CIPHER RESOURCES INC. (formerly Dorex Minerals Inc.)
INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
AS AT AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2017

Date: March 1, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This interim management's discussion and analysis ("MD&A") reports on the operating results and financial condition of Cipher Resources Inc. (formerly Dorex Minerals Inc.) (the "Company" or "Cipher") for the three and nine months ended December 31, 2017 and is prepared as at March 1, 2018. This interim MD&A serves as an update from the Company's annual MD&A as at and for the year ended March 31, 2017. Additionally, this interim MD&A should be read in conjunction with the Company's audited financial statements for the years ended March 31, 2017 and 2016 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"), together with the unaudited condensed interim financial statements as at and for the nine months ended December 31, 2017, which were prepared in accordance with IFRS and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting (collectively referred to as the "Financial Statements"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

APPROVAL

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by this MD&A, and these Financial Statements together with the other financial information included in this MD&A fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in this MD&A. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing. The Board of Directors has approved the Financial Statements and MD&A, as well as ensured that management has discharged its responsibilities as at March 1, 2018.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward-looking statements include but are not limited to statements concerning:

- The Company's success at completing future financings
- The Company's strategies and objectives
- The Company's cost reductions and other financial operating objectives
- The availability of qualified employees for business operations
- General business and economic conditions
- The Company's ability to meet its financial obligations as they become due
- The Company's ability to identify, successfully negotiate and/or finance an acquisition of a new business opportunity
- The positive cash flows and financial viability of new business opportunities
- The Company's ability to manage growth with respect to a new business opportunity
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company

Readers are cautioned that the preceding list of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward-looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements.

DESCRIPTION OF COMPANY

Cipher Resources Inc. (formerly Dorex Minerals Inc.) (the "Company") is incorporated under the laws of British Columbia, Canada and is focused on late stage mine exploration or development projects that meet specific thresholds established by the company. The address of the registered and records office of the Company is 885 W Georgia St #2200, Vancouver, BC V6C 3E8 and the address for service 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 "CIFR".

On August 21, 2014, the Company entered into a property option agreement with Pacific Harbor Resources Ltd., a private Company based in British Columbia, on the Atlin Ruffner project located in northwest British Columbia (TSX Venture Exchange approval was received January 7, 2015). Under the terms of the agreement the Company can earn an undivided 55% interest in the property by undertaking a number of actions, under certain conditions. During the year ended March 31, 2017 the Company wrote off all exploration expenditures related to the Altin Ruffner Project resulting in an impairment charge of $ 86,410.

On April 21, 2017, pursuant to a special resolution passed by the directors, the Company announced that it had consolidated its share capital on one-new-for-10-old basis, effective June 5, 2017. All share and per share values in the financial statements and this MD&A have been adjusted to reflect this consolidation.

On August 18, 2017, the Company's board of directors approved a change of the Company's name to Cipher Resources Inc. The name change was approved by the TSX Venture Exchange and became effective on September 18, 2017. The Company's ticker symbol is now CIFR.V.

OUTLOOK

The board continues to maintain the Company in good standing with the long-term objective of finding an appropriate commercially viable business opportunity.

SELECTED ANNUAL INFORMATION[1]

Annual information for the last three years is outlined below:

	For the years ended March 31,		
	2017	**2016**	**2015**
	$	$	$
Revenue	**-**	-	-
Total Assets	**18,545**	131,243	84,437
Total Liabilities	**576,139**	342,989	1,123,817
Loss and comprehensive loss:			
(i) Total for the year	**(294,348)**	(487,791)	(438,617)
(ii) Per share - basic and diluted	**(0.06)**	(0.12)	(0.16)
Cash Dividends Declared	**-**	-	-

[1] *Financial information prepared in accordance with International Financial Reporting Standards ("IFRS")*

SELECTED QUARTERLY INFORMATION[1]

The following table sets forth certain quarterly financial information of the Company for the eight most recent quarters:

	3rd Quarter Ended December 31, 2017	2nd Quarter Ended September 30, 2017	1st Quarter Ended June 30, 2017	4th Quarter Ended March 31, 2017
(a) Net loss	$ (235,378)	$ (132,861)	$ (532,199)	$ (222,992)
(b) Per share [2]	($ 0.02)	$ 0.00	$ (0.08)	$ (0.04)
(c) Total assets	$ 55,495	$ 42,202	$ 54,274	$ 18,545
	3rd Quarter Ended December 31, 2016	**2nd Quarter Ended September 30, 2016**	**1st Quarter Ended June 30, 2016**	**4th Quarter Ended March 31, 2016**
(a) Net loss	$ (20,028)	$ (25,117)	$ (26,211)	$ (54,550)
(b) Per share [2]	$ (0.00)	$(0.00)	$ (0.00)	$ (0.01)
(c) Total assets	$ 110,620	$ 109,780	$ 131,769	$131,243

