# AURELIUS MINERALS INC.

## FINANCIAL STATEMENTS

## FOR THE THREE AND SIX MONTH PERIODS ENDED SEPTEMBER 30, 2018 AND 2017

**(Unaudited)**

**(presented in Canadian dollars unless otherwise noted)**

**NOTICE TO READER OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

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

The accompanying unaudited interim consolidated financial statements of Aurelius Minerals Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

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

## STATEMENTS OF FINANCIAL POSITION

| As at<br>(unaudited, in Canadian dollars) | Note | September 30<br>2018<br>$ | March 31<br>2018<br>$ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current** | | | |
| Cash and cash equivalents | | **1,223,606** | 2,442,365 |
| Receivables | 4 | **174,931** | 146,917 |
| Prepaid expenses | | **28,991** | 17,500 |
| | | **1,427,528** | 2,606,782 |
| **Property and equipment** | 5 | **13,611** | - |
| **Mineral properties** | 6 | **441,185** | 421,185 |
| **Total Assets** | | **1,882,324** | 3,027,967 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | |
| **Current liabilities** | | | |
| Accounts payable and accrued liabilities | 7 | **938,927** | 343,909 |
| Flow-through premium liability | 9 | **15,192** | 118,635 |
| **Total Liabilities** | | **954,119** | 462,544 |
| **Shareholders' equity** | | | |
| Share capital | 9 | **8,845,438** | 8,845,438 |
| Reserves | 9 | **438,782** | 438,782 |
| Deficit | | **(8,356,015)** | (6,718,797) |
| **Total Shareholders’ Equity** | | **928,205** | 2,565,423 |
| **Total Liabilities and Shareholders’ Equity** | | **1,882,324** | 3,027,967 |

Nature and continuance of operations (Note 1), Contingencies (Note 11), Commitments (Note 12) and Subsequent event (Note 15).

*Approved and authorized on behalf of the Board of Directors:*

*“Mark NJ Ashcroft”*
Mark NJ Ashcroft, Director

## STATEMENTS OF LOSS AND COMPREHENSIVE INCOME (LOSS)

| (unaudited, in Canadian dollars) | Note | **Three Month Period Ended September 30 2018 $** | Three Month Period Ended September 30 2017 $ | **Six Month Period Ended September 30 2018 $** | Six Month Period Ended September 30 2017 $ |
|---|---|---|---|---|---|
| **EXPENSES** | | | | | |
| Exploration | 6 | **821,412** | 514,287 | **936,988** | 552,292 |
| Business development | | **353,455** | - | **418,052** | - |
| Salaries and management fees | 8 | **86,028** | 59,642 | **186,495** | 107,393 |
| Director fees | | **27,500** | - | **55,000** | - |
| Investor relations | | **47,579** | 24,801 | **93,201** | 45,743 |
| Regulatory and transfer agent fees | | **3,838** | 3,456 | **5,051** | 9,783 |
| Legal, audit and accounting | | **10,218** | 4,935 | **15,239** | 8,878 |
| Office and miscellaneous | 8 | **5,997** | 3,458 | **14,227** | 8,167 |
| Rent | 8 | **-** | 200 | **-** | 7,572 |
| Travel | | **8,245** | 6,255 | **17,963** | 8,232 |
| Share-based payment | | **-** | 163,578 | **-** | 163,578 |
| **Loss before other income (expenses)** | | **(1,364,272)** | (780,612) | **(1,742,216)** | (911,638) |
| **OTHER INCOME (EXPENSES)** | | | | | |
| Interest income | | **5,884** | - | **12,284** | - |
| Recognition of flow-through premium liability | 9 | **91,526** | - | **103,443** | - |
| Part XII.6 tax expense | 9 | **(9,893)** | - | **(9,893)** | - |
| Foreign currency gain (loss) | | **(839)** | - | **(836)** | - |
| **Total other income (expenses)** | | **86,678** | - | **104,998** | - |
| **Loss and comprehensive loss for the period** | | **(1,277,594)** | (780,612) | **(1,637,218)** | (911,638) |
| **Basic and diluted loss per common share** | | **(0.01)** | (0.02) | **(0.02)** | (0.02) |
| **Weighted average number of common shares outstanding** | | **88,464,518** | 50,721,811 | **70,084,238** | 49,899,122 |

