CANADIAN ENERGY MATERIALS CORP.
(formerly Canadian International Minerals Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended December 31, 2018

(Expressed in Canadian Dollars)

<u>(Unaudited – Prepared by Management)</u>

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

In accordance with National Instrument 51-102 of the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the nine months ended December 31, 2018. These financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company.

CANADIAN ENERGY MATERIALS CORP.
(formerly Canadian International Minerals Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and March 31, 2018
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	December 31, 2018	March 31, 2018	April 1, 2017 Restated – Note 3
ASSETS			
Current			
Cash	$ 451,308	$ 781,788	$ 2,320
Amount receivable	78,504	11,251	3,623
Prepaid expenses and deposit (Note 10)	44,877	83,391	2,165
	574,689	876,430	8,108
Exploration and evaluation assets (Note 7)	1,941,195	-	111,500
Equipment	7,771	566	759
	$ 2,523,655	$ 876,996	$ 120,367
LIABILITIES			
Current			
Accounts payable and accrued liabilities (Note 10)	$ 121,779	$ 203,249	$ 198,398
Loans payable (Note 8)	310	13,400	-
Premium on flow-through shares (Note 9)	93,750	-	-
	215,839	216,649	198,398
SHAREHOLDERS' EQUITY			
Share capital (Note 9)	14,058,014	11,604,542	10,809,272
Share subscriptions (receivable) (Note 9)	15,000	(24,000)	5,000
Reserves (Note 9)	3,254,213	3,238,017	2,778,812
Deficit	(15,019,411)	(14,158,212)	(13,671,115)
	2,307,816	660,347	(78,031)
	$ 2,523,655	$ 876,996	$ 120,367

Going concern (Note 2)
Commitments (Notes 7, 9 and 13)

APPROVED ON BEHALF OF THE BOARD:

"Michael Schuss"	Director	*"Geoff Balderson"*	Director
Michael Schuss		Geoff Balderson	

CANADIAN ENERGY MATERIALS CORP.
(formerly Canadian International Minerals Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For three and nine months ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Administrative expenses				
Bank charges and interest	$ 3,246	$ 34	$ 6,598	$ 114
Consulting fees (Note 10)	38,000	49,000	123,248	53,500
Depreciation	594	48	1,238	144
Management fees (Note 10)	7,000	-	31,500	6,700
Office and general	10,430	1,666	31,269	2,858
General exploration costs	406,833	-	543,209	2,000
Professional fees (Note 10)	12,836	3,230	33,370	10,330
Rent	3,000	-	9,000	-
Shareholder communications	45,478	89	45,478	3,950
Transfer agent and filing fees	11,794	11,525	19,495	15,909
Travel and entertainment	7,793	-	16,794	-
	(547,004)	(65,592)	(861,199)	(95,505)
Other item:				
Gain on settlement of debt	-	-	-	1,370
Net loss and comprehensive loss for the period	$ (547,004)	$ (65,592)	$ (861,199)	$ (94,135)
Basic and diluted loss per share	$ (0.05)	$ (0.02)	$ (0.09)	$ (0.03)
Weighted average number of common shares outstanding	10,978,976	2,818,987	9,808,868	2,758,435