[1] *Financial information prepared in accordance with International Financial Reporting Standards ("IFRS")*
[2] *Numbers have been rounded to the next decimal for presentation purposes.*

RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2017

The Company had no revenue and incurred sustaining overhead expenses and property investigation costs and recorded a net loss of $(235,378) and $(900,438) for the three and nine months ended December 31, 2017, respectively (December 31, 2016 – $(20,028) and $(71,356), respectively). Management continues to minimize operating costs with the long-term objective of finding an appropriate commercially viable business opportunity.

Comprehensive loss for the three and nine months ended December 31, 2017 amounted to $(235,378) and $(900,438) or ($0.02) and ($0.09) loss per share (basic and diluted), respectively (2016 – $(20,028) and $(71,356) or $(0.00) and $(0.01) loss per share (basic and diluted), respectively) based on a weighted average number of shares outstanding of 12,217,687and 10,506,008common shares, respectively (basic and diluted) (2016- 5,217,686 basic and diluted)

Accounting and audit expenses for the three and nine months ended December 31, 2017 were $15,000 and $74,981, respectively compared to $1,200 for the same period in the previous year. The increase is attributed to increased corporate activity in the current period.

Consulting fees for the three and nine months ended December 31, 2017 was $30,000 and $247,265, respectively compared to $711 for the same periods in the previous year. The higher expenditures in the current periods is attributed to increased activity regarding property evaluation.

Interest expense for the three and nine months ended December 31, 2017 was $22,668 and $53,948, respectively compared to $1,818 and $4,945, respectively for the same periods in the previous year. Interest expense is interest accrued on loans that were renewed and additional funds borrowed during the period in order to settle certain outstanding debt.

Legal fees for the three and nine months ended December 31, 2017 were $nil and $48,202, respectively compared to $Nil for the same periods in the previous year. Legal fees were higher in the current periods due to the private placement announced and closed by the Company during the period; as well as the legal work involved in the 10 for 1 share consolidation and the execution of certain debt settlement agreements.

Management fees for the three and nine months ended December 31, 2017 were $nil compared to $7,500 and $22,500 for the same periods in the previous year. A management fee agreement between a director and the Company was terminated on November 1, 2016.

Meals and entertainment expense for the three and nine months ended December 31, 2017 were $4,713 and $7,317 compared to $nil for the same periods in the previous year. The higher expenditures in the current periods is an associated cost attributed to increased activity regarding property evaluation.

Office and administration expense for the three and nine months ended December 31, 2017 were $16,791 and $26,254, respectively as compared to $396 and $11,257, respectively for the same periods in the previous year. These costs represent various administrative services associated with maintaining a publicly listed company and expenditures attributed to increased activity regarding property evaluation.

Property investigation costs for the three and nine months ended December 31, 2017 were $70,000 and $314,280, respectively compared to $nil for the same periods in the previous year. These costs have increased over the previous period, as management managed to raise enough capital during the current period to increase its efforts in finding a suitable project for the Company to invest in.

Rent expense for the three and nine months ended December 31, 2017 was $8,250 and $26,585, respectively compared to $ 4,500 and $13,500 for the same periods in the previous year. Rent relates to the office space at 1211 Melville St in Vancouver.

Share-based payments for the three and nine months ended December 31, 2017 were $31,650 compared to $nil for the same periods in the previous year. The amount was calculated as the fair value of the 225,000 options granted in July 2017.

Transfer agent and filing fees for the three and nine months ended December 31, 2017 were $nil and $27,606, respectively compared to $ 5,234 and $17,374 for the same periods in the previous year. The fees were higher in the current periods due to the share consolidation, name change and private placement. All of these activities require exchange approval, and all have additional fees associated with them.

Travel expense for the three and nine months ended December 31, 2017 were $67,956 and $95,551, respectively compared to $nil for the same periods in the previous year. The higher expenditures in the current periods is an associated cost attributed to increased activity regarding property evaluation and financing efforts.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties. The following discussion summarizes certain risk factors that apply to the Company's business. These risks and uncertainties are not the only ones facing the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently considers immaterial, may also materially adversely affect the business, financial condition and results of operations, or the trading price of the Company's common shares if any such risks actually occur.

An investment in the Company's common shares should be considered highly speculative due to the nature of the Company's existing business and operations.

From time to time, the Company may issue new shares, seek debt financing, dispose of assets, or enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase the Company's debt levels above industry standards.