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

## STATEMENTS OF CASH FLOWS

| **For the six month periods ended September 30**<br>(unaudited, in Canadian dollars) | **2018**<br>**$** | 2017<br>$ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Income (loss) for the period | **(1,637,218)** | (911,638) |
| Items not involving cash: | | |
| Recognition of flow-through premium liability | **(103,443)** | - |
| Share-based payment | **-** | 163,578 |
| Changes in non-cash working capital items: | | |
| (Increase) decrease in receivables | **(24,955)** | 20,693 |
| (Increase) decrease in accrued interest receivable | **(3,059)** | - |
| (Increase) decrease in prepaid expenses | **(11,491)** | - |
| Increase (decrease) in accounts payable and accrued liabilities | **595,018** | (176,586) |
| Net cash provided by (used in) operating activities | **(1,185,148)** | (903,953) |
| **Cash flows from financing activities** | | |
| Issuance of capital stock for cash | **-** | 914,365 |
| Share issuance costs | **-** | (18,330) |
| Net cash provided by (used in) financing activities | **-** | 896,035 |
| **Cash flows from investing activities** | | |
| Property and equipment acquisitions | **(13,611)** | - |
| Mineral property acquisitions | **(20,000)** | (20,000) |
| Net cash provided by (used in) investing activities | **(33,611)** | (20,000) |
| **Change in cash during the period** | **(1,218,759)** | (27,918) |
| **Cash, beginning of the period** | **2,442,365** | 508,959 |
| **Cash, end of the period** | **1,223,606** | 481,041 |

Supplemental disclosure with respect to cash flows (Note 13).

## STATEMENTS OF CHANGES IN EQUITY

| (unaudited, in Canadian dollars) | # | Share Capital $ | Reserves $ | Deficit $ | Total $ |
|---|---|---|---|---|---|
| **Balance, March 31, 2017** | **41,700,084** | **5,428,181** | **100,476** | **(4,855,462)** | **673,195** |
| Issued for private placements (Note 9b) | 9,130,000 | 913,000 | - | - | 913,000 |
| Share issuance costs (Note 9b) | - | (18,330) | - | - | (18,330) |
| Issued for stock option exercises (Note 9c) | 21,000 | 2,376 | (1,011) | - | 1,365 |
| Share-based compensation (Note 9c) | - | - | 163,578 | - | 163,578 |
| Loss for the period | - | - | - | (911,638) | (911,638) |
| **Balance, September 30, 2017** | **50,851,084** | **6,325,227** | **263,043** | **(5,767,100)** | **821,170** |
| Issued for mineral properties (Note 9b) | 500,000 | 37,500 | - | - | 37,500 |
| Issued for private placements (Note 9b) | 37,280,478 | 3,153,243 | - | - | 3,153,243 |
| Share issuance costs (Note 9b) | - | (316,250) | - | - | (316,250) |
| Warrant extension (Note 9b, 9e) | - | (6,337) | - | - | (6,337) |
| Agent warrants (Note 9b, 9e) | - | (179,516) | 179,516 | - | - |
| Flow-through premium liability (Note 9b) | - | (170,805) | - | - | (170,805) |
| Issued for stock option exercises (Note 9c) | 21,000 | 2,376 | (1,011) | - | 1,365 |
| Share-based compensation (Note 9c) | - | - | 33,412 | - | 33,412 |
| Reserves transferred on expired options (Note 9c) | - | - | (36,178) | 36,178 | - |
| Loss for the period | - | - | - | (987,875) | (987,875) |
| **Balance, March 31, 2018** | **88,652,562** | **8,845,438** | **438,782** | **(6,718,797)** | **2,565,423** |
| Loss for the period | - | - | - | (1,637,218) | (1,637,218) |
| **Balance, September 30, 2018** | **88,652,562** | **8,845,438** | **438,782** | **(8,356,015)** | **928,205** |

## 1. NATURE AND CONTINUANCE OF OPERATIONS

Aurelius Minerals Inc. ("Aurelius" or the "Company") was incorporated on April 5, 2007 under the Business Corporations Act, British Columbia and is in the exploration stage with respect to mineral properties. Aurelius holds its Mikwam and Lipton gold exploration properties within the northern Abitibi Gold belt in Ontario, Canada. 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 2500 – 700 West Georgia Street, Vancouver, British Columbia, Canada, V7Y 1B3. The shares of the Company are traded on the TSX Venture Exchange ("TSX-V") under the symbol AUL.

