps indicate that targets Toro 18 through 24 all lie on a semi-circular structure. The identification of a basalt unit at Toro 24 would suggest that these targets may be associated with a folded basalt contact zone. These Toro targets themselves were small magnetic highs, but they all lie on the weaker semi-circular magnetic feature. Collectively, these Toro anomalies were selected for further exploration because there were numerous highly anomalous gold levels in their till samples, which may now be explained as being part of a larger basalt unit which could host gold mineralization. Additional till and bedrock sampling was performed on a number of these targets. On July 5, the company announced that an all-terrain-vehicle-based field program would be initiated later in July. The field team was unsuccessful in its attempts to reach the exploration targets due to difficult terrain and access restrictions. The company is in negotiations with Hydro-Quebec to obtain permission to access the Toro project by using Hydro-Quebec's maintenance trails which lie within or near different sections of the project.

On September 27, 2017, the Company announced the completion of the helicopter-borne survey over its Toro property in Northern Quebec. The survey included field prospecting and sampling, with the collection of a combined total of 483 rock samples on the Pistol target and the 14 Toro magnetic targets which were associated with significant elemental anomaly-in-till assays generated from a previously reported till sampling program. The survey team also collected 46 additional till samples glacially down ice from these selected exploration targets. The company defined four new areas of interest during the combined helicopter and ground prospecting programs, two of which were described in a press release announcing the early results of the field program, as discussed above. The company has acquired 10 new claims to enlarge the Pistol claim block and five additional claims over the newly identified volcanic units close to the Toro 23 and Toro 24 targets.

An intensive ground survey was performed on the Toro 7 target, which yielded anomalous to highly anomalous gold-in-till concentrate samples continuous over a strike of greater than 800 metres, as previously reported in a news release dated July 5, 2017. The follow-up fieldwork consisted of geological mapping, prospecting and additional sampling, including 15 till samples and 91 grab samples from bedrock exposures and glacial float. Bedrock exposures include zones of basalt and pegmatite veins in granitic gneisses. Within the central zone of the Toro 7 magnetic anomaly (up ice from the eight consecutive gold-in-till anomalies (up to 12,300 parts per billion gold), along with other anomalies in phosphorus, copper, rare earth elements, uranium, silver, cobalt, bismuth, tin, antimony, niobium and tantalum), was a bedrock exposure including a swarm of pegmatite dikes (tens of one-metre-thick pegmatitic intrusions) with disseminated magnetite mineralization in the pegmatite and in veinlets along the contact between the pegmatites and the granitic gneisses. The magnetite mineralization provides a likely explanation for the large high-magnetic anomaly, located 500 metres up ice from the anomalous till samples previously reported. Magnetite is a good indicator for IOCG-style (iron oxide copper gold) mineralization, which remains the company's strongest hypothesis as the source of the multiple anomalous elements in the Toro 7 till samples. Members of the field crew carried GPS (global positioning system) tracking devices which updated their locations every 30 seconds, allowing the company to monitor and precisely record the field prospecting activities and sample locations on a continuous basis.

The Toro 14 target is a high-magnetic anomaly located 500 metres up ice from till sample anomalies in gold, copper, lithium, rare earth elements, niobium, tantalum, tin, zinc and silver. Toro 14 tills included the majority of the most highly anomalous lithium values on the property (see July 5 press release). The field crew was able to define a basaltic corridor which may explain the Toro 14 magnetic anomaly and could be the source of the geochemical anomalies. Quartz and calcite veinlets were found in the basalt unit, along with sulphides. At a local scale, this area shows multiple veins indicating the presence of hydrothermal events. The company took a total of 56 grab samples on this target. Photographs taken on the Toro 14 target can be found on Evolving Gold's website.

As discussed above, the company staked 80 new contiguous claims, named the Pistol group, following the discovery of a metre-scale and one smaller block of sulphide-rich sediment. The blocks contrast with existing maps of the local geology and indicate to the technical team that sediments and volcanics are both present in what is currently mapped only as a granodiorite unit. The mineralization contained in the larger block was between 2 per cent and 20 per cent of fine-grained and disseminated pyrite along with trace amounts of chalcopyrite and bornite. Stringers of pyrite were found throughout the block. A smaller block with a mineralized quartz vein was also found close to the larger block, which suggests that multiple mineralization styles or zoning of mineralization is possible at the bedrock source location. Regional and local prospecting work remains to be done in this area since current exploration program data indicate that the blocks are derived from a large sedimentary unit which has not yet been identified in the field.

