CEYLON GRAPHITE CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

MARCH 31, 2018 AND 2017

(Expressed in Canadian dollars)

MANNING ELLIOTT
ACCOUNTANTS & BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Ceylon Graphite Corp.

We have audited the accompanying consolidated financial statements of Ceylon Graphite Corp. which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of comprehensive loss, cash flows and changes in equity for the years then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ceylon Graphite Corp. as at March 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of Ceylon Graphite Corp. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia

July 30, 2018

CEYLON GRAPHITE CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

		2018		2017
ASSETS				
Current				
Cash	$	180,787	$	1,136,621
Amount receivable		5,425		44,335
Prepaid expenses		23,047		18,477
		209,259		1,199,433
Equipment (Note 6)		300,989		888
Exploration and evaluation assets (Note 7)		2,672,674		2,694,550
	$	3,182,922	$	3,894,871
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	58,315	$	259,641
Amounts payable (Notes 7 and 9)		1,288,700		1,330,835
Loan payable (Note 11)		130,760		-
Current portion of capital lease obligations		3,460		16,803
		1,481,235		1,607,279
Capital lease obligations		15,813		-
		1,497,048		1,607,279
EQUITY				
Share capital (Note 8)		5,216,542		5,096,142
Share subscriptions (Note 8)		50,000		50,000
Contributed surplus		2,285,743		1,992,825
Deficit		(5,993,192)		(5,011,872)
Accumulated other comprehensive income		126,781		160,497
		1,685,874		2,287,592
	$	3,182,922	$	3,894,871

CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (Note 1)
SUBSEQUENT EVENT (Note 16)

Approved by the Board of Directors on July 30, 2018

"Bharat Parashar"
Bharat Parashar, Director

"Kevin Aylward"
Kevin Aylward, Director

The accompanying notes are an integral part of these consolidated financial statements)

CEYLON GRAPHITE CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

		2018		2017
EXPENSES				
Amortization	$	33,575	$	11,526
Advertising and promotion		29,644		83,482
Interest, finance and bank charges		15,351		25,029
Office and administrative		86,149		67,112
Professional fees (Note 9)		437,207		612,937
Rent (Note 9)		2,982		7,823
Repair and maintenance		28,238		-
Share-based payments (Note 9)		292,918		77,959
Transfer agents		14,114		4,595
Travel		127,757		13,462
Vehicle		8,848		1,732
Wages and benefits		83,864		3,200
		(1,160,647)		(908,857)
Other income (expense)				
Gain on forgiveness of debt (Note 10)		152,227		304,159
Foreign exchange loss		(14,900)		(14,826)
Other income		42,000		-
Listing expenses (Note 5)		-		(2,460,040)
Loss on debt settlements (Note 8)		-		(578,367)
NET LOSS		(981,320)		(3,657,931)
OTHER COMPREHENSIVE LOSS				
Item that may be reclassified subsequently to loss				
Unrealized foreign exchange translation		(33,716)		(10,243)
COMPREHENSIVE LOSS FOR THE YEAR	$	(1,015,036)	$	(3,668,174)
LOSS PER SHARE – BASIC AND DILUTED	$	(0.02)	$	(0.08)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		54,671,139		44,744,013

(The accompanying notes are an integral part of these consolidated financial statements)

CEYLON GRAPHITE CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

		2018		2017
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITES				
Net loss for the year				
Items not involving cash:	$	(981,320)	$	(3,657,931)
Amortization		33,575		11,526
Gain on forgiveness of debt		(152,227)		(304,159)
Finance charges		3,600		3,941
Listing expense, net of transaction costs		-		2,119,182
Loss on debt settlements		-		578,367
Share-based payments		292,918		77,959
Shares issued for consulting and finance services		7,000		110,000
		(796,454)		(1,061,115)
Changes in non-cash working capital balances:				
Accounts payable and accrued liabilities		(29,149)		163,269
Amounts receivable		38,910		(43,091)
Prepaid expenses		(4,570)		(14,636)
Cash used in operating activities		(791,263)		(955,573
INVESTING ACTIVITIES				
Acquisition of exploration and evaluation assets in JADS		(19,061)		-
Cash acquired on reverse acquisition transaction		-		1,074,687
Exploration and evaluation assets		(43,333)		-
Purchase of equipment, net of insurance proceeds		(302,764)		-
Cash used in investing activities		(365,158)		-
FINANCING ACTIVITIES				
Amounts payable		-		(488,314)
Issuance of common shares		93,450		1,859,000
Share issuance costs		-		(22,000)
Finance lease payments		(32,042)		(14,624)
Due to related party		-		(351,075)
Proceeds of loan payable		130,760		-
Cash provided by financing activities		192,168		2,057,674
CHANGE IN CASH DURING THE YEAR		(964,253)		1,102,101
CASH, BEGINNING OF YEAR		1,136,621		41,131
EFFECT OF TRANSLATING FOREIGN CURRENCY		8,419		(6,611)
CASH, END OF YEAR	$	180,787	$	1,136,621
SUPPLEMENTAL CASH DISCLOSURES				
Interest paid	$	3,600	$	3,791
NON-CASH TRANSACTIONS				
Shares for debts settlement and services	$	26,950	$	1,137,450

