AURELIUS MINERALS INC.

(*formerly Galena International Resources Ltd.*)

FINANCIAL STATEMENTS

For the Year Ended
March 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Aurelius Minerals Inc.

We have audited the accompanying financial statements of Aurelius Minerals Inc., which comprise the statements of financial position as at March 31, 2017 and 2016, and the statements of loss and 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.

Auditors' 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 auditors' 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, these financial statements present fairly, in all material respects, the financial position of Aurelius 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 conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about Aurelius Minerals Inc.'s ability to continue as a going concern.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

July 31, 2017

AURELIUS MINERALS INC. *(formerly Galena International Resources Ltd.)*
STATEMENTS OF FINANCIAL POSITION
Expressed in Canadian Dollars

	March 31, 2017	March 31, 2016
ASSETS		
Current		
Cash	$ 508,959	$ 68,604
Receivables (Note 4)	26,986	1,135
Prepaid expenses	2,486	-
	538,431	69,739
Mineral properties (Note 5)	363,685	-
	$ 902,116	$ 69,739
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 228,921	$ 9,442
Shareholders' equity		
Share capital (Note 8)	5,428,181	4,288,473
Reserves (Note 8)	100,476	39,193
Deficit	(4,855,462)	(4,267,369)
	673,195	60,297
	$ 902,116	$ 69,739

Nature and continuance of operations (Note 1)
Subsequent events (Note 14)

Approved and authorized by the Board on July 31, 2017

"Mark NJ Ashcroft"	*"Randy Turner"*
Mark NJ Ashcroft, Director	Randy Turner, Director

AURELIUS MINERALS INC. *(formerly Galena International Resources Ltd.)*

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

for the years ended March 31, 2017 and 2016 (Expressed in Canadian Dollars)

	2017	2016
EXPENSES		
Exploration (Note 5)	$ 60,045	$ -
Property investigation	24,292	-
Business development	21,172	760
Legal, audit and accounting	178,508	11,477
Management fees and corporate services (Note 7)	149,245	-
Office and miscellaneous (Note 7)	23,927	1,238
Regulatory and transfer agent fees	30,872	13,210
Rent (Note 7)	12,172	-
Share-based compensation (Note 7 and 8)	77,642	-
Travel	10,003	6,003
Wages and benefits	16,574	-
	(604,452)	(32,688)
Loss and comprehensive loss for the year	$ (604,452)	$ (32,688)
Basic and diluted loss per common share	$ (0.02)	$ (0.00)
Weighted average number of common shares outstanding	33,125,585	22,822,884

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

AURELIUS MINERALS INC. *(formerly Galena International Resources Ltd.)*
STATEMENTS OF CASH FLOWS
for the years ended March 31, 2017 and 2016 (Expressed in Canadian Dollars)

	2017	2016
Cash flows from operating activities		
Income (loss) for the year	$ (604,452)	$ (32,688)
Items not involving cash:		
Share-based compensation	77,642	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(25,851)	23
(Increase) decrease in prepaid expenses	(2,486)	-
Increase (decrease) in accounts payable and accrued liabilities	219,479	1,761
Net cash provided by (used in) operating activities	(335,668)	(30,904)
Cash flows from financing activities		
Issuance of capital stock for cash	978,018	-
Share issuance costs	(60,810)	-
Net cash provided by (used in) financing activities	917,208	-
Cash flows from investing activities		
Mineral property acquisition	(141,185)	-
Net cash provided by (used in) investing activities	(141,185)	-
Change in cash during the year	440,355	(30,904)
Cash, beginning of the year	68,604	99,508
Cash, end of the year	$ 508,959	$ 68,604

Supplemental disclosure with respect to cash flows (Note 10)

AURELIUS MINERALS INC. *(formerly Galena International Resources Ltd.)*
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)
Expressed in Canadian Dollars

