
GOSSAN RESOURCES LIMITED
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY LETTER

Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and necessarily include amounts based on estimates and judgments of management.

MNP LLP, our independent auditors, is engaged to express a professional opinion on the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures which allow the auditors to report whether the financial statements prepared by management are presented fairly in accordance with IFRS.

The Board of Directors must ensure that management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board of Directors has appointed an Audit Committee composed of three directors, two of whom are independent. The Audit Committee meets with the independent auditors to discuss the results of their audit report prior to submitting the financial statements to the Board of Directors for its approval. On the recommendation of the Audit Committee, the Board of Directors has approved the Company's financial statements.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

"Douglas Reeson"
President and C.E.O.

"Andrew Thomson"
Director

Independent Auditors' Report

To the Shareholders of Gossan Resources Limited:

We have audited the accompanying financial statements of Gossan Resources Limited, which comprise the statement of financial position as at March 31, 2018 and 2017 and the statements of income (loss) and comprehensive income (loss), changes in shareholders' equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gossan Resources Limited 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.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred ongoing operating losses and negative cash flows from operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Winnipeg, Manitoba

July 30, 2018

MNP LLP

Chartered Professional Accountants

Gossan Resources Limited
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at March 31,	2018	2017
ASSETS		
Current Assets		
Cash	\$ 474,092	\$ 228,798
Short term investments	20,229	20,229
Accounts receivable	107,177	5,981
Prepaid expenses	5,155	17,757
Marketable securities (Note 5)	-	105,360
	\$ 606,653	\$ 378,125
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 173,619	\$ 41,875
Due to related parties (Note 11)	169,977	209,524
	343,596	251,399
SHAREHOLDERS' (DEFICIENCY) EQUITY		
Share capital (Note 7)	11,877,488	11,851,494
Contributed surplus	1,621,986	1,556,747
Deficit	(13,236,417)	(13,281,515)
	263,057	126,726
	\$ 606,653	\$ 378,125

See accompanying notes to these financial statements.

Nature of Operations and Going Concern (Note 1)

Approved on Behalf of the Board:

"Douglas Reeson"
Director

"Andrew Thomson"
Director

Gossan Resources Limited**STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)****(Expressed in Canadian Dollars)**

For the Years Ended March 31,	2018	2017
Expenses		
Exploration and evaluation expenditures (Note 6)	\$ 499,095	\$ 90,383
General and administrative (Note 9)	366,579	294,486
Net loss before the following	(865,674)	(384,869)
Gain on disposition of mineral property interest (Note 6)	874,898	-
Gain on disposition of marketable securities (Note 5)	29,374	38,410
Fair value adjustment on marketable securities	6,500	65,850
Net income (loss) and comprehensive income (loss)	\$ 45,098	\$ (280,609)
Basic and diluted net income (loss) and comprehensive		
income (loss) per share (Note 10)	\$ -	\$ (0.01)
Weighted average number of common shares outstanding	33,289,143	33,170,400

See accompanying notes to these financial statements.

Gossan Resources Limited

STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

For the Years Ended March 31,	2018	2017
Cash (used in) provided by:		
Operating Activities		
Net income (loss) for the year	\$ 45,098	\$ (280,609)
Adjustment for:		
Depreciation	-	959
Fair value adjustment on marketable securities	(6,500)	(65,850)
Gain on sale of mineral property interest	(837,586)	-
Gain on disposition of marketable securities (Note 6)	(29,374)	(38,410)
Stock-based compensation	70,733	-
Non-cash working capital items:		
Accounts receivable	(101,196)	2,151
Prepaid expenses	12,602	(152)
Accounts payable and accrued liabilities	131,744	(2,902)
Due to related parties	(39,547)	104,172
	(754,026)	(280,641)
Financing Activities		
Issuance of share capital	20,500	-
Investing Activities		
Proceeds received on disposition of marketable securities	141,234	58,900
Proceeds received on sale of mineral property interest, net of costs	837,586	-
Short term Investments	-	(200)
Change in restricted cash	-	207,401
	978,820	266,101
Net change in cash	245,294	(14,540)
Cash, beginning of year	228,798	243,338
Cash, end of year	\$ 474,092	\$ 228,798

See accompanying notes to these financial statements.