As also discussed above, in the immediate vicinity of magnetic targets Toro 23 and Toro 24, the crew was able to identify a basalt unit that contained multiple sulphide-bearing zones in bedrock. Free blocks with significant oxidation were found at surface near a regional contact zone. The rust-coloured blocks and outcrop proved to be rich in sulphides, primarily pyrite, and were observed over a strike distance of greater than 1.2 kilometres. It is possible that this feature corresponds with two different volcanic units or intrusive cycles. The basalt unit extending to the northeast is proximal to known felsic volcanic rocks. The contact between the basalt and the felsic volcanics is a prime exploration target for volcanogenic massive sulphide mineralization. The basalt unit included a volcanic sediment (tuff) deposit with embedded pillow lava. A number of photographs of the new basalt zones and their associated mineralized areas on and near Toro 23 and Toro 24 can be found on Evolving Gold's website. A total of four regional till samples and 18 grab samples were taken from the Pistol claims, while seven till samples and 179 rock samples were taken on the Toro 23 and Toro 24 targets. To cover the potential source of the mineralized blocks, the company staked five new claims located near lake sediments anomalies, up ice from the blocks.

The technical team collected 483 whole-rock grab samples, each approximately one kilogram by weight. These samples were bagged, tagged and sent to Agat Laboratories (Val d'Or, Que.), where they will be prepared for assay. Gold will be determined by pyroanalysis with an AAS finish (protocol 202-051, with a 0.002-part-per-million detection limit). The samples will also undergo sodium peroxide fusion with an ICP-MS/OES finish (protocol 201-378) to provide a 59-element whole-rock trace analysis.

The technical team also collected 46 C-horizon glacial till samples, screened in the field to pass a five-centimetre mesh. SL Exploration technicians will prepare till concentrates in a secure environment before shipping the concentrates to Actlabs (Ancaster, Ont.) for final preparation and assay. Gold and silver will be determined by fire assay with an AA finish (protocol

1A2). Trace element content will be determined using analytical package Ultratrace 7, which involves sodium peroxide fusion with an ICP-MS finish.

On October 5, 2017, the Company announced that it had received the first 28 sample assay results that were rush processed at the laboratory. These samples were collected in the first days of a field survey conducted between Sept. 6 and Sept. 15, 2017. The company reported that four of the samples contained anomalous gold, at up to 38 parts per billion gold. A grab sample from a block of glacial float at the Pistol target contained 38 ppb Au in a sulphide-rich quartz vein. The three other anomalous gold results (12, 17 and 29 ppb) were associated with copper (0.189 per cent, 0.030 per cent and 0.112 per cent, respectively) and were collected on the Toro 23 and 24 targets. The latter three mineralized samples were found in three distinct mineralization styles: as disseminated sulphides within a basalt unit, as semi-massive sulphide mineralization in basalt, and at the contact between a basalt and a paragneiss unit. The anomalous gold results reported did not adequately explain the highly anomalous gold-in-till samples previously reported from samples collected down ice from targets Toro 23 and 24.

The 28 early results from among a total of 180 samples collected on the Pistol (nine samples) and Toro 23/24 targets (171 samples) provided the first evidence for multiple styles of mineralized structures, which may have been the source(s) for the significant gold-in-till samples previously reported. The company intends to now search for structural features, which may have promoted the formation of mineral deposits containing gold and other metals of interest by performing an airborne time domain electromagnetic (TDEM) survey over targets Toro 7, Toro 14 and Toro 18 through 24, as well as the newly staked Pistol claim group. The TDEM survey will provide the company with a better understanding of both the regional and the local structural geology of the targets and will help to determine potential sources of the identified mineralized glacial float (see news releases dated Sept. 14 and Sept. 27). IOCG (iron oxide copper gold) mineralization, theorized by the company to be associated with target Toro 7, would respond well in the survey due to its magnetite content. Potential orogenic gold mineralization in interpreted fault systems, and shear zones will become priority targets for further field exploration. The TDEM survey will also identify conductors that may potentially be explained by sulphide mineralization associated with gold and base metals (reported above), yielding another category of exploration targets.