CANADIAN ENERGY MATERIALS CORP.
(formerly Canadian International Minerals Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Number of Shares	Capital Stock	Share Subscriptions	Reserves	Deficit	Total Shareholders' Equity
Balance, March 31, 2017	2,698,117	$ 10,809,272	$ 5,000	$ 2,778,812	$ (13,562,748)	$ 30,336
Subscriptions received	-		64,400	-	-	64,400
Share issuances						
Private placement $0.40	67,500	14,438	(27,000)	12,562	-	-
Private placement $0.20	2,455,000	491,000	-	-	-	491,000
Share issue cost	-	(20,485)	-	-	-	(20,485)
Agent's warrants	-	(22,109)	-	22,109	-	-
Comprehensive loss for the period	-	-		-	(94,135)	(94,135)
Balance, December 31, 2017	5,220,617	$ 11,272,116	$ 42,400	$ 2,813,483	$ (13,656,883)	$ 471,116
Balance, March 31, 2018	9,220,617	$ 11,604,542	$ (24,000)	$ 3,238,017	$ (14,158,212)	$ 660,347
Subscription received	-	-	24,000	-	-	24,000
Share issuances						
Private placement $0.15	2,142,733	321,410	-	-	-	321,410
Private placement $0.20	1,150,000	230,000	-	-	-	230,000
Private placement $0.20	725,000	145,000	-	-	-	145,000
Reallocation of premium on flow-through	-	(93,750)	-	-	-	(93,750)
Share issue cost	-	(32,992)	-	-	-	(32,992)
Agent's warrants	-	(16,196)	-	16,196	-	-
Subscription received	-	-	15,000	-	-	15,000
Shares issued pursuant to agreement	12,000,000	1,800,000	-	-	-	1,800,000
Finders fees	666,666	100,000	-	-	-	100,000
Net loss and comprehensive loss for the period	-	-		-	(861,199)	(861,199)
Balance, December 31, 2018	25,905,016	$ 14,018,014	$ 15,000	$ 3,254,213	$ (15,019,411)	$ 2,307,816

CANADIAN ENERGY MATERIALS CORP.
(formerly Canadian International Minerals Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended December 31, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	Nine months ended December 31, 2018	Nine months ended December 31, 2017
Operating Activities		
Net loss for the period	$ (861,199)	$ (94,135)
Items not affecting cash:		
Depreciation	1,238	145
Gain on settlement of accounts payable	-	(1,370)
	(859,961)	(95,360)
Changes in non-cash working capital items related to operations:		
Amount receivables	(67,253)	(3,724)
Prepaid expenses and deposit	38,514	(2,502)
Accounts payable and accrued liabilities	(81,470)	39,423
Cash used in operating activities	(970,170)	(62,163)
Financing Activities		
Shares issued for cash	696,410	518,000
Share issue costs	(32,992)	(20,485)
Share subscriptions	39,000	37,400
Loans payable	(13,090)	36,400
Cash provided by Financing Activities	689,328	571,315
Investing Activities		
Exploration and evaluation assets	(41,195)	-
Equipment	(8,443)	-
Cash (used in) provided by Investing Activities	(49,638)	-
Increase (decrease) in cash during the period	(330,480)	509,152
Cash, beginning of period	781,788	2,320
Cash, end of the period	$ 451,308	$ 511,472
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period:		
Interest	$ -	$ -
Income taxes	$ -	$ -

1. CORPORATE INFORMATION

The Company was incorporated on March 2, 2006 in British Columbia. The head office, principal address and records office of the Company are located at 750 - 1095 W Pender Street, Vancouver, British Columbia, Canada, V6E 2M6. The Company's registered address is at the same address.

The Company is in the process of acquiring and exploring its resource properties and has not yet determined whether these properties contain mineral reserves that are economically recoverable. The Company is listed on the TSX Venture Exchange ("TSX V") under the symbol "CIN". On April 12, 2018, the Company changed its name to Canadian Energy Materials Corp. and its trading symbol to "CHEM".

2. BASIS OF PREPARATION

(a) Statement of Compliance

This condensed interim consolidated financial information for the nine months ended December 31, 2018 have been prepared in accordance with IAS 34 "Interim financial reporting". The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended March 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on February 28, 2019.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, as explained in the accounting policies set out in Note 3. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(c) Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At December 31, 2018, the Company has not achieved profitable operations, has accumulated losses of $15,019,411 since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of the audited financial statements as March 31, 2018. The accompanying unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2018:

Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary CIN Energy Materials Inc. The results of the subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

CIN Energy Materials Inc. was acquired on December 21, 2018 and all material intercompany transactions and balances have been eliminated on consolidation.

Accounting Standard and Amendments adopted in the current period

Adoption of IFRS 15, revenue from contracts with customers and IFRS 9, financial instruments classification and measurement have no impact to the Company.

Accounting Standards and Amendments Issued But Not Yet Effective

The following new standard and interpretations are not yet effective and have not been applied in preparing these financial statements. The Company is currently evaluating the potential impacts of these new standards.