Gossan Resources Limited**STATEMENTS OF CHANGES IN SHAREHOLDERS' (DEFICIENCY) EQUITY****(Expressed in Canadian Dollars)**

	Share Capital	Contributed Surplus	Deficit	Total
Balance, March 31, 2016	\$ 11,851,494	\$ 1,556,747	\$ (13,000,906)	\$ 407,335
Net loss and comprehensive loss for the year	-	-	(280,609)	(280,609)
Balance, March 31, 2017	\$ 11,851,494	\$ 1,556,747	\$ (13,281,515)	\$ 126,726
Exercise of stock options - cash	20,500	-	-	20,500
Exercise of stock options - Black-Scholes valuation	5,494	(5,494)	-	-
Stock-based compensation	-	70,733	-	70,733
Net income and comprehensive income for the year	-	-	45,098	45,098
Balance, March 31, 2018	\$ 11,877,488	\$ 1,621,986	\$ (13,236,417)	\$ 263,057

See accompanying notes to these financial statements.

Gossan Resources Limited
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

1. Nature of Operations and Going Concern

Gossan Resources Limited (the "Company") is a public corporation that was incorporated federally on June 16, 1980. The Company, directly and through joint arrangements, is in the business of acquiring and exploring resource properties that it believes contain mineralization. To date, the Company is considered to be in the exploration and evaluation stage.

The Company's head office is located at 171 Donald Street, Suite 404, Winnipeg, Manitoba, Canada, R3C 1M4.

These financial statements have been prepared on the basis of a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not earned significant revenues. The ability of the Company to continue as a going concern is dependent upon the discovery of economically recoverable reserves; confirmation of the Company's ownership in the underlying mineral claims; the acquisition of required permits to mine; the ability of the Company to obtain necessary financing to complete exploration and development; and the future profitable production or proceeds from disposition of such properties. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. All of these outcomes are uncertain and taken together indicate the existence of material uncertainties that cast significant doubt over the ability of the Company to continue as a going concern.

As the Company has no revenue producing mines, the Company's ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets, or through the sale of assets. The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company had working capital of \$263,057 at March 31, 2018 (March 31, 2017 - \$126,726). At March 31, 2018, the Company had sufficient funds to finance its current discretionary exploration plans and administrative expenses and expects to be a going concern for the next twelve months. Further financing will be required for operations beyond the next twelve months and there is no assurance these funds can be raised. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditures, and expenditures may be adjusted accordingly.

The Company is traded on the TSX Venture Exchange under the symbol "GSS" and on the Frankfurt/Freiverkehr & Xetra Exchanges under the symbol "GSR" (WKN 904435). To the Company's knowledge, significant shareholders of the Company (defined as those holding greater than 10%) include only the Company's chief executive officer, Mr. Douglas Reeson, who holds 19.5% of the Company's issued and outstanding common shares.

The financial statements were approved by the Board of Directors on July 30, 2018 .

2. Significant Accounting Policies

a) Statement of Compliance

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB") and the Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Handbook of CPA Canada.

b) Basis of Presentation

These financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(s).

Gossan Resources Limited
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

c) Revenue Recognition

Revenue is recognized when the underlying services have been performed and there is a reasonable expectation of collection. The Company recognizes interest income on its cash and cash equivalents on an accrual basis at the stated rates over the term to maturity. Revenue from investments is recognized when it is sold and it is deemed collectible.

d) Short Term Investments

Short term investments are comprised of guaranteed investment certificates and term deposits with initial terms to maturity of over ninety days but less than one year.

e) Financial Instruments

The Company's financial instruments consist of the following financial assets and liabilities, classified as follows:

Cash	Fair value through profit and loss ("FVTPL")
Short term investments and marketable securities	FVTPL
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Due to related parties	Other financial liabilities

Fair Value Through Profit and Loss

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the statements of earnings (loss). Transaction costs related to financial instruments which are classified as FVTPL are recognized in profit or loss when incurred. The Company applies trade date accounting for the recognition of the purchase or sale of financial instruments.

The Company does not currently hold any derivative instruments or apply hedge accounting.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Available-for-sale Financial Assets

Available-for-sale ("AFS") financial assets are non-derivative financial assets that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity.

Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are recognized in profit or loss. When financial assets classified as AFS are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in earnings (loss).

Gossan Resources Limited
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

e) Financial Instruments (Continued)

Other Financial Liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost 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 and any transaction costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

f) Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the instruments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the instrument at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

g) Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value on the statement of financial position are classified using 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 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on 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);
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Gossan Resources Limited
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

g) Financial Instruments Recorded at Fair Value (Continued)

As of March 31, 2018, and March 31, 2017, the fair values of accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their carrying value due to their short term nature.