(The accompanying notes are an integral part of these consolidated financial statements)

CEYLON GRAPHITE CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

	Common Shares						
	Number	Amount	Share subscriptions	Contributed surplus	Deficit	Accumulated other comprehensive income	Total
Balances as at March 31, 2016	17,741	$ 629,630	$ -	$ 1,068,918	$ (1,353,941)	$ 170,740	$ $ 515,347
Cancellation of Plumbago's shares	(17,741)	-	-	-	-	-	-
Issuance of common shares in exchange for Plumbago's shares	34,673,978	-	-	-	-	-	-
RTO transactions shares, options and warrants	7,540,258	1,508,062	-	829,948	-	-	2,338,010
Shares issued for cash	9,295,000	1,859,000	-	-	-	-	1,859,000
Share issue costs	-	(38,000)	-	16,000	-	-	(22,000)
Share subscription received	-	-	50,000	-	-	-	50,000
Shares issued for debts and services	2,805,445	1,137,450	-	-	-	-	1,137,450
Share-based payments	-	-	-	77,959	-	-	77,959
Net loss and comprehensive loss	-	-	-	-	(3,657,931)	(10,243)	(3,668,174)
Balances as at March 31, 2017	54,314,681	5,096,142	50,000	1,992,825	(5,011,872)	160,497	2,287,592
Share issued for warrants exercised	311,500	93,450	-	-	-	-	93,450
Share-based payments	-	-	-	292,918	-	-	292,918
Shares issued for debts and services	140,000	26,950					26,950
Net loss and comprehensive loss	-	-	-	-	(981,320)	(33,716)	(1,015,036)
Balances as at March 31, 2018	54,766,181	$ 5,216,542	$ 50,000	$ 2,285,743	$ (5,993,192)	$ 126,781	$ 1,685,874

(The accompanying notes are an integral part of these consolidated financial statements)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

Ceylon Graphite Corp. (the "Company or Ceylon") was incorporated on April 3, 1986 under the Canada Buisness Corporations Act. On December 30, 2016 the Company acquired Plumbago Refining Corp. B.V. ("Plumbago") through a reverse acquisition transaction described in Note 5. Plumbago was a private limited liability company organized under the laws of Curacao. During the year ended March 31, 2018, the Company acquired a 40% interest in C Y L Lanka (Private) Limited ("Lanka"), in Sri Lanka. In March 2018, Lanka acquired 100% interest of a local private enterprise, JADS Enterprise (Private) Limited (see Note 5).

The address of the Company's corporate office is Suite 600 – 535 Howe Street, Vancouver, BC, Canada and its principal place of business is Landhuis Joonchi, Kaya Richard J. Beaujon z/n Willemstad, Curacao.

At March 31, 2018, the Company incurred a net loss of $981,320 and had a deficit of $5,993,192, which has been funded by the issuance of equity. The Company's ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs. Tthe Company had not yet determined whether its property contains graphite reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the resource property. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company's ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

b) Basis of presentation

These consolidated financial statements include the assets and operations of the Company and its wholly owned subsidiaries Plumbago and Sarcon Development (PVT) Limited ("Sarcon"), C Y L Lanka (Private) Limited ("Lanka") and JADS Enterprise (Private) Limited ("JADS"). Sarcon was incorporated in Sri Lanka under the Companies Act, No. 07 of 2007. Lanka was incorporated in Sri Lanka having a registration number PV 129449 with the local registration office No.47. JADS was incorporated in Sri Lanka having a registration number PV99839 with the local registration office No.165/2. All significant inter-company balances and transactions have been eliminated upon consolidation.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Cash and cash equivalents