IFRS 16 *Leases* replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a services contract on the basis of whether the customer controls the assets begin leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that have also adopted IFRS 15. The Company believes the adoption of this standard will not have a material effect on the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS – (cont'd)

Critical judgments in applying accounting policies

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are discussed below:

Exploration and Evaluation Expenditure and Impairment

The application of the Company's accounting policy for exploration and evaluation expenditures and impairment of the capitalized expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an expenditure is capitalized, information becomes available suggesting that the recovery of the expenditure is unlikely, the amount capitalized is written off in profit or loss in the year the new information becomes available.

Going Concern

The assessment of the Company's ability to continue as a going concern require significant judgement. See Note 2(c).

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Key sources of estimation uncertainty:

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in material adjustments to the financial statements.

Valuation of equity units issued in private placements

The Company has adopted a pro rata method with respect to the measurement of shares and warrants issued as private placement units. The pro rata method required each component to be valued at fair value and an allocation of the total proceeds received based on the pro rata relative values of the components. The fair value of the common shares is based on the closing quoted bid price on the announcement date and the fair value of the common share purchase warrants is determined at the announcement date using the Black-Scholes pricing model. The fair value attributed to the warrants is recorded in equity reserves. The assumptions and models used for estimating fair value attributed to the warrants are disclosed in Note 9.

5. PRIOR PERIOD REPORTING

Effect of Change in Accounting Policy

Effective December 31, 2018, as permitted under IFRS 6, *Exploration for and Evaluation of Mineral Resources,* the Company voluntarily changed its accounting policy for its exploration and evaluation ("E&E") expenditures, to expense these costs in the Comprehensive Statement of Loss in the period in which they were incurred whereas previously all of the E&E expenditures had been capitalized on the Statement of Financial Position. The Company has determined that this change in accounting policy enhances the reliability of the financial statements because of the difficulty associated with demonstrating that these costs meet the definition of an asset and furthermore, expensing these costs is more consistent with the IFRS reporting framework. The Company also has determined that reflecting its E&E expenditures as line items in the Statement of Comprehensive Loss and the Statement of Cash Flows better reflects the economic substance of its operating activities during the fiscal periods presented.

This change in accounting policy has been applied retrospectively. The Company's accounting policies for the significant components of its exploration and evaluation expenditures are noted below.

Exploration and evaluation rights to explore

The Company capitalizes direct mineral property acquisition costs and those expenditures incurred following the determination that the property has economically recoverable reserves. Mineral property acquisition costs include cash consideration, option payment under an earn-in arrangement and the fair value of common shares issued for mineral property interests, pursuant to the terms of the relevant agreement. These costs are amortized over the estimated life of the property following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned, or when impairment in value has been determined to have occurred. A mineral property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

Exploration and evaluation expenditures

Exploration and evaluation expenditures are charged to operations in the year incurred until such time as it has been determined that a property has economically recoverable resources, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment.

The effect of the change in accounting policy in statement of financial position for the year ended March 31, 2018 have not been provided as there were no changes from the amounts previously reported.

The effect of the change in accounting policy in the financial statements for the nine-month period ended December 31, 2017 resulted in the following changes from the amounts previously reported in the Company's financial statements:

(Expressed in Canadian Dollars)

5. PRIOR PERIOD REPORTING (Cont'd)

Statement of Financial Position as at December 31, 2017

	Note	As previously reported $	Effect of change in accounting policy $	As restated under new policy $
Non-Current Assets				
Exploration and evaluation assets	(1)	219,867	(108,367)	111,500
Total assets		813,967	(108,367)	705,600
EQUITY				
Deficit	(1)	(13,656,883)	(108,367)	(13,765,250)
Total equity		471,116	(108,367)	362,749
Total liabilities and equity		813,967	(108,367)	705,600

(1) All deferred exploration and evaluation expenditures have been charged to deficit as at December 31, 2017.

The effect of the change in accounting policy in the condensed interim consolidated statement of comprehensive loss and the condensed interim consolidated statement of cash flow for the nine months ended December 31, 2017 have not been provided as there were no changes from the amounts previously reported.

6. SEGMENTED INFORMATION

The Company currently operates in one industry segment, being mineral exploration and in one geographic area, being Canada.

