Dorex Minerals Inc.

Condensed Interim Financial Statements

(Expressed in Canadian Dollars)

For the Three Months Ended June 30, 2017

(Unaudited – Prepared by Management)

DOREX MINERALS INC.

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

"Elena Tanzola"

Elena Tanzola
Director

Dorex Minerals Inc.

Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	June 30, 2017	March 31, 2017
	$	$
Assets		
Current		
Cash	8,447	28
Other current assets	7,725	7,725
GST receivable	38,102	10,792
Total assets	54,274	18,545
Liabilities		
Current		
Accounts payable and accrued liabilities (note 5)	376,536	429,879
Loans payable (note 6)	9,411	146,260
Total liabilities	385,947	576,139
Shareholders' deficiency		
Share capital (note 7)	6,372,443	5,614,323
Share-based payment reserve (note 7)	1,281,619	1,281,619
Deficit	(7,985,735)	(7,453,536)
Total shareholders' deficiency	(331,673)	(557,594)
Total liabilities and shareholders' deficiency	54,274	18,545

Commitment (note 11)
Subsequent events (note 12)

These financial statements are authorized for issue by the Board of Directors on August 29, 2017.

"Elena Tanzola" Director *"Jeremy South"* Director

The accompanying notes are an integral part of these condensed interim financial statements.

Dorex Minerals Inc.

Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

For the three months ended June 30,		2017		2016
Expenses				
Accounting and audit	$	42,721	$	-
Consulting fees		211,265		-
Interest		11,747		1,519
Legal fees		33,875		-
Management fees		-		7,500
Meals and entertainment		2,178		-
Office and administration		3,339		5,432
Property investigation costs		244,280		-
Rent		14,640		4,500
Transfer agent and filing fees		19,893		7,260
Travel expense		1,462		-
Total expenses		(585,400)		(26,211)
Other income				
Gain on debt settlement (note 5)		53,201		-
Net loss and comprehensive loss		(532,199)		(26,211)
Basic and diluted loss per share	$	(0.08)	$	(0.01)
Weighted average common share outstanding – basic and diluted		6,986,917		5,217,686

The accompanying notes are an integral part of these condensed interim financial statements.

Dorex Minerals Inc.

Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

For the three months ended June 30,	2017	2016
	$	$
Operating activities		
Net loss for the period	(532,199)	(26,211)
Items not affecting cash:		
Accrued interest on loan payable	11,747	1,519
Gain on debt settlement	(53,201)	-
Changes in non-cash working capital items:		
Increase in GST receivable	(27,310)	(495)
Increase in accounts payable and accrued liabilities	105,588	8,768
	(495,375)	(16,419)
Financing activities		
Loan (repayment) advances, net	(254,326)	20,600
Private placement, net of issuance cost	758,120	-
	503,794	20,600
Increase in cash	8,419	4,181
Cash (bank indebtedness), beginning of period	28	(4,150)
Cash, end of period	**8,447**	**31**

Dorex Minerals Inc.

Condensed Interim Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Common Shares					
	Number of Shares	Amount	Share-based Payment Reserve	Obligation to Issue Shares	Deficit	Total
		$	$	$	$	$
Balance, March 31, 2016	5,217,687	5,614,323	1,281,619	51,500	(7,159,188)	(211,746)
Net and comprehensive loss for the period	-	-	-	-	(26,211)	(26,211)
Balance, June 30, 2016	5,217,687	5,614,323	1,281,619	51,500	(7,185,399)	(237,957)
Balance, March 31, 2017	5,217,687	5,614,323	1,281,619	-	(7,453,536)	(557,594)
Shares issued	7,000,000	770,000	-	-	-	770,000
Share issuance cost	-	(11,880)	-	-	-	(11,880)
Net and comprehensive loss for the period	-	-	-	-	(532,199)	(532,199)
Balance, June 30, 2017	**12,217,687**	**6,372,443**	**1,281,619**	**-**	**(7,985,735)**	**(331,673)**

Schedule of Exploration Costs Incurred on Exploration and Evaluation Assets

As at June 30, 2017	Atlin Ruffner
	$
Acquisition cost	22,000
Administrative expenses	-
Geological report	-
Mapping	57,510
Supplies and rentals	2,300
Travel	4,600
Impairment	(86,410)
Total	**-**