The Company is subject to risks and challenges similar to other companies in a comparable stage of exploration. These risks include, but are not limited to, continuing losses, dependence on key individuals and the ability to secure adequate financing to meet minimum capital required to successfully complete its commitments and continue as a going concern.

In December 2017, the Company completed a brokered private placement co-lead by Sprott Capital Partners L.P. and Clarus Securities Inc. for total gross proceeds of $3,153,243 from the sale of 20,200,000 common share units at a price of $0.08 per and 17,080,478 flow-through share units at a price of $0.09 per flow-through share unit. The proceeds are being used as planned.

For the six month period ended September 30, 2018, the Company reported a net loss of $1,637,218 (2017 – $911,638), a deficit of $8,356,015 (March 31, 2018 – $6,718,797) and working capital of $488,601 (March 31, 2018 – $2,262,873) at that date. The Company's future is currently dependent upon its ability to obtain sufficient cash from external financing in order to meet its obligations and fund its ongoing exploration work at its Mikwam and Lipton properties.

These financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, 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. 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.

These 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. Such adjustments could be material.

## 2. BASIS OF PREPARATION

### Statement of Compliance

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"), on a basis consistent with accounting policies disclosed in the audited financial statements for the fiscal year ended March 31, 2018, and should be read in conjunction with the most recently issued audited financial statements, which include information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting

**For the three and six month periods ended September 30, 2018 and 2017** (Unaudited, expressed in Canadian dollars)

## 2. BASIS OF PREPARATION *(continued)*

policies which were presented in Note 3 to the Financial Statements for the fiscal year ended March 31, 2018 have been consistently applied in the preparation of the Company's interim financial statements.

The Company's Board of Directors approved these financial statements on November 27, 2018.

## 3. CASH AND CASH EQUIVALENTS

| | **September 30 2018 $** | March 31 2018 $ |
|---|---|---|
| Cash | **473,606** | 442,365 |
| GIC (fully redeemable) | **750,000** | 2,000,000 |
| | **1,223,606** | 2,442,365 |

## 4. RECEIVABLES

| | **September 30 2018 $** | March 31 2018 $ |
|---|---|---|
| Input sales tax recoverable | **168,487** | 143,532 |
| Interest receivable | **6,444** | 3,385 |
| | **174,931** | 146,917 |

## 5. PROPERTY AND EQUIPMENT

Aurelius opened a Toronto office in September 2018 and acquired furniture and equipment for the operation of the office throughout September in the amount of $13,611. Depreciation of the furniture and equipment will commence in October 2018.

Property and equipment are stated at cost, less accumulated depreciation and amortization and any impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statement of income or loss during the period in which they are incurred.

Property and equipment will be depreciated using the straight-line method over their estimated useful lives.

The assets' residual values, method of depreciation and useful lives, are reviewed annually and modified if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in the consolidated statements of income or loss.

**For the three and six month periods ended September 30, 2018 and 2017** (Unaudited, expressed in Canadian dollars)

## 6. 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 capitalizes mineral acquisition costs only, which include the cash consideration, earn-in or option agreement payments and the fair value of common shares issued for mineral properties.

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

| | September 30, 2018 | March 31, 2018 |
|---|---|---|
| **Mikwam Property, Ontario** | $ 212,500 | $ 212,500 |

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 (issued November 22, 2017 with an aggregate value of $37,500) on 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 (see subsequent event Note 15). 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.

| | | |
|---|---|---|
| **Lipton Property, Ontario** | $ 228,685 | $ 208,685 |

A 100% interest, subject to a 2.0% NSR. To acquire its interest, the Company must pay $1,000,000 over a ten-year period and issue 500,000 common shares (500,000 issued with an aggregate value of $72,500). To date, the Company has paid $50,000 (initial payment of $10,000 was made August 22, 2016 and $20,000 on each one-year anniversary) and must pay the remaining balance of $50,000 in annual cash payments 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.