7. EXPLORATION AND EVALUATION ASSETS

For the nine months ended December 31, 2018	Lac Manitou	Grindstone	Cluff Lake Uranium/Cobalt	JAM Beryllium	Total
Acquisition					
Balance, beginning of period	$ -	$ -	$ -	$	$ -
Cash - payment	-	20,630	-	-	20,630
Cash - Staking	-	3,200	16,165	1,200	20,565
Shares issued	-	1,800,000	-	-	1,800,000
Shares issued as finders fees	-	100,000	-	-	100,000
Balance, end of period	$ -	$ 1,923,830	$ 16,165	$ 1,200	$ 1,941,195

For the year ended March 31, 2018	Lac Manitou	Grindstone	Cluff Lake Uranium/Cobalt	JAM Beryllium	Total
Balance, beginning of year	$ 111,500	$ -	$ -	$ -	$ 111,500
Write-offs	(111,500)	-	-	-	(111,500)
Balance, end of year	$ -	$ -	$ -	$ -	$ -

7. EXPLORATION AND EVALUATION ASSETS – (cont'd)

(a) Grindstone Claims, New Brunswick

On August 20, 2018, the Company entered into a mineral property acquisition agreement with Roland J.B. Lovesey, Dick Mann, Norm Pitre and David Mann (the "Vendors") in which the Company will acquire a 100% interest in five mineral claims located in New Brunswick, Canada (also known as "Grindstone claims") in exchange for cash plus renewal fees and claim transfer fees totalling $15,870 (paid). The Company paid $4,760 to transfer the claim and renewal fees. These claims are contiguous to the claims held by CIN Energy Materials Inc.

The Company will pay to the Vendors on commencement of Commercial Production relative to each Vendor's individual Vendor's interest, a Net Smelter return royalty of 2% ("NSR"). The Company shall have the right, at any time, to purchase one-half of the NSR from the Vendors in consideration of the aggregate payment of $1,000,000 to be distributed to each Vendor based on there individual Vendor interest thereby leaving the Vendors with a one percent (1%) NSR Royalty.

During the period ended December 31, 2018, the Company staked additional claims in New Brunswick, Canada for $3,200 which are contiguous to the Grindstone Claims.

On August 31, 2018, the Company entered into a share exchange agreement (the "Agreement") to purchase 100% of the issued and outstanding common shares of CIN Energy Materials Inc., a Private Company, ("CIN"), which holds 100% interest in 3,846-hectare Grindstone Copper-nickel-cobalt project in an unexplored region of Northwestern New Brunswick, Canada. The acquisition has been accounted for as an asset acquisition. In consideration for the net assets acquired, the Company agreed to issued to the Shareholders of CIN a total of 12,000,000 common shares of the Company valued at $1,800,000 ($0.15 per share) pursuant to the terms of the Agreement. The Company also issued 666,666 units as finders fees in connection with this transaction which was valued at the same price of the non-flow-through private placement of $0.15 per unit totalling $100,000. As a result of this transaction CIN became a wholly-owned subsidiary of the Company. This transaction was completed on December 21, 2018.

During the period ended December 31 ,2018, the Company had incurred $482,098 in exploration expenditures on the Grindstone project.

(b) Cluff Lake Uranium/Cobalt Project, Saskatchewan

During the period ended September 30, 2018, the Company staked ten claims for a total of 26,842 hectares in Saskatchewan, Canada totalling $16,165.

(c) JAM Beryllium Property, British Columbia

During the period ended December 31, 2018, the Company purchased two claims in JAM Beryllium Property in Northern British Columbia for $1,200 and incurred $45,651 in exploration expenditures.

7. EXPLORATION AND EVALUATION ASSETS – (cont'd)

(d) Lac Manitou

The Company acquired a 100% interest in the Lac Manitou property for $3,000 cash and 125,000 common shares. The claims are subject to a 2% NSR, of which 1% can be bought back at any time for $750,000. The fair value of the shares issued was $100,000. Additional staking was done at a cost of $8,500.

On February 17, 2017, the Company entered into an earn-in agreement with Clean Commodities Corp. ("CLE") in which CLE acquire and 50% interest in the Lac Manitou project in exchange for a one-time cash renewal payment for the claims under the agreement and funding a $50,000 exploration program in calendar 2017. In July 2017, the Company agreed to increase CLE's earn-in percentage on the project to 75% in exchange for CLE funding a $150,000 exploration program.