	Share Capital				
	Number	**Amount**	**Reserves**	**Deficit**	**Total**
Balance, March 31, 2015	22,822,884	$ 4,288,473	$ 39,193	$ (4,234,681)	$ 92,985
Loss for the year	-	-	-	(32,688)	(32,688)
Balance, March 31, 2016	22,822,884	4,288,473	39,193	(4,267,369)	60,297
Issued for mineral properties (Note 8b)	2,500,000	222,500	-	-	222,500
Issued for private placements (Note 8b)	16,100,000	960,000	-	-	960,000
Issued for incentive stock option exercises (Note 8c)	277,200	18,018	-	-	18,018
Share issuance costs (Note 8b)	-	(60,810)	-	-	(60,810)
Share-based compensation (Note 8d)	-	-	77,642	-	77,642
Reserves transferred on cancelled options (Note 8c)	-	-	(16,359)	16,359	-
Loss for the year	-	-	-	(604,452)	(604,452)
Balance, March 31, 2017	41,700,084	$ 5,428,181	$ 100,476	$ (4,855,462)	$ 673,195

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

1. NATURE AND CONTINUANCE OF OPERATIONS

Aurelius Minerals Inc (formerly Galena International Resources Ltd.) (the "Company") is incorporated under the Business Corporations Act, British Columbia and is in the exploration stage with respect to mineral properties. During the year the Company changed its name from Galena International Resources Ltd.

The Company's head office and principal address is 1020 – 625 Howe Street, Vancouver, British Columbia, Canada, V6C 2T6. The Company's registered and records office is 2300 – 550 Burrard Street, Vancouver, British Columbia, Canada V6C 2B5.

These financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. A number of alternatives including, but not limited to completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These uncertainties may cast significant doubt on the entity's ability to continue as a going concern.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	2017	**2016**
Deficit	$ (4,855,462)	$ (4,267,369)
Working capital	$ 309,510	$ 60,297

2. BASIS OF PREPARATION

Statement of Compliance

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

Basis of Presentation

These financial statements have been prepared on a historical cost basis except for certain financial assets measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified.

2. BASIS OF PREPARATION *(continued)*

Use of Estimates

The preparation of financial statements in conformity with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

The most significant accounts that require estimates as the basis for determining the stated amounts include the valuation of share-based payments and recognition of deferred tax amounts.

Critical judgments exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Economic recoverability and probability of future economic benefits of exploration and evaluation assets

Management has determined that mineral costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessment of economic recoverability and probability of future economic benefits including geological and metallurgical information, history of conversion of mineral deposits to proven and probable reserves, scoping and feasibility studies, accessible facilities, existing permits and life of mine plan.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

Valuation of share-based payments

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

3. SIGNIFICANT ACCOUNTING POLICIES

Foreign exchange

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors indentified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in net income/(loss).

Financial instruments

<u>Financial assets</u>

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss. Cash is included in this category.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment. Receivables are included in this category.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

<u>Financial liabilities</u>

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities are included in this category.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments

The Company grants stock options to directors, officers, employees and/or consultants. The fair value of stock options is measured on the grant date, using the Black-Scholes option pricing model and is recognized over the vesting period of the related options. Consideration paid for the shares on the exercise of stock options is credited to share capital.

For vested options that have expired or were cancelled unexercised, the Company reverses the share-based payment reserve against deficit.

Mineral properties

The Company accounts for its mineral properties as exploration and evaluation assets in accordance with IFRS 6*, Exploration for and Evaluation of Mineral Resources*. The Company capitalizes mineral property acquisition costs, which include the cash consideration, option payments under an earn-in arrangement, and the fair value of common shares issued for mineral properties. The acquisition costs are deferred until the property is placed into production, sold or abandoned or determined to be impaired. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The Company expenses to operations all exploration and evaluation costs incurred prior to the determination of economically recoverable reserves. Exploration and evaluation expenditures relate to costs incurred for investigation and evaluation of potential mineral reserves and resources, including trenching, exploratory drilling, sampling, mapping, and other activities in searching for ore bodies under the properties, and evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration and evaluation expenditures, net of any recoveries, are recorded on a property by property basis.