| | | |
|---|---|---|
| **Total mineral properties** | **$ 441,185** | **$ 421,185** |

**For the three and six month periods ended September 30, 2018 and 2017** (Unaudited, expressed in Canadian dollars)

## 6. MINERAL PROPERTIES *(continued)*

During the six month periods ended September 30, 2018 and 2017, the Company incurred exploration expenditures, which are expensed to the statement of loss and comprehensive loss, as follows:

| | **Mikwam** **$** | **Lipton** **$** | **Total** **$** |
|---|---|---|---|
| Geological and Geophysics | 5,449 | 178,199 | 183,648 |
| Field Sampling | - | 4,206 | 4,206 |
| Drilling | - | 364,438 | 364,438 |
| **Period ended September 30, 2017** | **5,449** | **546,843** | **552,292** |
| Land and claim management | 3,000 | 3,000 | 6,000 |
| Geological and Geophysics | 110,500 | 7,200 | 117,700 |
| Field Sampling | 51,621 | - | 51,621 |
| Drilling | 761,667 | - | 761,667 |
| **Period ended September 30, 2018** | **926,788** | **10,200** | **936,988** |

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | **September 30 2018 $** | March 31 2018 $ |
|---|---|---|
| Trade payables | **788,174** | 122,257 |
| Accrued liabilities | **150,753** | 221,652 |
| | **938,927** | 343,909 |

## 8. RELATED PARTY TRANSACTIONS

*Key Management Personnel*

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 consists of executive and non-executive members of the Company's Board of Directors and corporate officers.

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

| | **Three month period ended September 30 2018 $** | Three month period ended September 30 2017 $ | **Six month period ended September 30 2018 $** | Six month period ended September 30 2017 $ |
|---|---|---|---|---|
| Salaries and fees | **151,000** | 54,500 | **302,000** | 96,500 |
| Short-term employment benefits | **1,500** | 1,500 | **3,000** | 3,000 |
| Share-based payment | **-** | 138,195 | **-** | 138,195 |
| | **152,500** | 194,195 | **305,000** | 237,695 |

In accordance with *IAS 24, Related Party Disclosures*, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or

**For the three and six month periods ended September 30, 2018 and 2017** (Unaudited, expressed in Canadian dollars)

## 8. RELATED PARTY TRANSACTIONS *(continued)*

indirectly, including any directors (executive and non-executive). The remuneration of directors and key executives is determined by the Board of Directors having regard to the performance of individuals and market trends.

The Company has related parties which consist of any companies its directors and officers have in common and incurred the following related party expenditures during the periods ended September 30, 2018 and 2017.

| | **Three month period ended September 30 2018 $** | Three month period ended September 30 2017 $ | **Six month period ended September 30 2018 $** | Six month period ended September 30 2017 $ |
|---|---|---|---|---|
| Rent | **-** | 2,400 | **-** | 4,800 |
| Accounting, investor relations & office | **397** | 1,931 | **1,744** | 6,935 |
| | **397** | 4,331 | **1,744** | 11,735 |

Included in accounts payable and accrued liabilities at September 30, 2018 is $71,193 (March 31, 2018 – $117,152) due to companies controlled by officers and/or directors of the Company.

## 9. 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

There were no share capital issuances during the six month period ended September 30, 2018.

Pursuant to qualifying flow-through expenditures incurred during the six month period ended September 30, 2018, the flow-through premium liability (discussed below) was reduced by $103,443 to $15,192 and recorded in income in the statement of loss and comprehensive loss. The Company accrued a Part XII.6 tax liability of $9,893, calculated at the legislated interest rate and accrues on the unexpended amounts relating to qualifying flow-through expenditures incurred in the calendar year following the year of renunciation. The Company expects to incur the total $1,537,243 of qualifying CEE by December 31, 2018.