The Company has no exploration plans for the property in the near future and has written off acquisition cost of $111,500 in accordance with IFRS 6 in the year ended March 31, 2018.

8. LOANS PAYABLE

As at March 31, 2018, the Company had $13,400 in loans payable which are non-interest bearing, unsecured and due on demand. Included in loans payable is $400 due to the CEO of the Company. During the period ended December 31, 2018, the Company repaid $13,090 of the loans payable leaving a balance of $310 payable to the CEO of the Company as at December 31, 2018.

9. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

On October 26, 2017, the shareholders of the Company approved a common share consolidation on the basis of twenty pre- consolidation common shares for one post-consolidation common share of the Company. The consolidation was made effective on November 15, 2017. All references to the number of shares and per share amounts have been retroactively restated as if the consolidation had occurred April 1, 2016.

For the nine months ended December 31, 2018

On December 21, 2018, the Company issued 12,000,000 common shares pursuant to the terms of the August 31, 2018 share exchange agreement valued at $1,800,000. The Company also issued 666,666 units at a price of $0.15 per unit as finders fees in connection with this transaction. Each unit consists of one common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of $0.25 per share for a period of two years expiring on December 21, 2020.

9. SHARE CAPITAL – (cont'd)

(b) Issued – (cont'd)

For the nine months ended December 31, 2018 – (cont'd)

On December 21, 2018, the Company complete private placements for 1,150,000 flow-through units at a price of $0.20 and 2,142,733 non-flow-through units at a price of $0.15 per unit for total proceeds of $551,410. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of $0.35 per share expiring on December 21, 2020. Each non-flow-through unit consists of one non-flow-through common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of $0.25 per share expiring on December 21, 2020. In connection with the private placement the Company paid cash finders fees totalling $33,492 and issued 127,952 agent's finders warrants. Each finder's fee warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share for a period of two years expiring on December 21, 2020. The Company fair valued the finder's fee warrants at $11,516. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price $0.15, risk-free interest rate of 1.91%, dividend yield of 0%, volatility of 146.47% and expected life of two years.

On December 28, 2018, the Company completed the second tranche of the private placement for 725,000 flow-through units at a price of $0.20 per unit for total proceeds of $145,000. Each flow-through unit consists of one flow-through share and one-half of one transferable non-flow-through common share purchase exercisable at a price of $0.35 per share for a period of two years expiring on December 28, 2020. In connection with the private placement the Company issued 52,000 agent's finders warrants. Each finder's fee warrant entitles the holder to purchase one common share of the Company at a price of $0.35 per share for a period of two years expiring on December 28, 2020. The Company fair valued the finder's fee warrants at $4,680. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price $0.15, risk-free interest rate of 1.91%, dividend yield of 0%, volatility of 146.47% and expected life of two years.

The Company recognized a flow-through premium of $93,750 on the flow-through private placements and is included in Flow-through premium as at December 31, 2018 and has a commitment to incur $375,000 on exploration expenditures.

For the year ended March 31, 2018

On July 11, 2017 the Company completed a private placement consisting of 67,500 units at a price of $0.40 per unit. Each unit consists of one common share and one share purchase warrant exercisable into one common share at $1.00 until July 12, 2020. The fair value of the warrants was $12,562 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of $0.40, risk-free interest rate of 1.34%, dividend yield of 0%, volatility of 198.79% and expected life of three years. The Company recorded $885 in share issue cost.

9. SHARE CAPITAL – (cont'd)

(b) Issued – (cont'd)

For the year ended March 31, 2018 – (cont'd)

On December 29, 2017, the Company completed a flow-through private placement consisting of 2,455,000 common shares at a price of $0.20 per share for total proceeds of $491,000. The Company paid a cash finder's fee of $19,600 and issued 98,000 finder's fee warrants. Each finder's fee warrant entitle the holder to purchase one common share of the Company at a price of $0.25 per share for a period of two years expiring on December 29, 2019. The Company fair valued the finder's fee warrants at $22,109. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price $0.28, risk-free interest rate of 1.66%, dividend yield of 0%, volatility of 177.81% and expected life of two years. There was no flow-through premium on this private placement. As at December 31, 2018, the Company has incurred the $491,000 in flow-through funds.