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash. As of March 31, 2018 and 2017, the Company held cash only.

d) Exploration and evaluation assets

Exploration expenditures are expensed as incurred and direct costs of exploration and evaluation assets, such as property acquisition costs and leases, are capitalized. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Development costs incurred on a mineral property are deferred once management has determined, based on a feasibility study, that, a property is capable of economical commercial production as a result of having established proven and probable reserves. Development costs are carried at cost less accumulated depletion and accumulated impairment charges. Exploration expenditures incurred prior to determining that a property has economically recoverable resources are expensed as incurred.

The Company reviews the carrying values of mineral properties and development costs regularly with a view to assessing whether there has been any impairment in value, or whenever events or changes in circumstances that indicate the carrying value may not be recoverable. In the event the estimated discounted cash flows expected from its use or eventual disposition is determined to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

Once a mine has achieved commercial production, mineral properties and development costs are depleted on a units-of-production basis over the life of the mine.

e) Foreign currency

The Company's consolidated financial statements are presented in Canadian dollars. The Company's functional currency is the Canadian dollar, Plumbago's functional currency is the US dollar and Sarcon's functional currency is the Sri Lankan Rupee, Lanka and JADS functional currency is US dollar.

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the consolidated statement of comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

At each financial position reporting date presented, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

g) Loss per share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

h) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company’s cash is classified as FVTPL.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial assets (continued)

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company has not classified any financial assets as loans and receivable or held to maturity.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2018, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

j) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable, amounts payable, loan payable and due to related party are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At March 31, 2018, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

k) Equipment

Equipment is recorded at cost less accumulated amortization, less any accumulated impairment losses. Amortization is taken on a straight line basis ranging from 4 to 8 years.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

Significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax assets, assessment of decommissioning provision, valuation of share-based payments and assessment of impairment of exploration and evaluation assets.

(i) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. 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 inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and 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.

(ii) Share-based compensation

Compensation costs accrued for share-based compensation are subject to the estimation using pricing models such as the Black-Scholes Option Pricing Model which is based on significant assumptions such as the future volatility of the market price of the Company's shares and the expected term of the issued stock options.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Adoption of new or amended accounting standards

There were no new or amended accounting standards adopted in the year that would have material impact on the Company's consolidated financial statements

Standards issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

New accounting standards effective for annual periods on or after April 1, 2018:

IFRS 2 -*Share-based payments*

In June 2016, the IASB issued the final amendments to IFRS 2 that clarify the classification and measurement of share-based payment transactions. This includes the effect of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

IFRS 9 – *Financial Instruments*

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013 the standard was revised to add the new general hedge accounting requirements. The standard was finalized in July 2014 and was revised to add a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income (FVOTCI) category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics test.

IFRS 15 – *Revenue from Contracts with Customers*

In May 2014, the IASB issued this standard which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

New accounting standards effective for annual periods on or after April 1, 2019:

IFRS 16 – Leases

In June 2016, the IASB issued this standard which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

The extent of the impact of adoption of these standards and interpretations on the financial statements of the Company is not expected to be significant.

5. ACQUISITIONS

REVERSE TAKE OVER

On December 30, 2016 the Company acquired 100% ownership of Plumbago Refining Corp. B.V. ("Plumbago") by issuing 34,673,978 of its common shares, 25,393,500 Special Warrants and 128,571 Stock Options (the "Transaction"). For accounting purposes, the acquisition was considered to be outside the scope of IFRS 3 *Business Combinations* ("IFRS 3") since the Company, prior to the acquisition did not constitute a business. The transaction was accounted for in accordance with IFRS 2 *Share-based Payment* whereby Plumbago was deemed to have issued common shares, warrants and stock options in exchange for the net assets of the Company together with its listing status at the fair value of the consideration received by Plumbago. The accounting for this transaction resulted in the following:

(i) The consolidated financial statements of the combined entities were issued under the legal parent, Ceylon Graphite Corp., but were considered a continuation of the financial statements of the legal subsidiary, Plumbago.

(ii) Since Plumbago is deemed to be the acquirer for accounting purposes, its assets and liabilities were included in the consolidated financial statements at their historical carrying values.