Provision for environmental rehabilitation

The Company recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

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 the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense. The Company does not have any significant environmental rehabilitation provision.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of tangible and intangible assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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 the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting or taxable loss, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

FOR THE YEARS ENDED MARCH 31, 2017 and 2016 (Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New Standards not yet adopted

The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended, March 31, 2017:

IFRS 9, Financial Instruments:

This standard and its consequential amendments are to be adopted effective for reporting periods beginning on or after January 1, 2018. Among other matters, this standard will introduce new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortized cost or fair value. Because the Company is not exposed to significant financial instrument relating accounting processes, management has concluded that adopting this new standard will not have a significant effect on its financial reporting.

IFRS 16, Leases:

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. The Company does not anticipate any significant impact under the adoption of this standard.

4. RECEIVABLES

The Company's receivables are as follows:

	March 31, 2017	March 31, 2016
GST receivable	$ 26,986	$ 1,135
Total	**$ 26,986**	**$ 1,135**

FOR THE YEARS ENDED MARCH 31, 2017 and 2016 (Expressed in Canadian Dollars)

5. MINERAL PROPERTIES

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and to the best of its knowledge, title to all of its properties, except as described below are properly registered and in good standing.

The Company holds interests in various mineral claims located in Canada, the capitalized acquisition costs of which are as follows:

	March 31, 2017	March 31, 2016
Lipton Property, Ontario	$ 188,685	$ -
A 100% interest, subject to a 2.0% NSR. To acquire its interest, the Company must pay $1,000,000 ($10,000 paid to date) over a ten year period and issue 500,000 common shares (500,000 issued with an aggregate value of $72,500). Thereafter, to maintain the Option the Company must make annual cash payments totaling $90,000 by June 2020 and file a minimum of two years of assessment work, with the remaining $900,000 in annual cash payments payable between June 2021 and June 2026. The Company has the option to buy-back one-half of the NSR for $2,500,000. The Company incurred other costs related to staking additional claims in the amount of $106,185.		
Mikwam Property, Ontario	$ 175,000	$ -
On November 29, 2016, the Company entered into a Property Option Agreement ("Mikwam Option") with ALX Uranium Corp. ("ALX") to acquire a 100% interest in the Mikwam property ("Mikwam"). Pursuant to the Mikwam Option, the Company has the right to acquire a 100% interest in Mikwam (subject to certain royalty interests and encumbrances) by making aggregate cash and share payments to ALX over a period of three years as follows: $25,000 (paid) and the issuance of 2,000,000 (issued with an aggregate value of $150,000) on closing, $50,000 or, at the Company's election, issue 500,000 common shares on or before the first anniversary of the Mikwam Option, $75,000 or, at the Company's election, issue 750,000 common shares on or before the second anniversary of the Mikwam Option, $100,000 or, at the Company's election, issue 750,000 common shares on or before the third anniversary of the Mikwam Option. In addition, on closing of the acquisition of Mikwam, the Company will grant ALX a 0.5% net smelter returns royalty ("NSR Royalty"). The Company will have the right, at any time, to acquire the NSR Royalty from ALX in consideration of a cash payment of $1,000,000.		
Total Mineral Property:	**$ 363,685**	**$ -**

During the year ended March 31, 2017, the Company incurred exploration expenditures as follows:

	Lipton	Mikwam	Total
Geological	$ 39,931	$ 20,114	$ 60,045

FOR THE YEARS ENDED MARCH 31, 2017 and 2016 (Expressed in Canadian Dollars)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are as follows:

		March 31, 2017		March 31, 2016
Trade payables	$	167,071	$	1,942
Accrued liabilities		61,850		7,500
Total	**$**	**228,921**	**$**	**9,442**

7. RELATED PARTY TRANSACTIONS

Key Management Personnel

Key management personnel includes 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 consists of executive and non-executive members of the Company's Board of Directors and corporate officers, including the Company's Chief Executive Officer and Chief Financial Officer.

Compensation paid or payable to key management personnel for services rendered are as follows:

		Year ended March 31, 2017		Year ended March 31, 2016
Management fees	$	149,245	$	-
Stock based compensation		62,075		-
Total	**$**	**211,320**	**$**	**-**

Amounts paid or payable to companies with officers and/or directors in common are as follows:

		Year ended March 31, 2017		Year Ended March 31, 2016
Rent	$	7,200	$	-
Accounting, investor relations & office		20,204		-
Total	**$**	**27,404**	**$**	**-**

Included in accounts payable and accrued liabilities at March 31, 2017 is $30,932 (March 31, 2016 – Nil) due to companies controlled by officers and/or directors of the Company.