On January 11, 2018, the Company closed a non-brokered private placement of 4,000,000 units at a price of $0.16 per unit for total proceeds of $640,000, of which $24,000 remained outstanding at March 31, 2018 (received subsequent to the year-end). Each unit comprised of one common share and one-half of one transferable share purchase warrant. Each whole warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share for two years from closing. The fair value of the warrants was $213,334 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of $0.21, risk-free interest rate of 1.84%, dividend yield of 0% volatility of 179.20% and expected life of two years. The Company paid a cash finder's fee of $39,680 and issued 248,000 finder's fee warrants. Each finder's fee warrant entitles the holder to purchase one common share of the Company at a price of $0.25 per share for a period of two years expiring on January 9, 2020. The Company fair valued the finder's fee warrants at $54,560. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price $0.275, risk-free interest rate of 1.84%, dividend yield of 0%, volatility of 179.2% and expected life of two years.

(c) Stock options

The Company has established a stock option plan for directors, employees and consultants which is administered by the board of directors with full and final authority with respect to the granting of all options. The exercise prices shall be determined by the board, but shall, in no event, be less than the closing market price of the Company's shares on the grant date, less the maximum discount permitted under the TSX Venture Exchange's policies. The number of common shares issuable under the plan may not exceed 10% of the issued and outstanding common shares. In addition, the number of common shares which may be reserved for issuance to any one individual may not exceed 5% of the issued common shares on a yearly basis.

There were no stock options granted during the nine months ended December 31, 2018.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL – (cont'd)

(c) Stock options – (cont'd)

(i) The changes in stock options were as follows:

	December 31, 2018	Weighted Average Exercise Price	March 31, 2018	Weighted Average Exercise Price
Balance, beginning of period	922,000	$0.38	210,000	$1.00
Granted	-	$-	712,000	$0.20
Balance, end of period	922,000	$0.38	922,000	$0.38

During the year ended March 31, 2018, the Company granted a total of 712,000 options to employees, consultants, directors and officers, using the fair value method for share-based payments, a total expense of $156,640 was recorded in the statements of loss for the year ended March 31, 2018. The amount was determined using the Black Scholes Option Pricing Model assuming no dividends are to be paid, with a weighted average expected stock option life of 5 years, share price on grant date of $0.23 a weighted average annual volatility of the Company's share price of 238.51%, 0% forfeiture rate and an average annual risk-free interest rate of 2.08%.

(ii) The following table summarizes information about stock options outstanding at December 31, 2018:

Exercise price		Number outstanding	Number exercisable	Weighted average remaining contractual life (years)
$	1.00	180,000	180,000	2.08
$	1.00	30,000	30,000	0.32
$	0.20	712,000	712,000	4.03
		922,000	922,000	3.53

(d) Warrants

(i) The changes in warrants were as follows:

	December 31, 2018	Weighted Average Exercise Price	March 31, 2018	Weighted Average Exercise Price
Balance, beginning of period	3,471,583	$0.71	1,566,958	$1.35
Issued	2,342,199	$0.29	2,067,500	$0.27
Expired	(714,083)	$1.16	(162,875)	$1.25
Balance, end of period	5,099,699	$0.46	3,471,583	$0.71

(Expressed in Canadian Dollars)

9. SHARE CAPITAL – (cont'd)

(d) Warrants – (cont'd)

(ii) The following table summarizes information about warrants outstanding at December 31, 2018.

Number of warrants outstanding	Exercise price	Expiry date
74,205	$2.00	March 6, 2019
375,795	$1.40	March 6, 2019
175,000	$2.00	February 11, 2019*
65,000	$1.00	March 6, 2020
67,500	$1.00	July 12, 2020
2,000,000	$0.25	January 9, 2020
1,404,699	$0.25	December 21, 2020
575,000	$0.35	December 21, 2020
362,500	40.35	December 28, 2020
5,099,699		

*on February 11, 2019, 175,000 share purchase warrants expired unexercised.