Since the share and share based consideration allocated to the former shareholders of the Company on closing the Transaction was considered within the scope of IFRS 2, and the Company could not identify specifically some or all of the goods or service received in return for the allocation of the common shares, stock warrants and stock options, the value in excess of the net identifiable assets on closing was expensed in the consolidated statements of operations and comprehensive loss as listing expense.

Consideration in the amount of $2,678,868 was comprised of the fair value of the common shares, stock warrants and stock options of the Company retained by the former shareholders of the Company and legal and transaction costs.

The listing expense is summarized as follows:

Net assets acquired:

Cash	$	1,074,687
Other assets		1,244
Accounts payable and accrued liabilities		(861,336)
Net assets acquired		218,828
Consideration given		2,678,868
Listing expenses	$	2,460,040

Consideration:

Common shares deemed to be issued	$	1,508,062
Stock options issued		15,948
Warrants issued		814,000
Legal and other transaction costs		340,858
	$	2,678,868

5. ACQUISITIONS (continued)

REVERSE TAKE OVER (continued)

The Company had estimated the fair value of the equity instruments deemed to be issued by the Company. The fair value of the common shares amounted to $1,508,062, based on the concurrent financing value of the Company's common shares at the time of the Transaction of $0.20 per share. The fair value of the stock options amounted to $15,948 and the warrants amounted to $814,000. The fair value was estimated using the Black-Scholes pricing model.

LANKA and JADS

In March 2018, Plumbago acquired 40% interest in Lanka for consideration of Rupees 2,849,925 (paid) as an equity contribution. As Plumbago is the sole decision maker in the operations of Lanka, for accounting purposes, Plumbago has control over Lanka and thus the operating results of Lanka have been consolidated. As at March 31, 2018, the amount due to the non-controlling interest is nominal.

Subsequent to the acquisition of Lanka, Lanka entered into an acquisition agreement with the sole shareholder ("transferor") of JADS whereby Lanka acquired all issued and outstanding shares of JADS for total purchase price of Rupees 2,296,536 (paid). Pursuant to the terms and conditions of the acquisition agreement, the transferor is entitled to 5% of net profits, which will be paid out in the form of the tradable shares of Lanka or its nominee, for the first 5 years and 3% for the next 5 years. As at the date of acquisition, JADS had exploration licenses on 5 grids in Sri Lanka. The Company recorded the transaction as an asset acquisition as JADS did not meet the definition of a business under IFRS 3 "Business Combinations".

6. EQUIPMENT

	Building	Plant and Machinery	Furniture and Fixtures	Tools and Equipment	Motor Vehicles	Total
	$	$	$	$	$	$
Cost						
At March 31, 2016	-	-	297	2,468	50,961	53,726
Exchange rate movements	-	-	2	26	363	391
At March 31, 2017	-	-	299	2,494	51,324	54,117
Additions	2,519	161,560	9,276	105,570	54,407	333,332
Disposals		-	-		(48,931)	(48,931)
Exchange rate movements	-	178	9	114	43	344
At March 31, 2018	2,519	161,738	9,584	108,178	56,843	338,862
Accumulated amortization						
At March 31, 2016	-	-	163	1,532	40,008	41,703
Additions	-	-	61	511	10,954	11,526
At March 31, 2017	-	-	224	2,043	50,962	53,229
Additions	96	14,971	979	12,255	5,274	33,375
Disposals	-	-	-	-	(48,931)	(48,931)
At March 31, 2018	96	14,971	1,203	14,298	7,305	37,873
Net book value						
At March 31, 2017	-	-	75	451	362	888
At March 31, 2018	2,423	146,767	8,381	93,880	49,538	300,989

7. EXPLORATION AND EVALUATION ASSETS

Expenditures for the years ended March 31, 2018 and March 31, 2017 are as follows:

	April 1, 2017	Acquisition and exploration costs	Effect of foreign exchange	March 31, 2018
Sri Lanka	$ 2,694,550	$ 62,394	$ (84,270)	$ 2,672,674

	April 1, 2016	Effect of foreign exchange	March 31, 2017
Sri Lanka	$ 2,637,460	$ 57,090	$ 2,694,550

Sri Lanka

On September 12, 2012, the Company entered into an agreement ("Agreement") to purchase 100% of the shares outstanding of Sarcon Development (PVT) Ltd. ("Sarcon"). At the time of the transaction, Sarcon had 1,000,000 shares outstanding. Sarcon has interests in approximately 100 zones on 1km by 1km grids to develop, construct and operate graphite mines located in Sri Lanka. In exchange for the shares of Sarcon, the Company agreed to pay US $2 million. The terms and conditions of the Agreement were amended in 2013 and 2014. The payment table below reflects all the amendments to the Agreement.