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis, with each capitalized property representing a potential cash-generating unit. As at March 31, 2018, all exploration and evaluation costs have been expensed as incurred and no amounts have been capitalized.

Fair Value Hierarchy and Liquidity Risk Disclosure

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the statement of financial position, have been prioritized into three levels as per the fair value hierarchy.

	Level 1	Level 2	Level 3
Cash	\$ 474,092	\$ -	\$ -
Short term investments	\$ 20,229	\$ -	\$ -
Marketable securities	\$ -	\$ -	\$ -

h) Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

i) Flow-through Shares

Flow-through shares are a unique Canadian tax incentive. Under IAS 8, the Company may apply judgment on accounting policies in the absence of specific guidance within IFRS. Therefore, the Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A deferred tax liability is recognized for the premium paid (if any) by the investors and is then recognized as a deferred income tax recovery in the period of renunciation if the Company has sufficient unrealized tax losses and deductions.

Gossan Resources Limited
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

j) Joint Operations

The Company's Pipestone Lake property is conducted through a joint operation, whereby the Company shares joint control over the strategic, financial and operating decisions. A joint operation involves the use of the assets and resources of the joint operators and incurs its own expenses and liabilities. These financial statements reflect only the Company's proportionate interest in the joint operation. The Company's proportionate share of the expenses and cash flows of the property are included in the financial statements as described in Notes 6 and 7. There are no assets, liabilities or revenues associated with this property.

k) Cash

Cash includes cash on hand, and on deposit with a Chartered bank in Canada.

l) Equipment

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on the declining balance basis at rates designed to depreciate the cost of the equipment over their estimated useful lives, based on the following annual rates:

Computer equipment	30%
Computer software	100%
Field equipment	20%
Furniture and fixtures	20%

Equipment is fully depreciated as at March 31, 2017, and remains in use as at March 31, 2018

m) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions for the years ended March 31, 2018 or 2017.

Gossan Resources Limited
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

n) Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental obligations as the disturbance to date is minimal.

o) Share-based Payment Transactions

The fair value of equity-settled share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

p) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, that asset is not recognized.

Gossan Resources Limited
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2018 AND 2017
(Expressed in Canadian Dollars)

2. Significant Accounting Policies (Continued)

q) (Loss) Earnings Per Share

The Company presents basic and diluted (loss) earnings per share data for its common shares, calculated by dividing the (loss) earnings attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of warrants and stock options, is the same as basic loss per share for the years ended March 31, 2018 and 2017.

r) Government Assistance

The Company periodically applies for financial assistance under available government incentive programs. All government assistance received is reflected as a reduction to the related asset category.

s) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Judgments

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable that are included in the statements of financial position;
- the inputs used in accounting for share-based payment transactions in profit or loss;
- no material restoration, rehabilitation and environmental cost, based on the facts and circumstances that existed during the period; and
- management's position that there is no income tax considerations required within these financial statements.

Estimates and Judgments

- (i) Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The fair value less cost to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less the incremental costs for disposing of the asset. If there is no binding sale agreement or active market for an asset, fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from management's best estimates of the future cash flows associated with a particular asset, and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance or value. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model, the expected future cash inflows and the growth rate used for extrapolation purposes.

Gossan Resources Limited
NOTES TO FINANCIAL STATEMENTS
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2. Significant Accounting Policies (Continued)

s) Significant Accounting Judgments and Estimates (Continued)

Critical Accounting Judgments (Continued)

- (ii) Management assesses the fair value of stock options granted and share purchase warrants issued using the Black-Scholes option pricing model. Measurement inputs include the Company's share price on the measurement date, the exercise price of the option or warrant, the expected volatility of the Company's shares, the expected life of the options or warrants, expected dividends and the risk-free rate of return. The Company estimates the volatility based on historical shares prices in the publicly-traded market. The expected life on the options or warrants, are based on the historical experience and the estimates of the holder's behaviour. Dividends are not factored in as the Company does not expect to pay dividends in the foreseeable future. Management also makes an estimate of the number of options that will be forfeited and the rate is adjusted to reflect the actual number of options that actually vest.
- (iii) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.
- (iv) The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on deductible or taxable temporary differences between the carrying amounts and tax bases of the assets and liabilities. Deferred tax assets and liabilities are measured using substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to reverse. If the estimates and assumptions are modified in the future, the Company may be required to reduce or increase the value of deferred tax assets or liabilities resulting in, where applicable, an income tax expense or recovery. The Company regularly evaluates deferred tax assets and liabilities.
- (v) Estimates and judgments are inherent in the on-going assessment of the recoverability of some accounts receivable. The Company maintains an allowance for doubtful accounts to reflect expected credit losses. The Company is not able to predict changes in financial conditions of its customers and the Company's judgment related to the recoverability of accounts receivable may be materially impacted if the financial condition of the Company's customers deteriorates.
- (vi) No provision has been established for asset retirement obligations as management believes that there has been no significant site disturbance to date that would require a provision to be established. The ultimate retirement costs are uncertain and cost estimates can vary in response to many factors including changes in relevant regulatory requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example in response to a change in reserves. As a result, there could be significant adjustments to any provisions established which would affect future financial results.