During the year ended March 31, 2018 the Company issued:

- On March 22, 2018, the TSX-V approved the Company's request to extend the expiry date of 13,000,000 common share purchase warrants of the Company, issued pursuant to a private placement transaction on July 19, 2016 (the "2016 Warrants"), from July 19, 2018 to July 19, 2020. All other terms of the 2016 Warrants remain the same. Each 2016 Warrant entitles the holder to purchase one common share of the Company at an exercise price of $0.10. The Company incurred costs of $6,337 in relation to the extension.

**9. SHARE CAPITAL AND RESERVES** *(continued)*

- 20,200,000 common share units ("December Units") at a price of $0.08 per December Unit and 17,080,478 flow-through share units ("December FT Units") at a price of $0.09 per FT Unit for total gross proceeds of $3,153,243, collectively the "Offering", as part of a brokered private placement co-lead by Sprott Capital Partners L.P. and Clarus Securities Inc. (the "Agents"). Each December Unit consists of one common share of the Company and one common share warrant ("Warrant"). Each December FT Unit consists of one flow-through share of the Company and one Warrant. Each Warrant entitles the holder thereof to acquire one common share at an exercise price of $0.16 for a period of five years following the closing of the Offering.

  The subscription agreement for the December FT Units requires Aurelius to incur $1,537,243 of qualifying CEE and renounce the CEE to the December FT Unit shareholders with an effective date of December 31, 2018. At the time of issuance, the excess price per unit of the December FT Units over the fair value price per unit of the non flow-through December Units resulted in a $0.01 per unit premium. The premium resulted in the recording of a flow-through premium liability of $170,805 and reduction of share capital by the same amount on the statement of financial position. As at March 31, 2018, the flow-through premium liability was $118,635. Pursuant to qualifying flow-through expenditures incurred during the period, the flow-through premium liability was reduced by $52,170 and recorded in income in the statement of loss and comprehensive loss.

  Transaction costs relating to the Offering amounted to $495,766, consisting of cash costs of $316,250, which includes an arm's length finder aggregate cash commission totaling $157,662, and non-cash costs of $179,516 relating to the fair value attributed to 2,982,438 non-transferable warrants issued as additional compensation to the Agents. Each Agent warrant can be exercised to acquire one December Unit at a price of $0.08 for a period of five years. The fair value attributed to the Agent warrants was determined using the Black-Scholes valuation model using the following assumptions: Risk free interest rate of 1.86%, expected life of five years, and volatility rate of 133.87%.

- 500,000 common shares with an aggregate value of $37,500 pursuant to the Mikwam Option (Note 6).

- 42,000 common shares with an aggregate value of $2,730 pursuant to the exercise of incentive stock options.

- 1,550,000 common share units ("May Units") at a price of $0.10 per April Unit and 3,250,000 flow through units ("May FT Units") at price of $0.10 per May FT Unit, for gross proceeds of $480,000 as part of a non-brokered private placement (the "Private Placement"). Each May Unit and May FT 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 May 1, 2019. The Company paid finders' fees totalling $7,500.

- 2,730,000 units ("April Units") at a price of $0.10 per April Unit and 1,600,000 flow through shares ("April FT Shares") at price of $0.10 per April FT Share, for gross proceeds of $433,000 as part of a non-brokered private placement (the "Private Placement"). Each April 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 April 5, 2019. The Company paid finders' fees totalling $10,830.

**For the three and six month periods ended September 30, 2018 and 2017** (Unaudited, expressed in Canadian dollars)

## 9. 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 immediately upon grant.

As at September 30, 2018, the Company had outstanding stock options, enabling the holders to acquire further common shares as follows:

| Number of Shares | Exercise Price | Expiry Date |
|---:|---|---|
| 1,293,600 | $ 0.065 | June 24, 2021 |
| 2,900,000 | $ 0.120 | July 5, 2022 |
| 715,200 | $ 0.080 | March 5, 2023 |
| **4,908,800** | | |