8. SHARE CAPITAL AND RESERVES

a) Authorized share capital

The authorized share capital of the Company is an unlimited number of common shares without par value. All issued shares are fully paid.

b) Issued share capital

During the year ended March 31, 2017 the Company issued:

- 2,950,000 units ("March Units") at a price of $0.10 per March Unit and 150,000 flow through shares (FT Shares) at price of $0.10 per FT Share, for gross proceeds of $310,000 as part of a non-brokered private placement (the "Private Placement"). Each March Unit consisted of one common share of the Company and one-half common share purchase warrant. Each full warrant entitles the holder to acquire one common share at an exercise price of $0.15 until March 23, 2019. The Company paid finders' fees totalling $8,700.

- 13,000,000 units ("July Units") at a price of $0.05 per Unit, for gross proceeds of $650,000 as part of a non-brokered private placement. Each July Unit consisted of one common share of the Company and one-whole common share purchase warrant. Each full warrant entitles the holder to acquire one common share at an exercise price of $0.10 until July 19, 2018. The Company paid finders' fees totalling $7,950 and share issuance costs amounted to $44,160.

- 500,000 common shares with an aggregate value of $72,500 to MNJA Holdings Inc., a company controlled by Mr. Ashcroft, President & CEO of the Company pursuant to the Lipton Property Option Agreement (Note 5).

- 277,200 common shares with an aggregate value of $18,018 pursuant to the exercise of incentive stock options.

- 2,000,000 common shares with an aggregate value of $150,000 pursuant to the Mikwam Property Option Agreement (Note 5).

There were no shares issued during the year ended March 31, 2016.

FOR THE YEARS ENDED MARCH 31, 2017 and 2016 (Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES *(continued)*

c) Stock options

The Company, in accordance with its shareholder approved stock option plan, is authorized to grant options to directors, officers, employees and/or consultants, to acquire up to 10% of the issued and outstanding common shares. The exercise price of each option equals the market price of the Company's stock as calculated on the date of grant. Options can be granted for a maximum term of ten years and vest on grant.

As at March 31, 2017, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

Number of Shares	Exercise Price	Expiry Date
600,000	$ 0.15	October 4, 2017
1,335,600	$0.065	June 24, 2021
1,935,600		

Stock option transactions are summarized as follows:

	March 31, 2017		March 31, 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	650,000	$ 0.15	650,000	$ 0.15
Granted	1,612,800	0.065	-	-
Exercised	(277,200)	0.065	-	-
Expired/cancelled	(50,000)	0.15	-	-
Balance, end of year	1,935,600	$ 0.09	650,000	$ 0.15
Options exercisable, end of year	1,935,600	$ 0.09	650,000	$ 0.15

FOR THE YEARS ENDED MARCH 31, 2017 and 2016 (Expressed in Canadian Dollars)

8. SHARE CAPITAL AND RESERVES *(continued)*

d) Options – Stock-based compensation

During the year ended March 31, 2017, the Company granted 1,612,800 (2016 – Nil) stock options with a fair value of $77,642 (2016 - $Nil) or $0.05 (2016 - $Nil) per option. All options vest immediately on grant.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the noted years:

	2017	**2016**
Risk-free interest rate	0.62%	-
Expected life of options	5.003	-
Annualized volatility	100.00%	-
Dividend rate	-	-
Weighted average FV	0.04814	-

e) Warrants

As at March 31, 2017 the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

Number of Warrants	**Exercise Price**	**Expiry Date**
13,000,000	$ 0.10	July 19, 2018
1,475,000	$0.15	March 23, 2019
14,475,000		

Share purchase warrant transactions were as follows:

	March 31, 2017		**March 31, 2016**	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	-	-	-	$ -
Granted	14,475,000	$ 0.10	-	-
Exercised	-	-	-	-
Expired/cancelled	-	-	-	-
Balance, end of year	**14,475,000**	**$ 0.10**	**-**	**$ -**
Warrants exercisable, end of year	**14,475,000**	**$ 0.10**	**-**	**$ -**

9. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the acquisition, exploration, and evaluation of mineral properties in Canada.