The Company will be required to make the following cash payments:

	US $
14 days after Sarcon's Board of Investment approval – paid;	250,000
Within 7 days of confirming that Sarcon's shares have been transferred to the Company and the applicable stamp duty has been paid by the Company ("Confirmation Letter") – paid;	300,000
Within 45 days of issuance of the Confirmation Letter – paid;	75,000
On or before December 31, 2016 - paid;	375,000
Within 14 days of receipt of proceeds from the sale of a minimum 350 tonnes of graphite from the Sarcon grids;	650,000
On or before July 1, 2017, or in the event that the third payment (US$650,000 noted above) was not made for reason other than breach of this Agreement, then the date of the fourth instalment (US$350,000) shall be adjusted to a date acceptable to both parties.	350,000
	2,000,000

In 2013 and amended in 2014, the Company entered into an escrow agreement with the vendor of Sarcon and an escrow agent. Under the terms of the escrow agreement, the Company deposited its share certificates for 875,000 shares of Sarcon with the escrow agent. The escrow agent will release the remaining share certificates once the Company has fulfilled its payment commitments outlined above.

As of March 31, 2018 the Company has made total payments of US$1,000,000.

The outstanding amounts due to the vendor have been shown as amounts payable on the consolidated statements of financial position. They are non-interest bearing and unsecured.

8. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) As at March 31, 2018, there were 15,236,098 common shares in escrow.

c) Issued and Outstanding as at March 31, 2018: 54,766,181 common shares.

d) During the year ended March 31, 2018, the Company issued the following common shares:

On May 23, 2017, the Company issued 311,500 common shares for gross proceeds of $93,450 from warrants exercised.

On August 8, 2017, the Company issued 105,000 common shares with a fair value of $19,950 to settle accounts payable of $128,000. As a result, the Company recognized a gain of $108,050 on debts settlement on the consolidated statements of comprehensive loss. In addition, the Company also issued 35,000 common shares with a fair value of $7,000 for consulting services.

e) During the year ended March 31, 2017, the Company issued the following common shares:

On September 29, 2016, the Company completed the first tranche of the brokered private placement and issued 5,550,000 units at $0.20 per unit for gross proceeds of $1,110,000. Each unit consists of one common share and one common share purchase warrant with an exercise price of $0.30 and an expiry date of two years. The warrants are subject to an acceleration clause whereby if the common shares trade equal to or greater the $0.50 for a period of twenty consecutive trading days, the warrant expiry date shall accelerate to a date that is not less than twenty days after notice is given. In connection with the financing, the Company issued 444,000 agent's warrants valued at $68,000 and paid a cash commission equal to 8% of the gross proceeds received in the amount of $88,000. The fair value of the agent's warrants was estimated using the Black-Scholes pricing model based on a volatility of 182%, risk free rate of return of 0.5% and an expected life of two years with no dividend yield.

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On December 28, 2016, the Company completed the second tranche of the broker private placement and issued 9,295,000 units at a price of $0.20 per unit for gross proceeds of $1,859,000. Each unit consists of one common share and one common share purchase warrant with an exercise price of $0.30 and an expiry date of two years. The warrants are subject to an acceleration clause whereby if the common shares trade equal to or greater the $0.50 for a period of twenty consecutive trading days, the warrant expiry date shall accelerate to a date that is not less than twenty days after notice is given. In connection with the financing, the Company issued 110,000 agent's warrants valued at $16,000 and paid a cash commission equal to 8% of the gross proceeds received in the amount of $22,000. The fair value of the agent's warrants was estimated using the Black-Scholes pricing model based on a volatility of 182%, risk free rate of return of 0.73% and an expected life of two years with no dividend yield.