1. Nature of Business and Continued Operations

Dorex Minerals Inc. (the "Company") is an exploration stage company incorporated under the laws of British Columbia, Canada and is primarily engaged in the acquisition, exploration and development of exploration and evaluation assets located in British Columbia. The address of the registered and records office and the address for service of the Company is Suite 2900-550 Burrard Street, Vancouver, BC V6C 0A3. The business address of the Company is Suite 3002, 1211 Melville Street, Vancouver, BC, V6E 0A7. The Company's shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "DOX".

These financial statements have been prepared on the assumption that the Company will continue as a going concern and realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquation. The Company is in the process of exploring its exploration and evaluation assets and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The continued operations of the Company are primarily dependent upon its ability to raise exploration financing from equity markets or by selling or optioning its exploration and evaluation assets. Recovery of the capitalized carrying costs shown for exploration and evaluation assets will likely require establishment of economically recoverable reserves, the securing of development financing and profitable production. There is no assurance that the Company will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. These financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the statement of operations and comprehensive loss and financial position classifications that would be necessary were the going concern assumption not appropriate.

Additional equity and/or debt financing is subject to the global financial markets and prevailing economic conditions, which have recently been volatile and distressed. These factors will likely make it more challenging to obtain financing for the Company going forward. These matters and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern.

2. Statement of Compliance and Basis of Presentation

These financial statements were approved for issue by the board of directors on August 29, 2017.

Statement of Compliance

These condensed interim financial statements are unaudited and have been prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations of the International Reporting Interpretations Committee (IFRIC). They do not include all of the information required for full annual financial statements. These condensed interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in and should be read in conjunction with the Company's March 31, 2017 audited financial statements.

2. Statement of Compliance and Basis of Presentation (continued)

Basis of Presentation

These financial statements have been prepared on a historical cost basis except for certain financial instruments which are measured at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Significant Estimates and Assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurements for financial instruments, the recoverability and measurement of deferred tax assets.

Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
- the classification / allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the classification of financial instruments.

3. Summary of Significant Accounting Policies

(a) Foreign currency translation

The Company's functional and presentation currency is the Canadian Dollar. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses result from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity's functional currency. These gains and losses are recognized in the statement of comprehensive loss.

3. Summary of Significant Accounting Policies (continued)

(b) Environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of the mineral property when those obligations result from the acquisition, development or normal operations of the assets. The net present value of future rehabilitation cost estimates arising from decommissioning a site and other work is capitalized to exploration and evaluation assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as exploration and evaluation assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to exploration and evaluation assets with a corresponding entry to the rehabilitation provision. The Company's estimates are renewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to comprehensive loss in the period incurred.

The costs of rehabilitation projects that were included in the rehabilitation provision are recorded against the provisions as incurred. The cost of ongoing current programs to prevent and control pollution is charged against profit and loss and incurred.

(c) Exploration and evaluation assets

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Costs incurred before the Company has obtained the legal right to explore are also recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

3. Summary of Significant Accounting Policies (continued)

(d) Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss.

Deferred income tax:

Deferred income tax is recognized, using the asset and liability method, on temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(e) Loss per share

Basic loss per share is computed by dividing the net loss by the weighted average number of outstanding shares in issue during the reporting period. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. In a loss reporting period, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti- dilutive. The loss per share calculations for the periods ended June 30, 2017 and 2016 has been restated to reflect the 10:1 share roll-back which occurred during the period.

(f) Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in net assets that results from transactions and other events from non-owner sources and includes items that are not included in net profit (loss), such as unrealized gains and losses related to available for sale securities, gains and losses on certain derivative instruments and foreign currency and gains and losses resulting from the translation of self-sustaining foreign operations.

3. Summary of Significant Accounting Policies (continued)

(f) Comprehensive income (loss) (continued)

The Company has no items that are required to be reported in comprehensive income. Accordingly, net loss equals comprehensive loss.