Strategic Risk

The Company's principal business activity is the identification and evaluation of a new investment and acquisition opportunity. The risks that are inherent to this strategy include, but are not limited to, the ability to identify and acquire worthwhile opportunities, the ability to retain staff and management in order to pursue these opportunities, and the ability to raise the capital necessary to fund these projects. There is no guarantee that the Company will be able to complete an acquisition of or investment in a new business opportunity. If an acquisition of or the participation in corporations, properties, assets or businesses is identified, the Company may find that even if the terms of an acquisition or participation are economic, it may not be able to finance such acquisition or participation and additional funds will be required to enable the Company to pursue such an initiative. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company. The Company will be competing with other companies, many of which will have far greater resources and experience than the Company. No assurance can be given that the Company will be successful in raising the funds required for an investment or acquisition.

The Company depends on the business and technical expertise of its management team.

The Company is dependent on the business and technical expertise of its management team. If it is unable to rely on this business and technical expertise, or if any of the expertise is inadequately performed, the business, financial condition and results of operations of the Company could be materially adversely affected until such time as the expertise could be replaced.

The Company's share price is expected to be volatile.
Securities of micro- and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies involved. These factors include macroeconomic development globally and market perceptions of the attractiveness of particular industries and location of the assets. The Company's share price is expected to be volatile and will be significantly affected by the status of the operating permit process, or the Company's financial conditions or results of operations as reflected in its liquidity position, earnings reports, resource development, and production results.

Other factors unrelated to the Company's operations and performance that may have an effect on the price of the Company's shares include: the lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Common Shares that persists for a significant period of time could cause the Company's securities to be delisted, further reducing market liquidity.

As a result of any of these factors, the market price of the Common Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Lack of Dividend Policy
The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders
The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Investments in Mining Companies present their own unique set of risks
The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored ultimately become producing mines. At present, none of the Company's projects has a known commercial ore deposit. Certain of the Company's mineral projects may also be located in emerging nations and, consequently, may be subject to a higher level of risk compared to developed countries.

Operations, the status of mineral property rights and the recoverability of amounts shown for mineral properties in emerging nations can be affected by changing economic, regulatory and political situations.

Other risks facing a company engaged in the business of mineral deposit exploration and extraction include, but are not limited to: competition, environmental and insurance risks, fluctuations in metal prices, and fluctuations in exchange rates.

LIQUIDITY AND CAPITAL RESOURCES

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 and stock options 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 development of its mineral projects. 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 projects for cash, 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.

As at December 31, 2017, the Company had a working capital deficit of $(668,262) including cash that totaled $7,412 and current liabilities of $723,757. The Company has financed its operations to date primarily through the issuance of common shares and loans. The Company continues to seek capital through various means including the issuance of capital stock.

A summary of the Company's cash flows during the nine-month period ended December 31, 2017 and 2016 is as follows:

		2017		2016
Cash flows used in operating activities	**$**	**(530,605)**	$	(22,378)
Cash flows provided by financing activities		**537,989**		26,663
Increase in cash for the period		**7,384**		4,285
Cash (bank indebtedness), beginning of the period		**28**		(4,150)
Cash, end of the period	**$**	**7,412**	$	135

Cash flows used in operating activities were $(530,605) for the nine-month period ended December 31, 2017 compared to $(22,378) during the nine-month period ended December 31, 2016. The $508,227 increase in cash used during 2017 as compared to the 2016 period was primarily due to expenditures attributed to property evaluation and costs associated with property evaluation such as consulting fees and travel.

Cash flows provided by financing activities were $537,989 for the nine-month period ended December 31, 2017 compared to $26,663 for the comparative period in 2016. The $511,326 increase in cash provided by financing activities was due to the Company closing a private placement consisting of 7,000,000 common shares for net proceeds of $758,120, less $220,131 in loan repayments.

SHARE CAPITAL

Authorized, issued and outstanding

An unlimited number of Class A voting Common Shares are authorized - 12,217,687 issued and outstanding as at December 31, 2017.

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 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 were subject to a hold period expiring October 8, 2017. Proceeds of the placement will be used for general corporate purposes.

Stock Option Plans and Other Incentive Plans

The Company has adopted an incentive stock option plan (the "Plan") October 2017 for senior officers, directors, employees and consultants of the Company. This is a "rolling" stock option plan as the number will increase as the number of outstanding common shares increases. The number of common shares reserved for issue pursuant to the grant of stock options, restricted share units ("RSUs") and/or deferred share units ("DSUs") of the Company and any other security based compensation arrangements of the Company from time to time may not exceed 10% of the number of outstanding common shares.

The essential elements of stock options under the Plan provide that the options granted under the Plan will have a maximum term of ten 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, unless otherwise specified by the Board, 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.