8. SHARE CAPITAL (continued)

e) During the year ended March 31, 2017, the Company issued the following common shares (continued):

On December 30, 2016, the Company acquired 100% interest of Plumbago Refining Corp. B.V. ("Plumbago") (see Note 5) by issuing 34,673,978 of its common shares, 25,393,500 special warrants and 128,571 stock options. In connection with the acquisition of 100% interest in Plumbago, the Company entered into an escrow agreement whereby 25,393,500 common shares and 25,393,500 special warrants are subject to the escrow terms. The common shares are to be released at a ratio of 10% on the execution date of the acquisition date (December 31, 2016), 15% on every 6 months thereafter. Each special warrant can be converted, without any further consideration, into 1 common share of the Company. Conversion of the outstanding special warrants is subject to the Company receiving sales proceeds of a minimum of 350 tonnes of graphite from the property described in Note 7.

On March 10, 2017, the Company issued a total of 2,255,445 common shares to settle accounts payable of $436,583. As the fair value of the shares was $1,027,450, the Company recognized a loss of $578,367 from the settlement. The Company also issued a total of 550,000 common shares at fair values of $100,000 for consulting services and $10,000 for financing services.

During the year ended March 31, 2017, the Company received share subscriptions of $50,000.

f) Share options

The Company has a stock option plan under which directors, officers, employees and consultants of the Company and its subsidiary are eligible to receive stock options. The total number of shares which are at any one time reserved and set aside for issuance under the stock option plan, and under all other management options outstanding, shall not exceed 10% of the shares issued and outstanding. The maximum number of common shares reserved for issuance to any one person pursuant to stock options shall not exceed 5% of the common shares outstanding at the time of the grant, or such greater amount as may be permitted pursuant to the rules of any regulatory authority having jurisdiction. The option price of a stock option granted shall be fixed by the Board of Directors but shall not be less than the market price of the shares at the time the option is granted, or such lesser price as may be permitted by the rules of the regulatory authority having jurisdiction. Stock options may be granted for a period not exceeding five years. Unless the Board determines otherwise, a stock option shall vest immediately upon being granted.

During the year ended March 31, 2018, the Company granted 1,200,000 stock options to its officers of the Company. Options are exercisable for 5 years at $0.30 per share and vest one year after the grant date. The Company also grant 450,000 stock options to directors and consultant of the Company. Options vested on grant date, are exercisable at $0.30 per share for 5 years. The Company recorded a share-based payment of $97,826. The Company also recognized the remaining fair value of $134,169 as share-based payment related to the 350,000 stock options granted in prior year. The fair values of the stock options were estimated using the Black-Scholes option pricing model with the following assumptions:

Share price	$0.18
Weighted average risk free interest rate	2.15%
Weighted expected life	5 years
Weighted average expected volatility	182%
Weighted expected dividends	Nil
Forfeiture rate	Nil

8. SHARE CAPITAL (continued)

f) Share options (continued)

During the year ended March 31, 2018, the Company modified the terms for the 507,870 stock options by reducing the exercise price from $0.40 to $0.20 per share and extending the expiry date from August 31, 2018 to August 31, 2023. As a result, the Company recorded an incremental fair value of $60,923 using the Black-Scholes option pricing model with the following assumptions:

Share price	$0.18
Risk free interest rate	2.18%
Weighted expected life	5 years
Weighted average expected volatility	182%
Weighted expected dividends	Nil
Forfeiture rate	Nil

During the year ended March 31, 2017, the Company granted 350,000 stock options to its officers of the Company. Options are exercisable for 5 years at $0.20 per share and vest one year after the grant date. The Company also granted 200,000 stock options to its directors of the Company. Options vested on grant date, are exercisable at $0.20 per share for 5 years. The Company recorded a share-based payment of $77,959 in the consolidated statements of comprehensive loss. The weighted average fair value of the 550,000 stock options was $0.17 per share and was estimated using the Black-Scholes option pricing model with the following assumptions:

Share price	$0.42
Weighted average risk free interest rate	1.2%
Weighted expected life	5 years
Weighted average expected volatility	182%
Weighted expected dividends	Nil
Forfeiture rate	Nil

In connection with the acquisition of Plumbago (see Note 5), the Company recorded the fair value of $15,948 for the 128,571 stock options deemed to be issued. The fair value was estimated using the Black-Scholes option pricing model with the following assumptions:

Share price	$0.20
Weighted average risk free interest rate	0.74%
Weighted expected life	1.85 years
Weighted average expected volatility	182%
Weighted expected dividends	Nil
Forfeiture rate	Nil