(g) Financial instruments

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

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and

3. Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

(h) Impairment of non-financial assets

At each statement of financial position date, in accordance with IAS 36 "Impairment of Assets", the Company assesses whether there is any indication that any of those assets have suffered an impairment loss. If any indication exists, the Company estimates the asset's recoverable amount.

An impairment loss is recognized when the carrying amount of an asset, or its cash generating unit ("CGU"), exceeds its recoverable amount. Impairment losses are recognized in profit and loss for the reporting period. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to those units, and then to reduce the carrying amount of other assets in the unit on a pro-rata basis.

An impairment loss for an individual asset or CGU shall be reversed if there has been a change in estimates used to determine the recoverable amount since the last impairment loss was recognized and is only reversed to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The recoverable amount is the greater of an asset's or CGU fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash inflows, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

(i) Warrants

The Company uses the residual method for accounting for warrants. Under this method warrants are assigned a value equal to the excess of the unit purchase price over the then prevailing market price of the Company's shares. When the units are priced at or below market there is no excess and the warrants are valued at $Nil.

(j) Segment reporting

A reportable segment, as defined by 'IFRS 8 Operating Segments', is a distinguishable business or geographical component of the Company, which are subject to risks and rewards that are different from those of other segments. The Company considers its primary reporting format to be business segments. The Company considers that it has only one reportable segment, being the mineral exploration segment.

(k) Comparative figures

Certain comparative figures may have been reclassified to conform with current year's presentation.

(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

(l) New accounting standards and interpretations

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

New standard IFRS 16 "Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15. The Company has not yet assessed the future impact of this new standard on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

4. Exploration and Evaluation Assets

	Atlin Ruffner
March 31, 2015	**70,600**
Acquisition cost	2,000
Deferred exploration cost	13,810
March 31, 2016	**86,410**
Write-off	(86,410)
March 31, 2017 and June 30, 2017	**-**

Atlin Ruffner Project

On January 7, 2015, the Company received the TSX Venture Exchange approval for the property option agreement with Pacific Harbor Resources Ltd., a private BC Company, on the Atlin Ruffner project located in northwest British Columbia. Under the terms of the agreement the Company can earn an undivided 55% interest in the property by completing the following:

(Expressed in Canadian Dollars)

4. Exploration and Evaluation Assets (continued)

Atlin Ruffner Project (continued)

1) issuing 60,000 Shares to and in the name of the Optionor as follows:

   i. 20,000 Shares not later than the fifth day (the "Effective Date") after TSXV acceptance, issued during the year ended March 31, 2015 with a fair value of $20,000;
   ii. an additional 20,000 Shares not later than the first anniversary of the Effective Date, issued during the year ended March 31, 2016 with a fair value of $2,000;
   iii. an additional 20,000 Shares not later than the second anniversary of the Effective Date.

2) incurring a minimum of $300,000 in Exploration Expenses as follows:

   i. a minimum of $50,000 in Exploration Expenses before the first anniversary of the Effective Date; and
   ii. a minimum of an additional $250,000 in Exploration Expenses before the third anniversary of the Effective Date.

During the year ended March 31, 2017 the Company wrote off the Altin Ruffner Project resulting in an impairment charge of $ 86,410.

5. Accounts Payable and Accrued Liabilities

	June 30, 2017	March 31, 2017
	$	$
Accounts payable	293,388	317,646
Accrued liabilities	30,500	30,500
Amounts due to related parties (note 8)	52,648	81,733
	376,536	429,879

On April 10, 2017, the Company entered into a settlement agreement with an unrelated third party to settle accounts payable of $158,931 for $105,730. The remaining amount is payable on demand after April 30, 2017 with interest accruing at 5% per annum. During the period ended June 30, 2017, the Company recognized gain on debt settlement of $53,201 and accrued interest of $11,334 in relation to the settlement agreement.

6. Loans Payable

	June 30, 2017	March 31, 2017
	$	$
Loans payable	9,411	146,260
	9,411	146,260

The Company's outstanding loan is unsecured, due one year from the date of advance and interest at 18% per annum is payable monthly, in arrears, on the first business day of each month. Overdue interest will bear interest at the same rate.