Gossan Resources Limited
NOTES TO FINANCIAL STATEMENTS
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2. Significant Accounting Policies (Continued)

t) Future Accounting Changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine the impact on the Company.

- (i) IFRS 9 - Financial Instruments ("IFRS 9") was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 - Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity's own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is currently assessing the impact of this pronouncement.
- (ii) In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The Company is currently assessing the impact of this pronouncement.

There are no other relevant IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

u) Presentation and Functional Currency

The Company's presentation currency is the Canadian ("CDN") dollar and the functional currency of its operations is the CDN dollar as it was assessed by management that the CDN dollar is the currency of the primary economic environment in which the Company operates.

v) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

Contingent consideration that is classified as a financial asset or financial liability is remeasured at subsequent reporting dates, with the corresponding gain or loss being recognized on the statement of loss and comprehensive loss.

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3. Capital Management

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be shareholders' equity, comprising share capital, contributed surplus, and deficit, which at March 31, 2018, totalled \$263,057 (March 31, 2017 - \$126,726).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the year ended March 31, 2018. The Company is not subject to externally imposed capital requirements.

4. Mineral Property and Financial Risk Factors

a) Mineral Property Risk

The Company's major mineral properties are listed in Note 7. Unless the Company acquires or develops additional material mineral properties, the Company will be mainly dependent upon its existing properties. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's properties would have a materially adverse effect on the Company's financial condition and results of operations.

b) Financial Risks

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency rate, commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short term investments and accounts receivable. Cash and short term investments are held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal. Accounts receivable consists of sales tax receivable from government authorities in Canada. Accounts receivable are in good standing as of March 31, 2018.

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4. Mineral Property and Financial Risk Factors (Continued)

b) Financial Risks (Continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2018, the Company had cash of \$474,092 (March 31, 2017 - \$228,798) to settle current liabilities of \$343,596 (March 31, 2017 - \$251,399). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign currency rates, and commodity and equity prices.

Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

Foreign Currency Risk

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

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 - as they relate to gold, vanadium, titanium, base metals, PGE's, magnesium, aluminum, and proppant sand - and individual equity movements as it pertains to Claim Post Resources and the stock market to determine the appropriate course of action to be taken by the Company.

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4. Mineral Property and Financial Risk Factors (Continued)

b) Financial Risk (Continued)

Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a three month period:

- (i) The Company has no term debt and receives low interest rates on its cash balances. As such the Company does not have significant interest rate risk.
- (ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.
- (iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of minerals may be produced in the future, a profitable market will exist for them.

As of March 31, 2018, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

- (iv) Mineral property risk is significant. In particular, if an economic orebody is not found, the Company cannot enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability or provide a return on investment in the future from any of the properties it may have an interest in.
- (v) A variance of 10% in the market value of the Company's marketable securities would affect the Company's loss and comprehensive loss by \$nil (March 31, 2017 - \$10,500).

5. Marketable Securities

The Company holds nil (March 31, 2017 - 2,634,000) common shares of Claim Post Resources Inc. The securities have been designated as financial assets 'at "FVTPL", and are measured at fair value on each reporting period. Any changes in market value are recorded on the Company's statement of earnings (loss) and comprehensive earnings (loss). As at March 31, 2018, the marketable securities held had a fair market value \$nil per share, or \$nil in aggregate (March 31, 2017 - \$0.04 per share, or \$105,360 in aggregate). During the year ended March 31, 2018, the Company sold all 2,634,000 common shares for gross proceeds of \$141,234, resulting in a gain on disposition of \$29,374. (March 31, 2017 - the Company sold 1,366,000 common shares for gross proceeds of \$58,900, resulting in a gain on disposition of \$38,410)

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6. Exploration and Evaluation Expenditures

	Historical Expenditures, March 31, 2017	Current Expenditures	Historical Expenditures, March 31, 2018
Pipestone Lake (i)	\$ 1,803,433	\$ 1,848	\$ 1,805,281
Bird River (ii)	908,403	8,008	916,411
Inwood	1,137,447	36,511	1,173,958
Separation Rapids	200,039	400	200,439
Sturgeon Lake (iv)	81,582	379,028	460,610
Royalties	4	-	4
Manigotagan Silica (iii)	788,352	3,816	792,168
Sharpe Lake	483,274	67	483,341
	\$ 5,402,534	\$ 429,678	\$ 5,832,212

In addition to the above expenditures, during the year ended March 31, 2018, the Company incurred \$69,417 in evaluation expenditures on prospective property interests.

