Dorex Minerals Inc.

Financial Statements

(Expressed in Canadian Dollars)

For the Years Ended March 31, 2017 and 2016

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DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Dorex Minerals Inc.

We have audited the accompanying financial statements of Dorex Minerals Inc., which comprise the statements of financial position as at March 31, 2017 and 2016, and the statements of comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dorex Minerals Inc. as at March 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Dorex Minerals Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 29, 2017

Dorex Minerals Inc.

Statements of Financial Position
As at March 31, 2017 and 2016
(Expressed in Canadian Dollars)

	March 31, 2017	March 31, 2016
	$	$
Assets		
Current		
Cash	28	-
Other current assets	7,725	8,322
GST receivable	10,792	36,511
Total current assets	18,545	44,833
Exploration and evaluation assets (note 4)	-	86,410
Total assets	18,545	131,243
Liabilities		
Current		
Bank indebtedness	-	4,150
Accounts payable and accrued liabilities (note 5)	429,879	284,452
Loans payable (note 6)	146,260	54,387
Total liabilities	576,139	342,989
Shareholders' equity		
Share capital (note 7)	5,614,323	5,614,323
Share-based payment reserve (note 7)	1,281,619	1,281,619
Shares to be issued (note 7)	-	51,500
Deficit	(7,453,536)	(7,159,188)
Total shareholders' equity	(557,594)	(211,746)
Total liabilities and shareholders' equity	18,545	131,243

Commitment (note 12)
Subsequent events (note 14)

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

"Doug McFaul" Director *"Elena Tanzola"* Director

Dorex Minerals Inc.

Statements of Comprehensive Loss
Years Ended March 31, 2017 and 2016
(Expressed in Canadian Dollars)

	March 31, 2017	**March 31, 2016**
	$	$
Expenses		
Accounting and audit	11,200	32,336
Consulting fees	44,711	188,898
Impairment of exploration and evaluation asset (note 4)	86,410	-
Interest (notes 6 and 8)	23,482	37,050
Legal fees	13,776	8,102
Management fees (note 8)	50,000	96,000
Office and administration	26,549	80,751
Rent	18,000	18,000
Transfer agent and filing fees	20,220	40,754
Total expenses	(294,348)	(501,891)
Other income		
Write-off of accounts payable and loans	-	14,100
Net loss and comprehensive loss	(294,348)	(487,791)
Basic and diluted loss per share (notes 3e and 14)	(0.06)	(0.12)
Weighted average common share outstanding – basic and diluted (notes 3e and 14)	5,217,687	4,214,394

Dorex Minerals Inc.

Statements of Cash Flows
Years Ended March 31, 2017 and 2016
(Expressed in Canadian Dollars)

	March 31, 2017	March 31, 2016
	$	$
Operating activities		
Net loss for the year	(294,348)	(487,791)
Items not affecting cash:		
Accrued interest	23,482	-
Write-off of accounts payable and accruals	-	(14,100)
Impairment of exploration and evaluation asset	86,410	-
Changes in non-cash working capital items:		
(Increase) decrease in GST receivable	25,719	(23,714)
(Increase) decrease in other current assets	597	(597)
Increase (decrease) in accounts payable and accrued liabilities	145,427	(17,746)
	(12,713)	(543,948)
Investing activity		
Exploration and evaluation assets	-	(13,810)
	-	(13,810)
Financing activities		
Loan (repayment) advances, net	16,891	(303,732)
Bank indebtedness (repayment)	(4,150)	4,150
Shares to be issued	-	51,500
Private placement	-	804,800
	12,741	556,718
Increase (decrease) in cash	28	(1,040)
Cash, beginning of year	-	1,040
Cash, end of year	**28**	**-**

Supplemental cash flow information (note 9)

Dorex Minerals Inc.

Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

	Common Shares					
	Number of Shares	Amount	Share-based Payment Reserve	Obligation to Issue Shares	Deficit	Total
		$	$	$	$	$
Balance, March 31, 2015	26,738,367	4,888,200	743,817	-	(6,671,397)	(1,039,380)
Private placement (note 7)	16,096,000	402,400	402,400	-	-	804,800
Shares issued for debt (note 7)	9,142,500	321,723	135,402	-	-	457,125
Shares issued for exploration and evaluation asset (note 7)	200,000	2,000	-	-	-	2,000
Shares to be issued (note 7)	-	-	-	51,500	-	51,500
Net and comprehensive loss for the year	-	-	-	-	(487,791)	(487,791)
Balance, March 31, 2016	52,176,867	5,614,323	1,281,619	51,500	(7,159,188)	(211,746)
Reclassification of obligation to loan (notes 6 and 7)	-	-	-	(51,500)	-	(51,500)
Net and comprehensive loss for the year	-	-	-	-	(294,348)	(294,348)
Balance, March 31, 2017	52,176,867	5,614,323	1,281,619	-	(7,453,536)	(557,594)

Dorex Minerals Inc.
(Expressed in Canadian Dollars)

Schedule of Exploration Costs Incurred on Exploration and Evaluation Assets

As at March 31, 2017	Atlin Ruffner
	$
Acquisition cost	22,000
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 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 July 29, 2017.

Statement of Compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee ("IFRIC").

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.

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

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, and 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 year ended March 31, 2017 and 2016 has been restated to reflect the 10:1 share roll-back which occurred subsequent to March 31, 2017 (Note 14).

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

3. Summary of Significant Accounting Policies (continued)

(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 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.

3. Summary of Significant Accounting Policies (continued)

(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. The Company has not yet assessed the future impact of this new standard on its financial statements.

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	-

Atlin Ruffner Project

On January 7, 2015, the Company received the TSXV 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 600,000 shares to and in the name of the Optionor as follows:
   i. 200,000 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 200,000 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 200,000 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 of the Altin Ruffner Project resulting in an impairment charge of $86,410.

5. Accounts Payable and Accrued Liabilities

	March 31, 2017	March 31, 2016
	$	$
Accounts payable	317,646	250,948
Accrued liabilities	30,500	17,800
Amounts due to related parties (note 8)	81,733	15,704
	429,879	284,452

6. Loans Payable

	i. Investor Loan	ii. Term Loans				Total
		Term loan A	Term loan B	Term loan C	Term loan D	
	$	$	$	$	$	$
March 31, 2015	37,950	279,965	70,722	60,541	9,511	458,689
Advances	2,600	8,400	400	18,600	2,100	32,100
Repayment	(37,850)	(286,683)	(74,158)	(60,865)	(5,856)	(465,412)
Accrued interest	-	20,164	3,036	4,185	1,625	29,010
March 31, 2016	**2,700**	**21,846**	**-**	**22,461**	**7,380**	**54,387**
Advances and reclassification (note 7)	51,500	2,378	-	45,080	-	98,958
Repayment	(100)	-	-	(20,100)	-	(20,200)
Accrued interest	-	4,656	-	6,841	1,618	13,115
March 31, 2017	**54,100**	**28,880**	**-**	**54,282**	**8,998**	**146,260**

i. Investor Loans

The investor loans payable are unsecured, due on demand and bear no interest.

6. Loans Payable (Continued)

ii. Term Loans

For all term loan agreements, the principal 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 March 31, 2017 the total issued and outstanding share capital is 52,176,867 common shares (2016 – 52,176,867).

On August 11, 2015, the Company received regulatory approval and issued a total of 9,026,780 units, each unit consisting of one common share with a fair value of $0.05 and a warrant exercisable for two years at $0.10 per share, and 115,720 common shares with a fair value of $0.05 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 16,096,000 units at $0.05 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 $0.10 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 200,000 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).

Stock Options

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 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.

(Expressed in Canadian Dollars)

7. Share Capital (continued)

Stock Options

A summary of the status of the Company's stock options outstanding as at March 31, 2017 and 2016, and changes during the years then ended are as follows:

	March 31, 2017		March 31, 2016	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
		$		$
Options outstanding, beginning	1,275,000	0.12	2,100,000	0.19
Expired	(425,000)	0.15	(825,000)	0.30
Options outstanding, ending	850,000	0.10	1,275,000	0.12

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2017:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
850,000	850,000	$ 0.10	December 24, 2018	1.73	$ 0.10

Warrants

A summary of the status of the Company's outstanding and exercisable warrants as at March 31, 2017 and 2016, and changes during the years then ended are as follows:

	March 31, 2017		March 31, 2016	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
		$		$
Warrants outstanding, beginning	25,122,780	0.10	-	-
Granted	-	-	25,122,780	0.10
Warrants outstanding, ending	25,122,780	0.10	25,122,780	0.10

(Expressed in Canadian Dollars)

7. Share Capital (continued)

Warrants (continued)

The following table summarizes information about the warrants outstanding and exercisable at March 31, 2017:

Number of Warrants Outstanding	Number of Warrants Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price
16,096,000	16,096,000	$ 0.10	September 3, 2017	0.43	$ 0.10
9,026,780	9,026,780	$ 0.10	August 14, 2017	0.37	0.10
25,122,780	25,122,780			0.41	$ 0.10

Escrow Shares

As at March 31, 2017, the Company has 187,500 (2016 – 187,500) common shares held in escrow.