7. Share Capital

a. Authorized: Unlimited

b. Issued and outstanding:

As at June 30, 2017 the total issued and outstanding share capital is 12,217,687 common shares (March 31, 2017 – 5,217,687).

Pursuant to a special resolution passed by the directors on April 24, 2017, the Company has consolidated its capital on a one-new-for-10-old basis, effective at the opening on June 5, 2017.

On June 7, 2017, the Company has closed its previously announced non-brokered private placement for total proceeds of $770,000. The private placement consisted of 7,000,000 common shares of the Company at a price of $0.11 per share. In connection with the private placement, the Company paid a cash commission totaling $11,880. All securities issued in connection with the placement are subject to a hold period expiring October 8, 2017. Proceeds of the placement will be used for general corporate purposes.

On August 11, 2015, the Company received regulatory approval and issued a total of 902,678 units, each unit consisting of one common share with a fair value of $0.50 and a warrant exercisable for two years at $1.00 per share, and 11,572 common shares with fair value of $0.50 per share, which settles outstanding debts in the total of $457,125. The fair value of the warrants attached to the debt settlement has been determined to be $135,402, using the residual method.

On September 3, 2015, the Company completed a non-brokered private placement of 1,609,600 units at $0.50 per unit to raise $804,800. Each unit consists of one common share and a common share purchase warrant. Each warrant entitles the holder to purchase one common share of the Company at an exercise price of $1.00 per share for a period of two years. The fair value of the warrants attached to the private placement has been determined to be $402,400, using the residual method.

During the year ended March 31, 2016, the Company issued 20,000 shares with a fair value of $2,000 to Pacific Harbor Resources Ltd. pursuant to the option agreement for the Atlin Ruffner Project (note 4).

During the year ended March 31, 2015, the Company received $51,500 towards a future private placement.

During the year ended March 31, 2017, the investor decided not to proceed with a share purchase and as a result the amount has been reclassified as a non-interest-bearing loan payable with no terms of repayment (note 6).

The Company adopted an incentive stock option plan (the "Plan") in October of 2011. The essential elements of the Plan provide that the aggregate number of common shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 10% of the number of issued shares of the Company at the time of the granting of the options. Options granted under the Plan will have a maximum term of five years. The exercise price of options granted under the Plan will not be less than the discounted market price of the common shares (defined as the last closing market price of the Company's common shares immediately preceding the issuance of a news release announcing the granting of the options, less the maximum discount permitted under TSXV policies), or such other price as may be agreed to by the Company and accepted by the TSXV. Options granted under the plan vest immediately, except for consultants conducting investor relation activities which

(Expressed in Canadian Dollars)

7. Share Capital (continued)

Stock Options (continued)

the directors have determined will vest with the right to exercise one-fourth of the option upon the conclusion of each three-month period subsequent to the date of the grant of the option.

A summary of the status of the Company's stock option plan as at June 30, 2017 and March 31, 2017, and changes during the years then ended are as follows:

	June 30, 2017		March 31, 2017	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
		$		$
Options outstanding, beginning	85,000	1.00	127,500	1.20
Expired	-	-	(42,500)	1.50
Options outstanding, ending	85,000	1.00	85,000	1.00

The following table summarizes information about the stock options outstanding and exercisable at June 30, 2017:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
85,000	85,000	$ 1.00	December 24, 2018	1.48	$ 1.00

Warrants

A summary of the status of the Company's outstanding and exercisable warrants as at June 30, 2017 and March 31, 2017, and changes during the years then ended are as follows:

	June 30, 2017		March 31, 2017	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
		$		$
Warrants outstanding, beginning	2,512,278	1.00	2,512,278	1.00
Granted	-	-	-	-
Warrants outstanding, ending	2,512,278	1.00	2,512,278	1.00

(Expressed in Canadian Dollars)

7. Share Capital (continued)

Warrants (continued)

The following table summarizes information about the warrants outstanding and exercisable at June 30, 2017:

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)		Weighted Average Exercise Price
1,609,600	1,609,600	$ 1.00	September 03, 2017	0.18	$	1.00
902,678	902,678	$ 1.00	August 14, 2017	0.12		1.00
2,512,278	2,512,278			0.16	$	1.00

Escrow Shares

As at June 30, 2017, the Company has 18,750 (March 31, 2017 – 18,750) common shares held in escrow which are released based on performance.