	Historical Expenditures, March 31, 2016	Current Expenditures	Historical Expenditures, March 31, 2017
Pipestone Lake (i)	\$ 1,803,260	\$ 173	\$ 1,803,433
Bird River (ii)	902,277	6,126	908,403
Inwood	1,132,590	4,857	1,137,447
Separation Rapids	193,689	6,350	200,039
Sturgeon Lake	12,800	68,782	81,582
Royalties	3	1	4
Manigotagan Silica (iii)	785,058	3,294	788,352
Sharpe Lake	482,474	800	483,274
	\$ 5,312,151	\$ 90,383	\$ 5,402,534

In addition to the above expenditures, during the year ended March 31, 2017, the Company incurred \$nil in evaluation expenditures on prospective property interests.

- (i) The Pipestone project is a 50% joint operation with Cross Lake Mineral Explorations Inc.
- (ii) The Bird River project is wholly-owned by the Company. Prior to March 24, 2012, the project was held pursuant to a joint venture agreement with Stillwater Mining Company ("Stillwater") who acquired the interest from Marathon PGM Corporation.

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6. Exploration and Evaluation Expenditures (Continued)

- (iii) On June 18, 2013, the Company closed a purchase and sale agreement to vend its Manigotagan Silica Frac Sand Project, comprised of 9 quarry leases located near Seymourville Manitoba, to Claim Post Resources Inc. ("Claim Post") (CPS-TSX.V). Gossan had been seeking a joint-venture partner or a purchaser for the Project since completing a marketing study in late 2010. In 2012, Claim Post acquired the adjacent Seymourville Property to the south and announced plans to develop a frac sand operation. The consolidation of the two properties should improve the viability of the project.

Under the terms of the agreement, Gossan has received 3,000,000 common shares of Claim Post (ascribed a fair value of \$95,000) and two cash payments totalling \$700,000, of which \$350,000 was recognized in the Company's March 31, 2014 audited financial statements and \$350,000 was recognized in the Company's March 31, 2015 audited financial statements. Consideration for this purchase and sale agreement is recognized in the Company's statement of earnings (loss) and comprehensive earnings (loss) as a gain on disposition of mineral property interest when it is received, or where the receipt of which is certain. One further cash payment totalling \$430,000 was initially due on June 18, 2015, however, the Company amended the agreement to provide an extension in the due date of the \$430,000 payment for 6 months to December 18, 2015, subject to interest at 1% per month, and a payment of 1,000,000 common shares of Claim Post (received June 25, 2015, and ascribed a fair value of \$25,000 upon receipt), as well as an increase in the advance royalty provisions.

On September 15, 2017, the Company received payments totalling \$787,356, inclusive of the outstanding final property payment of \$430,000, four advance royalty payments totalling \$200,000 in aggregate, and \$157,356 of interest retroactive from their original due dates. These payments were held in trust until January 19, 2018, at which time they were released to the Company's treasury upon registration of title of the Claim post interests which were recorded as a gain on disposition of mineral property on the statement of loss and comprehensive loss.

Under the terms of the revised agreement, semi-annual advance royalty payments of \$50,000 each are payable as of June 18th and December 18th of each year. All frac sand produced, sold and paid from the nine Manigotagan leases is subject to a \$1.00 per tonne production royalty payable quarterly and all other products are subject to a \$0.50 per tonne production royalty. Although the royalty is solely payable on production from the Manigotagan leases, the agreement also provides for a minimum production royalty from both the Manigotagan and the adjacent Seymourville properties held by Claim Post, based on their relative mining reserves of frac sand at the time of permitting. Claim Post can acquire one-half of Gossan's production royalty interest for \$1.5 million during the three years after commencing commercial production and \$2 million for a further two years.

The advance royalty payments are non-refundable and the next semi-annual advance royalty payment of \$50,000 is due on June 18, 2018 and accrued as at March 31, 2018. The December 18, 2017 and the June 18, 2018 payments were received as scheduled.