As previously reported, the SL Exploration Inc. technical team collected 483 whole rock grab samples, each approximately one kilogram by weight. The 28 samples with results reported herein were bagged and tagged, and sent to AGAT Laboratories (Val d'Or, Que.), where they were prepared for assay. Gold (Au) was determined by pyroanalysis with an AAS finish (protocol 202-051, with a two-part-per-billion detection limit). The samples were also submitted for sodium peroxide fusion with an ICP-MS/OES finish (protocol 201-378), which provided a 59-element whole rock trace analysis.

The 46 C-horizon glacial till samples previously reported were screened in the field to pass a five-centimetre mesh and were subsequently processed to yield concentrates by SL Exploration technicians. The concentrates have been shipped to Actlabs (Ancaster, Ont.) for final preparation and assay. Gold and silver will be determined by fire assay with an AA finish (protocol 1A2). Trace element content will be determined using analytical package Ultratrace 7, which involves sodium peroxide fusion with an ICP-MS finish.

On November 9, 2017, the Company announced that it had selected Prospectair Geosurveys of Gatineau, QC to perform a high-resolution magnetic and time-domain electromagnetic (TDEM) survey on part of its Toro property. The survey will cover the Pistol claim block, the Toro 7 target, the Toro 14 target and Toro targets 18 to 24, with a line spacing of 100 metres and control lines every 1,000 metres for a total survey of 1,684-line kilometres over an area of 151.57 square kilometres. Weather permitting, the survey program was expected to begin that week and was expected to require five days of flying time.

Rush assay results (28 samples) from initial prospecting work in September allowed the company to assess mineralization and anomalous gold content in three distinct mineralization styles: as disseminated sulphides within a basalt unit; as semi-massive sulphide mineralization in basalt; and at the contact between a basalt and a paragneiss unit. These styles of mineralization were found at the Pistol discovery and on Toro targets 23 and 24.

The TDEM survey will provide the company with a better understanding of both the regional and the local structural geology of the targets and will help to determine potential bedrock sources for the gold-in-till samples and the mineralized glacial float, as well as identifying deeper structural features that may be associated with gold deposition. Potential orogenic gold mineralization in interpreted fault systems and shear zones will be priority targets for further field exploration. The TDEM survey will also identify conductors which may be associated with sulphide mineralization. As the early assay results already show that sulphide samples contain gold and base metals, the geophysical program should yield two distinct categories of exploration targets.

The Company received a report on the survey in late December and continues to analyze the results and plan future exploration activities.

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.

Rattlesnake Property, Wyoming, USA

On July 28, 2015, Rattlesnake Mining (Wyoming) Company, a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement whereby it sold the Rattlesnake property to GFG, a private company incorporated in the United States, for cash consideration of US$1,314,000 and 2,000,000 common shares at a fair value of US$450,000 (Fully paid and received. During the year ended March 31, 2017, the shares were sold). Rattlesnake Mining (Wyoming) Company retains a 2% net smelter return royalty with 1% available for purchase for US$1,000,000 on production arising from the mining claims, save and except for 30 claims that are already subject to a pre-existing royalty. Rattlesnake Mining (Wyoming) Company may be entitled to an additional 1,500,000 common shares of GFG in the event an independent National Instrument 43-101 resource report defines an aggregate mineral resource (including the "inferred mineral resource" category within the meaning of National Instrument 43-101) for Rattlesnake Hills of at least 1,000,000 ounces of gold within four years of closing.