As at March 31, 2018, the Company had options outstanding enabling holders to acquire the following:

	Options Outstanding	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (years)
Balance, March 31, 2016	507,870	$0.40	1.42
Options deemed to be issued on reverse take-over	128,571	$0.76	1.42
Options granted	550,000	$0.20	4.99
Outstanding, March 31, 2017	1,186,441	$0.34	3.12
Granted	1,650,000	$0.30	4.88
Exercisable, March 31, 2018	2,836,441	$0.32	4.62

8. SHARE CAPITAL (continued)

f) Share options (continued)

Details of stock options outstanding and exercisable at March 31, 2018 are as follows:

Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
71,429	71,429	$0.70	0.79	January 14, 2019
14,286	14,286	$0.70	1	March 31, 2019
42,856	42,856	$0.88	1	March 31, 2019
350,000	350,000	$0.20	3.96	March 15, 2022
200,000	200,000	$0.20	3.99	March 27, 2022
1,650,000	450,000	$0.30	4.88	February 15, 2023
507,870	507,870	$0.20	5.42	August 31, 2023
2,836,441	1,636,441			

g) Warrants

In connection with the acquisition of Plumbago (see Note 5), the Company issued 704,246 warrants with various exercisable price ranging between US$0.07 and US$0.30 to certain individuals, with expiry date of December 1, 2017, in exchange for the Plumbago's warrants.

As the acquisition was considered as a reverse take over transaction (see Note 5), the Company recorded the fair value of $814,000 for the 5,994,000 warrants and was estimated using the Black-Scholes option pricing model with the following assumptions:

Weighted average risk free interest rate	0.70%
Weighted expected life	1.5 years
Weighted average expected volatility	182%
Weighted expected dividends	Nil
Forfeiture rate	Nil

The Company recorded the amount of $814,000 as listing expense for the acquisition of Plumbago (see Note 5).

A summary of the status of the Company's outstanding and exercisable warrants as at March 31, 2018 and the changes during the year then ended are as follows:

	Warrants Outstanding	Weighted Average Exercise Price	Weighted Average Remaining (in years)
Balance, March 31, 2016	704,246	$0.20	0.67
Warrants deemed to be issued on reverse take-over	5,994,000	$0.30	1.50
Issued – private placement	9,295,000	$0.30	1.75
Issued – agent warrants	110,000	$0.30	1.75
Balance, March 31, 2017	16,103,246	$0.30	1.61
Exercised	(311,500)	$0.30	-
Expired	(704,246)	$0.20	-
Balance, March 31, 2018	15,087,500	$0.30	1.61

8. SHARE CAPITAL (continued)

g) Warrants (continued)

Details of warrants outstanding at March 31, 2018 are as follows:

Number of Warrants	Exercise Price	Remaining Contractual Life (in years)	Expiry Date
5,994,000	$0.30	0.50	September 29, 2018
9,093,500	$0.30	0.75	December 28, 2018
15,087,500			

As part of the RTO transaction described in Note 5, the Company issued 25,393,500 special warrants. The special warrants can be converted to common shares for no further consideration once certain performance milestones are reached.

9. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had the following related party transactions:

		2018		**2017**
Consulting fees	$	-	$	157,560
Rent		-		7,823

During the year ended March 31, 2017, the Company paid rental expense of $7,823 to a director of Sarcon, and consulting fees of $157,560 (US$105,000) to a company controlled by a shareholder of the Company.

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, and directors of the Company. The remuneration of key management is as follows:

		2018		**2017**
Consulting fees - CEO	$	63,000	$	36,242
Consulting fees - CFO		54,000		9,280
Share-based payments		231,995		77,959

The Company has an amounts payable of $1,288,700 (US$1,000,000) (March 31, 2017 - $1,330,835 or US$1,000,000) due to the former shareholder of Sarcon in connection with the Agreement described in Note 7.The amounts are unsecured and non-interest bearing.

10. GAIN ON DEBTS FORGIVENESS

During the year ended March 31, 2018, certain creditors forgave amounts payable of $44,177 (2017 - $304,159) and as a result the Company recognized a gain on the forgiveness of debt for the same amount. In addition, the Company issued 105,000 common shares with a fair value of $19,950 to settle accounts payable of $128,000 (see Note 8d). As a result, the Company recognized $108,050 as a gain on debts settlement on the consolidated statements of comprehensive loss.