RSUs are performance based share units which may be granted to participants in the Plan based on both individual and corporate performance criteria as determined by the Board. The RSUs are paid out to the participant at no later than three years from the year in which the RSUs were granted. Non-vested RSUs are forfeited if the participant voluntarily leaves his or her employment with the Company.

A DSU is a notional share that has the same value as one common share as at the grant date. Under the Plan, a participant may choose, with the consent of the Company, to take all or part of their fees in DSUs. DSUs are paid out to the participant as common shares when they retire from or no longer service the Company. A retiring participant can defer the payout of his/her DSUs to the year following his/her departure from the Company.

Further details of the Plan are available at www.sedar.com.

On July 5, 2017, the Company granted 225,000 options, which vested immediately, having an exercise price of $0.15 each, exercisable at any time up until and including July 5, 2022. The fair value of the options so granted was determined to be $31,650 using the Black-Scholes option pricing model under the following assumptions: risk-free interest rate - 0.75%; expected life - 5 years; expected volatility – 166.03% and expected dividends - nil.

A summary of the Company's stock option activity is as follows:

	Number of Options	**Weighted Average Exercise Price**
Balance, March 31, 2016	127,500	$ 1.20
Expired	(42,500)	1.50
Balance, March 31, 2017	85,000	$ 1.00
Granted	**225,000**	**0.15**
Balance, December 31, 2017	**310,000**	**$0.38**

As at December 31, 2017, outstanding options were as follows:

Expiry	Number of options outstanding		Weighted average exercise price per share	Average remaining life (years)
December 24, 2018	85,000	$	1.00	0.98
July 5, 2022	225,000	$	0.15	4.51
Fully vested and exercisable	**310,000**	**$**	**0.38**	**3.54**

Warrants

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

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2016	2,512,278	$ 1.00
Expired	-	-
Exercised	-	-
Granted	-	-
Balance, March 31, 2017	2,512,278	$ 1.00
Expired	(2,512,278)	1.00
Exercised	-	-
Granted	-	-
Balance, December 31, 2017	**-**	**-**

Escrow shares

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

Loss per share

Basic per share amounts have been calculated using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the period ended December 31, 2017 was 10,506,008 (2016 – 5,217,686). As the calculation of diluted losses per share would be anti-dilutive, the calculation of the diluted number of shares in the current period is not applicable.

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. During the period ended December 31, 2017 $31,650 in share-based payments were incurred due to the grant of 225,000 options on July 5, 2017.

Private placements

On September 20, 2017, the Company announced it had engaged RAMPartners S.A. to assist with its ongoing financing plans by conducting a private placement to raise up to $8,100,000 through the issuance of 27,000,000 common shares at a price of $0.30 per share. As at December 31, 2017, no funds had been received or shares issued with regards to this pending private placement and the company is not proceeding with it. RAMPartners S.A. continues to assist with the financing announced January 29, 2018.

On January 29, 2018, the Company announced it had engaged Endeavour Financial Limited (Cayman) to assist with its ongoing financing and business development plans, including a non-brokered private placement to raise up to $3,500,000 through the issuance of up to 35,000,000 units at a price of $0.10 per unit. Each unit consists of one common share and one common share purchase warrant which will be exercisable into one common share at a price of $0.15 per Warrant Share for a period of 36 months following the closing date of the Offering. The Offering remains subject to the receipt of all regulatory approvals, and there is no assurance that the Offering will be completed.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

	December 31, 2017	**March 31, 2017**
	$	$
Companies controlled by directors and officers	**44,553**	48,209
Due to directors of the Company	**210,442**	33,524
	254,995	81,733

Key management compensation consists of management fees of $Nil (2017 – $22,500) paid to a director of the Company.

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 fulfil 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 December 31, 2017, the Company had cash of $7,412 (March 31, 2017 – $28), and current liabilities of $723,757 (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 or debt 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.

As at December 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:

	December 31, 2017	**March 31, 2017**
Fair value through profit and loss:	$	$
Cash	7,412	28

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

	December 31, 2017	**March 31, 2017**
Non-derivative financial liabilities:	$	$
Accounts payable	403,458	348,146
Due to related parties	254,995	81,733
Loans payable	65,304	146,260

RECENT ACCOUNTING PRONOUNCEMENTS

A number of new IFRS standards, amendments to standards and interpretations are not yet effective for the period ended December 31, 2017, and have not been applied in preparing these financial statements. None of these is expected to have an effect on the Company's financial statements. The Company has not early adopted these revised standards.

Proposed for annual periods beginning on or after January 1, 2018

i. New standard IFRS 16 Leases
   New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

ii. New standard IFRS 9 Financial Instruments
   Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement

OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com.