The Company's exploration and evaluation expenditures for the years ended March 31, 2018 and 2017 are:

	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**

	Lithium Lakes	Jake Creek	March 31, 2017
Acquisition and land maintenance	$ 158,352	$ 702	**$ 159,054**
Assaying	8,248	-	**8,248**
Consulting - geological	178,707	38,993	**217,700**
Field expenses and other	104,619	19,843	**124,462**
	$ 449,926	$ 59,538	**$ 509,464**

Results of Operations

The results for the years ended March 31, 2018 and 2017 are as follows:

	Year ended March 31,	
	2018	**2017**
Income (loss) for the period	$(1,037,085)	$(1,253,015)
Basic and diluted Income (loss) per share	$(0.07)	$(0.08)

On an operating basis, the loss for the years ended March 31st were similar, with the 2018 loss being $(1,180,690) (2017 $(1,346,060)). The operating expenditures reflect the following:

- Accounting expenses of $42,015 (2017: $48,369) reflect the cost of audits and tax returns;
- Amortization of $2,909 (2017: $6,777) reflects the reduced amount of depreciable assets held by the Company due to disposals and assets reaching their end-of-life, together with the addition of computing assets at the end of the first quarter;
- Bank charges and interest of $2,908 (2017: $4,474) varied due to the amounts on deposit and activity in the accounts;
- Legal expense of $7,547 (2017: $21,911) primarily reflects reduced financings this year compared to last year, as well as normal regulatory and corporate activities;
- Management fees of $150,000 (2017: $150,000) are unchanged over the periods;
- Mineral property expenditures of $585,350 (2017: $509,464) reflect the increased exploration work in this year compared to last year. The expenditures on Jake Creek were all related to reclamation and closure activities;
- Office, rent and salaries expense of $315,431 (2017: $324,398) 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 somewhat lower overall due to reductions in overhead, but were offset by higher expenses for trade shows and marketing;

	Year ended March 31,	
	2018	**2017**
Administration	$ 145,628	$ 167,342
Trade shows, marketing and promotion	92,733	79,184
Rent	77,070	77,872
	$ 315,431	$ 324,398

- Share based payments of $59,823 (2017: $261,502) reflect the timing of the cost of issuing and vesting share options, which were lower this year compared to last year due to lower issuances of options;
- Transfer agent and filing fees of $14,707 (2017: $19,165) 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 of $34,885 (2017: $9,253) was recorded as a result of the recovery of the ARO previously expensed on US properties;
- A gain on settlement of debt of $5,621 was recorded (2017: $nil);

- The change in the fair value of warrant liability represents a derivative liability due to the denomination of the Company's shares and warrants in Canadian dollars as a result of previously reporting in US dollars. This liability remained until the underlying warrants expire on August 23, 2016. A gain of $nil (2017: a gain of $424) was recorded during the quarter as the underlying warrants expired and the liability was extinguished;
- A change in the fair value of held for trading securities was recognized, being a loss of $26,631 in 2018 while it was a gain of $16,377 in 2017. However, a gain of $117,246 was recorded on the sale of marketable securities in 2018 (2017: $nil)
- A gain of $1,999 (2017: $54,201) was recorded with respect to the flow through premium recorded as a result of the issuance of flow through shares on a private placement;
- Foreign exchange was a loss of $11,787 (2017: a gain of $12,670). The higher volatility and reduced value of the Canadian dollar relative to the US dollar during the periods contributed to the variations;
- A gain on deferred tax recovery of $22,157 (2017: $nil) was recorded but was offset by the same amount in comprehensive loss due to the effects of transfers between loss and comprehensive loss of the changes in available for sale securities and the recognized sale of securities, which reflected a gain of $72,000 (2017: $nil) in comprehensive loss.

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			
	Q4 March 31, 2018	Q3 Dec. 31, 2017	Q2 September 30, 2017	Q1 June 30, 2017
Interest income and other	-	-	115	-
Share based payments	19,393	-	40,430	-
Exploration and evaluation expenditure	31,005	228,605	242,181	83,559
Comprehensive income (loss)	(93,978)	(401,232)	(382,384)	(127,666)
Income (loss) per share	(0.01)	(0.03)	(0.02)	(0.01)
Total Assets	472,278	715,084	1,071,343	1,453,819
Working capital	(199,134)	(125,377)	274,796	604,989