(e) Agent's Warrants

(i) The changes in agent's warrants were as follows:

	December 31, 2018	Weighted Average Exercise Price	March 31, 2018	Weighted Average Exercise Price
Balance, beginning of period	346,000	$0.25	-	-
Issued	179,952	$0.28	346,000	$0.25
Balance, end of period	525,952	$0.26	346,000	$0.25

(ii) The following table summarizes information about Agent's warrants outstanding at December 31, 2018.

Number outstanding	Exercise price	Expiry date
98,000	$0.25	December 28, 2019
248,000	$0.25	January 9, 2020
127,952	$0.25	December 21, 2020
52,000	$0.35	December 28, 2020
525,952		

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES

The following expenses were incurred with key management personnel of the Company and companies controlled by key management personnel. Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain current and former directors and officers. Key management compensation comprises:

	For the nine months ended December 31,	
	2018	**2017**
Professional fees		
– Casey Forward former CFO	$ -	$ 4,500
Consulting fees		
– Harmony Corporate Services – Geoff Balderson, CFO	27,000	9,000
– Michael Burns, Director	8,500	-
– Hard Rock Consulting – Rafael Vaudrim, Director	7,000	-
Management fees		
– Michael Schuss, CEO	31,500	6,700
	$ 74,000	$ 20,200

Included in prepaid expenses is $22,150 (March 31, 2018: $1,695) in prepaid expenses paid to directors of the Company for prepaid consulting fees and advances on expenses.

As at December 31, 2018 accounts payable and accrued liabilities included $17,496 (March 31, 2018 - $18,983) owing to a former officer, and directors of the Company for reimbursement of expenses and unpaid fees. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

11. CAPITAL DISCLOSURES

The Company's objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject, other than flow-through commitments. Capital of the Company comprises shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares.

The Company's investment policy is to invest its cash in financial instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected timing of expenditures from continuing operations.

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

12. FINANCIAL INSTRUMENTS AND RISKS

The company is exposed through its operations to the following financial risks:

- Liquidity risk
- Market risk
- Credit risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

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 manages liquidity risk through the management of its capital structure and financial leverage as outlined in the note.

The Company monitors its ability to meet its short-term administrative expenditures by matching investment income received to expenditures to be incurred, and by disposing of its investments when required. All of the Company's financial liabilities have contractual maturities of 30 days or are due on demand and are subject to normal trade terms.

As at December 31, 2018, the Company had a cash balance of $451,308 and Amounts receivable of $78,504 to settle current liabilities of $215,839.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, investment fluctuations, and commodity and equity prices. Market conditions will cause fluctuations in the fair values of financial assets classified as held-for- trading and available-for-sale and cause fluctuations in the fair value of future cash flows for assets or liabilities classified as held-to maturity, available-for-sale, loans and receivables and other financial liabilities. The Company is not exposed to significant interest rate risk as the Company's has no interest-bearing debt. The Company's ability to raise capital to fund mineral resource exploration is subject to risks associated with fluctuations in mineral resource prices. Management closely monitors commodity prices, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

12. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)

Interest rate risk

The Company is not exposed to significant interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company does not have significant exposure to foreign currency rate fluctuations.

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 of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit Risk

Financial instruments that potentially expose the Company to credit risk is cash. To minimize the credit risk on cash the Company places the instrument with a high credit quality financial institution. The maximum exposure to loss arising from these advances is equal to their total carrying amounts.

Fair Values

The Company's financial instruments include cash, amounts receivable, accounts payable and accrued liabilities and loans payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. It is impractical to determine the fair value of these financial instruments with sufficient reliability due to the nature of these financial instruments, the absence of secondary market and the significant cost of obtaining external appraisals. The fair value of these financial instruments approximates their carrying value under the effective interest method.

Fair Value Hierarchy

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

12. FINANCIAL INSTRUMENTS AND RISKS – (cont'd)

Fair Value Hierarchy – (cont'd)

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

At December 31, 2018	Level 1	Level 2	Level 3	Total
Cash	$451,308	$ -	$ -	$451,308

At March 31, 2018	Level 1	Level 2	Level 3	Total
Cash	$781,788	$ -	$ -	$781,788