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

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

	March 31, 2017	**March 31, 2016**
	$	$
Companies controlled by directors and officers	48,209	15,704
Directors of the Company	33,524	-
	81,733	15,704

These amounts are unsecured and have no fixed terms of repayment. Certain of the amounts bear interest at 12% per annum; others bear no interest. During the year ended March 31, 2017 interest of $10,367 was accrued.

Key management compensation consists of management fees of $30,000 (2016 – $30,000) paid to a director and a company controlled by a director, and $20,000 (2016- $nil) paid to the Chief Financial Officer.

9. Supplemental Cash Flow Information

The following non-cash transactions were recorded during the year ended:

	March 31, 2017	March 31, 2016
Investing/Financing activities:	$	$
Fair value of shares issued for exploration and evaluations assets	-	2,000
Shares issued for debt	-	457,125
Accounts payable related to exploration and evaluation assets	-	4,893

10. 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 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 March 31, 2017, the Company had cash of $28 (2016 – bank indebtedness of $4,150), and current liabilities of $576,139 (2016 – $342,989).

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 minimal operating 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.

(Expressed in Canadian Dollars)

10. Financial Instruments (continued)

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.

As at March 31, 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:

	March 31, 2017	March 31, 2016
Fair value through profit and loss:	$	$
Cash	28	-

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

	March 31, 2017	March 31, 2016
Non-derivative financial liabilities:	$	$
Bank indebtedness	-	4,150
Accounts payable	317,647	250,948
Due to related parties	81,733	15,704
Loans payable	146,260	54,387

11. 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.

(Expressed in Canadian Dollars)

11. Capital Management (Continued)

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 year.

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, 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.

12. Commitments

The Company entered into 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. A new agreement was entered into whereby the Company shall pay the director a salary of $2,500 per month, plus GST, for a term of two years. The agreement was terminated subsequent to the year end on June 30, 2017.

13. Income Taxes

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended March 31, 2017	**Year ended March 31, 2016**
	$	$
Net loss	(294,348)	(487,791)
Statutory tax rate	26%	26%
Expected income tax recovery at the statutory tax rate	(76,530)	(126,826)
Non-deductible items and other	31,788	(18,139)
Temporary differences not recognized	44,742	144,964
Income tax recovery	-	-

(Expressed in Canadian Dollars)

13. Income Taxes (Continued)

The significant components of the Company's deferred tax assets are as follows:

	March 31, 2017	March 31, 2016
	$	$
Non-capital loss carry-forwards	761,664	739,389
Exploration and evaluation assets	745,022	723,555
	1,506,686	1,462,944
Valuation allowance	(1,506,686)	(1,462,944)
Net deferred tax assets	-	-

The Company has available non-capital losses for Canadian income tax purposes which may be carried forward to reduce taxable income in future years. If not utilized, the non-capital losses expire as follows:

	$
2026	81,000
2027	341,000
2028	447,000
2029	284,000
2030	151,000
2031	159,000
2032	191,000
2033	271,000
2034	282,000
2035	17,000
2036	498,000
2037	208,000
	2,930,000

At March 31, 2017, the Company has unclaimed resource and other deductions totalling approximately $2,865,000 (2016 – $2,865,000), which may be deducted against future taxable income on a discretionary basis.

14. Subsequent Events

On June 5, 2017, the Company consolidated its capital on a one-new-for-ten-old basis. The loss per share calculations for the year ended March 31, 2017 and 2016 is based on the new number of shares outstanding.

On June 7, 2017, the Company closed a $770,000 non-brokered private placement. The private placement consisted of seven million 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 totalling $11,880.

On April 10, 2017, the Company entered into a promissory note for $105,730 to settle an accounts payable of $158,931. The note is payable on demand at any time after April 30, 2017, and bears interest at 5% per annum.

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 450,000 stock options exercisable at $0.15 per share for a period of five years.