	Fiscal 2016-2017			
	Q4 March 31, 2017	Q3 Dec. 31, 2016	Q2 Sept. 30, 2016	Q1 June 30, 2016
Interest income and other	-	-	120	-
Share based payments	226,627	-	34,875	-
Exploration and evaluation expenditure	51,322	217,915	82,721	157,506
Comprehensive income (loss)	(627,847)	(269,579)	(95,286)	(242,303)
Income (loss) per share	(0.04)	(0.02)	(0.01)	(0.02)
Total Assets	1,591,950	2,190,315	2,355,861	2,145,262
Working capital	737,943	1,124,333	1,449,845	1,240,774

Q4 Results

The results in Q4 were lower than in previous quarters primarily due to reduced exploration expenditures, as previous fieldwork results were under review and accordingly no new filed work was undertaken. All other quarterly expenses were comparable or slightly reduced in the quarter.

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 all 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 year ended March 31, 2018, the Company incurred net expenditures of $3,818 (March 31, 2017 - $nil) for additions to computers in fixed assets.

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.

During the year ended March 31, 2017, the Company completed the following transactions:

- A private placement for 600,000 flow-through common shares at $0.50 per share for gross proceeds of $300,000. The Company paid $18,000 in commissions plus expenses in connection with the private placement. As a result of the flow through provisions in the agreement, the Company recorded $56,200 of the proceeds as a liability related to future tax provisions, and a gain of $54,201 during the year amortizing the liability as a result of exploration expenditures incurred during the period. Proceeds received from the issuance of flow-through shares are restricted to be used only for certain Canadian resource property exploration expenditures incurred within a two-year period;
- A private placement for 1,000,000 units for gross proceeds of $100,000. Each unit consisted of one common share in the capital of the company and one common share purchase warrant, with each warrant being exercisable for the purchase of an additional common share for a period of three years from closing at 15 cents per common share. No finders' fees or commissions were paid in connection with the private placement;
- The issue of 125,000 common shares for proceeds of $6,250 upon the exercise of 125,000 stock options at $0.05 per share; and
- 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 year ended March 31, 2018 resulted in a cash decrease of $1,181,654 (March 31, 2017: Increase of $809,265). As at March 31, 2018, the Company's cash and cash equivalents balance was $243,823 (March 31, 2017: $1,425,477) and the Company had a working capital deficit of $199,134 (March 31, 2017: working capital of $737,943).

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 periods.

The following key management compensation was incurred:

	Year ended March 31, 2018	2017
Management fees and salaries	$ 150,000	$ 150,000
Share-based payments	52,609	185,467
	$ 202,609	**$ 335,467**

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, 2018 were $52,250 (March 31, 2017 $173,000).

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, 2017, 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.

Future Accounting Changes

The Company did not adopt any new or amended standards for the year beginning April 1, 2018 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 year ended March 31, 2018 are summarized in Note 3 of the annual audited Consolidated Financial Statements as of and for the year ended March 31, 2018.

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 audited 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.

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 $26,358 (March 31, 2017: $4,500) as detailed below:

United States Dollar Denominated Balances	**March 31,2018**	**March 31, 2017**
Cash	$ 152,643	$ 373,309
Accounts payable	(418,223)	(418,478)
	$ (263,580)	**$ (45,169)**
10% change in exchange rate impact	**$ (26,358)**	**$ 4,517**

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, 2018 and 2017 relating to cash and cash equivalents of $243,823 and $1,425,477 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, 2018	$ 648,462	$ -	$ -	$ -	$ 648,462
March 31, 2017	$ 795,765	$ -	$ -	$ -	$ 795,765

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 available-for-sale securities, Northern Empire and NVX, are based on quoted prices and are therefore considered to be Level 1.

The available-for-sale securities, GFG, is based on inputs other than quoted prices, but are observable directly and therefore is considered to be Level 2.

The fair value of the warrant liabilities is determined with the use of a fair value pricing model and is determined to be Level 3 liabilities.

Outstanding Share Data

As of March 31, 2018, and the Report Date, the following table summarizes the outstanding share capital of the Company:

	March 31, 2018	**Report Date**
Common Shares	15,722,378	15,722,378
Stock Options	1,549,000	1,549,000
Warrants	1, 000,000	1,000,000
Total, Fully Diluted	**18,271,378**	**18,271,378**

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 March 31, 2018 and has determined that there are no material events to be reported.