11. LOAN PAYABLE

As at March 31, 2018, the principal amount of $130,760 (US$100,000) bears interest at 6% per annum, is unsecured and due on demand. Subsequent to the year ended March 31, 2018, the Company repaid the principal plus interest amounts.

12. INCOME TAXES

The Company has non-capital losses carried forward of approximately $7,903,000 available to reduce income taxes in future years which expire between 2026 to 2038.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2018	**2017**
Statutory income tax rate	26%	26%
Income tax recovery at statutory rate	$ 257,393	$ 941,502
Effect of income taxes of:		
Non-deductible items for tax purposes and other items	35,679	(571,250)
Difference in tax rates in other tax jurisdictions	51,593	(1,040)
Change in deferred tax assets not recognized and other	(344,665)	(369,212)
Deferred income tax recoverable	$ -	$ -

The temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2018 not recognized are presented below:

	2018	**2017**
Non-capital loss carry-forwards	$ 2,186,529	$ 1,889,927
Equipment	10,924	2,038
Exploration and valuation assets	960,207	924,644
Share issue costs	97,578	93,964
Deferred tax assets not recognized	(3,255,238)	(2,910,573)
	$ -	$ -

13. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. 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 or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash in large financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

The Company expects its current capital resources will be sufficient to carry its acquisition plans and operations through its current operating year.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in 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 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value of Financial Instruments

The Company's financial instruments include cash, accounts payable, amounts payable and due to related party.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
March 31, 2018:				
Cash	$ 180,787	$ -	$ -	$ 180,787
March 31, 2017:				
Cash	$ 1,136,621	$ -	$ -	$ 1,136,621

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2018 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The risks associated with the financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, accounts payable, amounts payable and due to related party that are denominated in the United States dollar and Rupees. Management does not hedge its exposure to foreign exchange risk and the Company's net exposure to foreign currency as at each of the reporting periods is at below:

	March 31, 2018	**March 31, 2018**	**March 31, 2017**	**March 31, 2017**
	Rupee	**US$**	**Rupee**	**US$**
Cash	1,619,144	6,266	423,561	9,518
Accounts payable	(2,442,921)	(1,995)	(309,826)	(1,995)
Amounts payable	-	(1,000,000)	-	(1,000,000)
Due to related party	-	-	-	-
Total in foreign currency	(823,777)	(995,729)	(113,735)	(992,477)
Net exposure	830,615	(287,467)	112,763	(328,346)
Canadian dollar equivalents	**6,838**	**(1,283,196)**	**972**	**(1,320,823)**

Based on the net Canadian dollar denominated asset and liability exposures as at March 31 ,2018, a 10% fluctuation in the Canadian/US exchange rates would impact the Company's earnings for the year ended March 31, 2018 by $128,320 (March 31, 2017 - $132,082). The exposure to fluctuations in the Rupee is minimal. The Company has not entered into any foreign currency contracts to mitigate this risk.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

14. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The credit risk on cash is limited because the cash are composed of financial instruments issued by Canadian banks and companies with high credit ratings as assigned by international credit-rating agencies. Therefore, the Company is not exposed to significant credit risk.

(iv) *Liquidity risk*

In managing of liquidity risk, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at March 31, 2018, the Company had working capital deficiency of $1,271,976. As at March 31, 2018, the Company had cash of $180,787 to settle accounts payable, capital lease obligation and amounts payable and loan payable of $1,481,235 which fall due for payment within twelve months of the financial position date.

15. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended March 31, 2018 and 2017 was based on the loss attributable to common shareholders of $981,320 (2017 - $3,657,931) and the weighted average number of common shares outstanding of 54,671,139 (2017 - 44,744,013).

16. SUBSEQUENT EVENT

The Company completed a non-brokered private placement offering of units, at a price of $1.00 per Unit for aggregate gross proceeds of $2,000,000. Each Unit is comprised of $1.00 in principal amount of convertible debentures and two purchase warrants. The principal amount of the convertible debentures is unsecured, bears interest at 6% per annum with maturity date of 3 years from issuance. At the option of the holders, each debenture is convertible at a conversion price of $0.25 per share and each warrant is exercisable for $0.25 per share, subject to an acceleration clause.