FOR THE YEARS ENDED MARCH 31, 2017 and 2016 (Expressed in Canadian Dollars)

10. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash investing and financing transactions during the year ended March 31, 2017 included the issuance of 500,000 common shares valued at $72,500 pursuant to the Lipton Property Option Agreement and 2,000,000 common shares valued at $150,000 pursuant to the Mikwam Property Option Agreement.

There were no significant non-cash transactions during the year ended March 31, 2016.

No cash was paid for income taxes or interest for the years presented.

11. INCOME TAXES

A reconciliation of current and deferred taxes at statutory rates with reported taxes follows:

		2017		2016
Income (loss) before income taxes	$	(604,452)	$	(32,688)
Income tax (recovery)expense	$	(157,000)	$	(8,000)
Changes in statutory tax rates and other		-		-
Permanent differences		20,000		-
Changes in unrecognized deductible temporary differences		154,000		(19,000)
Changes in other		(17,000)		27,000
Income tax (expense) recovery	$	-	$	-

The unrecognized deductible temporary differences, unused tax losses and unused tax credits are as follows:

		2017	expiry dates		2016
Equipment	$	4,000	no expiry date	$	4,000
Mineral properties		61,000	not applicable		-
Allowable capital losses		804,000	no expiry date		804,000
Non-capital losses available for future periods		2,581,0000	2018 to 2037		2,128,000
Other		49,000	2042		-

Tax attributes are subject to review and potential adjustment by tax authorities.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of cash is measured based on level 1 of the fair value hierarchy. The fair values of receivables and accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

The Company is exposed to a variety of financial risks by virtue of its activities, including credit risk, interest rate risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance. Risk management is carried out by management under the direction and guidance of the Board of Directors. Management is responsible for establishing controls and procedures to ensure that financial risks are mitigated to acceptable levels.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Credit risk - Credit risk is the risk of a financial loss to the Company if a counter-party to a financial instrument fails to meet its contractual obligation. The Company's receivables consist primarily of tax receivables due from federal and provincial government agencies. The Company does not have a significant concentration of credit risk with any single counter-party. The Company's cash is invested in interest bearing accounts at major Canadian chartered banks. Because of these circumstances, the Company does not believe it has a material exposure to credit risk.

Interest rate risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Financial assets and liabilities with variable interest rates expose the Company to cash flow interest rate risk. The risk that the Company will realize a loss in cash is limited because the Company's deposits are redeemable on demand.

Liquidity risk - Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances, asset sales or a combination thereof. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Price risk - The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

13. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as equity, consisting of common shares, stock options and warrants.

The Company is dependent upon external financings to fund activities. In order to carry out any exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

14. SUBSEQUENT EVENTS

a) On April 6, 2017, the Company closed the second tranche of its non-brokered private placement for total gross proceeds of $433,000 from the sale of 2,730,000 common share units at a price of $0.10 and 1,600,000 flow-through shares at a price of $0.10 per share.

   Each common share unit consisted of one common share of the Company and one-half of one common share warrant, with each whole warrant entitling the holder thereof to acquire one common share at a price $0.15 per common share for a period of twenty-four months from closing.

   The Company paid a finders' fees totalling $10,830.

b) On May 1, 2017, the Company closed the final tranche of its non-brokered private placement for total gross proceeds of $480,000 from the sale of 1,550,000 common share units at a price of $0.10 and 3,250,000 flow-through units at a price of $0.10 per share.

   Each common share unit consisted of one common share of the Company and one-half of one common share warrant, with each whole warrant entitling the holder thereof to acquire one common share at a price $0.15 per common share for a period of twenty-four months from closing.

   Each flow through unit consisted of one flow-through common share of the Company and one-half of one common share warrant, with each whole warrant entitling the holder thereof to acquire one non flow-through common share at a price $0.15 per common share for a period of twenty-four months from closing.

   The Company paid a finders' fees totalling $4,500.

c) On July 5, 2017, the Company granted 2,900,000 incentive stock options exercisable at price of $0.12 per share for a period of five years.