Share-based Payment Reserve

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

8. Related Party Transactions

Related Party Balances

The following balances payable to related parties are included in accounts payable and accrued liabilities (note 5):

	June 30, 2017	March 31, 2017
	$	$
Companies controlled by directors and officers	32,704	48,209
Due directors of the Company	19,944	33,524
	52,648	81,733

Key management compensation consists of management fees of $Nil (2016 – $7,500) paid to a director of the Company.

9. Financial Instruments

The Company's activities expose it to a variety of financial risks including credit risk, interest rate risk and liquidity risk.

Credit Risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to its cash balances. The Company manages its

9. Financial Instruments (continued)

Credit Risk (continued)

credit risk on bank deposits by holding deposits in high credit quality banking institutions in Canada. Management believes that the credit risk with respect to cash is low.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient capital to meet liabilities when due after taking into account the Company's holdings of cash that might be raised from equity financings. As at June 30, 2017, the Company had cash of $8,447 (March 31, 2017 – $28), and current liabilities of $385,947 (March 31, 2017 – $576,139).

The Company's current resources are insufficient to settle its current liabilities. Management has no formal plan to address this concern but considers that the Company will be able to raise additional funds by equity financings. However, given the current economic environment, there can be no assurance of additional funds being available or on acceptable terms.

Foreign Currency Risk

Currency risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has certain operation expenses that are denominated in US dollars. The Company's exposure to foreign currency risk arises primarily on fluctuations between the Canadian dollar and the US dollar. The Company's exposure to foreign currency risk is minimal.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. With respect to financial assets, the Company's practice is to invest cash in cash equivalents in order to maintain liquidity. Fluctuations in interest rates affect the fair value of cash equivalents. The Company has minimal cash and the loans are interest bearing with fixed rates, therefore, its exposure to interest rate risk is minimal.

Fair Value Hierarchy

The Company applied the following fair value hierarchy which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(Expressed in Canadian Dollars)

9. Financial Instruments (continued)

Fair Value Hierarchy (continued)

As at June 30, 2017, cash have been fair valued using Level 1 inputs.

Classification of Financial Instruments

Financial assets included in the statement of financial position are as follows:

	June 30, 2017	March 31, 2017
Fair value through profit and loss:	$	$
Cash	8,447	28

Financial liabilities included in the statement of financial position are as follows:

	June 30, 2017	March 31, 2017
Non-derivative financial liabilities:	$	$
Accounts payable	293,388	317,646
Due to related parties	52,744	81,733
Loans payable	9,411	146,260

10. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its resource properties and to maintain flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity as well as cash.

The Company manages its common shares, stock options and warrants as capital. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and development of its mineral properties. The Board of Directors has not established quantitative capital structure criteria for management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period.

In order to facilitate the management of capital and maintenance and development of future mining sites, the Company may issue new equity, incur additional debt, option its properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. The Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts,

10. Capital Management (continued)

the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

11. Commitments

The Company entered a management agreement with a director and a corporation controlled by such director whereby the Company shall pay a fee equal to $30,000 per year commencing November 1, 2013. The management agreement was thereafter automatically renewed for successive 12-month periods. Effective November 1, 2016, the agreement among the director and the corporation has been terminated as the corporation is no longer existing. The director has requested to enter into a new agreement in his name only. In consideration for providing the services, the Company shall pay the director a salary of $2,500 per month, plus GST. The agreement was terminated on June 30, 2017.

12. Subsequent Events

On July 5, 2017, the Company entered into a consulting service agreement for consulting services which can be terminated with 60 days' notice. Fees for the agreement consist of 225,000 stock options exercisable at $0.15 per share for a period of five years.

On August 18, 2017, the Company's board of directors has approved a change of the Company's name to Cipher Resources Inc. The change in name remains subject to the approval of the TSX Venture Exchange and to completion of all applicable regulatory filings. The Company will provide further information as soon as it is available.