Stock option transactions are summarized as follows:

| | **September 30, 2018** | | March 31, 2018 | |
|---|---:|---:|---:|---:|
| | **Options Outstanding #** | **Weighted Average Exercise Price $** | Options Outstanding # | Weighted Average Exercise Price $ |
| **Balance, beginning of period** | **4,908,800** | **0.10** | 1,935,600 | 0.09 |
| Granted | - | - | 3,615,200 | 0.08 |
| Exercised | - | - | (42,000) | 0.065 |
| Expired/cancelled | - | - | (600,000) | 0.15 |
| **Balance, end of period** | **4,908,800** | **0.10** | 4,908,800 | 0.10 |
| **Options exercisable, end of period** | **4,908,800** | **0.10** | 4,908,800 | 0.10 |

d) Options – Share-based compensation

The were no share-based compensation transactions during the six month period ended September 30, 2018. During the year ended March 31, 2018, the Company granted 3,615,200 stock options with a fair value of $196,990 or $0.05 per option, 42,000 options were exercised and 600,000 expired which resulted the reversal of share-based payment reserve in contributed surplus against the deficit of $36,178. The weighted-average assumptions used for the Black-Scholes valuation of stock options granted during the year ended March 31, 2018 were risk-free interest rate of 1.53%; expected life of options of 5.003 and annualized volatility of 127.72%

**For the three and six month periods ended September 30, 2018 and 2017** (Unaudited, expressed in Canadian dollars)

## 9. SHARE CAPITAL AND RESERVES *(continued)*

e) Warrants

As at September 30, 2018, the Company had outstanding share purchase warrants, enabling the holders to acquire further shares as follows:

| Number of Warrants | Exercise Price | Expiry Date |
|---:|:---:|---|
| 1,475,000 | $0.15 | March 23, 2019 |
| 1,365,000 | $0.15 | April 5, 2019 |
| 2,400,000 | $0.15 | May 1, 2019 |
| 13,000,000 | $0.10 | July 19, 2020[(1)] |
| 37,280,478 | $0.16 | December 21, 2022 |
| 2,982,438[(2)] | $0.08 | December 21, 2022 |
| **58,502,916** | | |

[(1)] *Expiry date was extended from July 19, 2018 to July 19, 2020.*
[(2)] *Each agent warrant is exercisable to acquire one December Unit at a price of $0.08 per unit for a period of five years.*

Share purchase warrant transactions were as follows:

| | **September 30, 2018** | | March 31, 2018 | |
|---|---:|---:|---:|---:|
| | **Options Outstanding #** | **Weighted Average Exercise Price $** | Options Outstanding # | Weighted Average Exercise Price $ |
| **Balance, beginning of period** | **58,205,916** | **0.14** | 14,475,000 | 0.10 |
| Granted | **-** | **-** | 44,027,916 | 0.15 |
| **Balance, end of period** | **58,205,916** | **0.14** | 58,502,916 | 0.14 |
| **Warrants exercisable, end of period** | **58,502,916** | **0.14** | 58,502,916 | 0.14 |

## 10. SEGMENTED INFORMATION

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

## 11. CONTINGENCIES

The Company may be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial position or future results of the Company.

**For the three and six month periods ended September 30, 2018 and 2017** (Unaudited, expressed in Canadian dollars)

## 12. COMMITMENTS

The Company opened an office in Toronto during September 2018. The sublease is for a period of two years and 8 months. Rent payments commenced subsequent to the end of the period in October 2018.

The following table summarizes the Company's future payment commitments.

| Periods ending March 31 | 2019<br>$ | 2020<br>$ | 2021<br>$ | 2022<br>$ |
|---|---|---|---|---|
| Office | 75,201 | 128,919 | 128,919 | 10,743 |

## 13. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

There were no significant non-cash transactions during the six month periods ended September 30, 2018 and 2017.

Interest of $9,225 was received during the six month period ended September 30, 2018 relating to the Company's GIC. There were no cash inflows or outflows relating to income taxes during the six month periods ended September 30, 2018 and 2017.

## 14. FINANCIAL INSTRUMENTS

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The Company's financial instruments consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities. Cash and cash equivalents are measured at fair value based on Level 1 of the fair value hierarchy. The fair values of receivables and accounts payable and accrued liabilities approximate their book carrying values because of the short-term nature of these instruments.

## 15. SUBSEQUENT EVENT

Subsequent to the end of the period, the Company exercised its option in full and acquired 100% of the Mikwam Property. The Company elected to issue an aggregate of 1,500,000 common shares to ALX on or before November 29, 2018, representing the cash or share payments due on or before the second and third anniversaries (see Note 6).