- iv) On July 28, 2016, the Company acquired 15 claims in the zinc-rich polymetallic Sturgeon Lake Greenstone Belt in northwestern Ontario. In November 2015, the Company staked three claims and subsequently acquired an additional 12 claims from Excalibur Resources Ltd. along with a significant amount of exploration data. Recent work now in the possession of Gossan includes: a VTEM electromagnetic geophysical survey by Geotech Ltd.; an Enzyme Leach geochem survey and a Soil Gas Hydrocarbon geochem survey, both processed by Actlabs; and results from a limited drill program on the eastern portion of the acquired claims. In September 2016, the Company conducted a geochemical survey on the property. The property has been permitted, until February 2, 2020, for winter drill programs with up to 20 drill pad locations. During the winter of 2018, a preliminary drill program was completed.

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6. Exploration and Evaluation Expenditures (Continued)

- v) On November 16, 2016, Gossan announced it had entered into an Exclusive Supply Agreement with Sediment Research & Minerals Ltd. ("SRML") for the provision of high-purity dolomite.

Under the terms of the exclusive supply agreement, Gossan will receive a production royalty on all dolomite sold to SRML of \$1.00 per tonne for products with a price of less than \$70 per tonne and a royalty of 2% for products with a price of \$70 per tonne or greater. Gossan will also retain an equity interest in the project.

7. Share Capital

- a) Authorized share capital

At March 31, 2018, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value.

- b) Common shares issued

At March 31, 2018, the issued share capital amounted to \$11,877,488.

	Number of Common Shares	Amount
Balance, March 31, 2016 and March 31, 2017	33,170,400	\$ 11,851,494
Exercise of options	410,000	25,994
Balance, and March 31, 2018	33,580,400	11,877,488

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8. Stock Options

The following table reflects the continuity of stock options for the year ended March 31, 2018 and 2017:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, March 31, 2017	1,260,000	0.06
Granted	2,220,000	0.08
Expired	(310,000)	0.06
Exercised	(410,000)	0.05
Balance, March 31, 2018	2,760,000	0.08

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, March 31, 2016	1,750,000	0.08
Granted	(490,000)	0.14
Balance, March 31, 2017	1,260,000	0.06

As at March 31, 2018, 2,760,000 (March 31, 2017 - 1,260,000) options were exercisable.

- (i) On April 3, 2017, the Company granted 450,000 incentive stock options to officers, directors and an employee of the Company. The options are exercisable at \$0.08 per share, expire September 21, 2018. The resulting fair value of \$13,275 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 1.27% and an expected life of 1.24 years.
- (ii) On April 3, 2017, the Company granted 540,000 incentive stock options to officers, directors and an employee of the Company. The options are exercisable at \$0.08 per share, expire March 21, 2020.. The resulting fair value of \$20,574 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 1.25% and an expected life of 2.18 years. .
- (iii) April 11, 2017, the Company granted 100,000 incentive stock options to a employees and consultants of the Company. The options are exercisable at \$0.08 per share, expire September 21, 2018. The resulting fair value of \$2,950 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 1.27% and an expected life of 1.24 years.
- (iv) On April 11, 2017, the Company granted 100,000 incentive stock options to consultants and employees of the Company. The options are exercisable at \$0.08 per share, expire March 21, 2020. The resulting fair value of \$3,810 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 1.25% and an expected life of 2.18 years.
- (v) On November 24, 2017 the Company granted 340,000 incentive stock options to officers and directors of the Company. The options are exercisable at \$0.08 per share, expire June 19, 2019. The resulting fair value of \$9,120 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 1.42% and an expected life of 1.32 years.

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8. Stock Options (Continued)

- (vi) On November 24, 2017, the Company granted 100,000 incentive stock options to officers and directors of the Company. The options are exercisable at \$0.08 per share, expire March 18, 2021. The resulting fair value of \$4,000 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 1.42% and an expected life of 2.42 years.
- (vii) On November 24, 2017, the Company granted 390,000 incentive stock options to officers and directors of the Company. The options are exercisable at \$0.08 per share, expire March 29, 2022. The resulting fair value of \$17,004 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 1.57% and an expected life of 2.94 years.
- (viii) On January 18, 2018, the Company granted 50,000 incentive stock options to a consultant of the Company. The options are exercisable at \$0.09 per share, expire March 21, 2019. The resulting fair value of \$1,500 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 1.50% and an expected life of 1.04 years.
- (iv) On February 14, 2018, the Company granted 150,000 incentive stock options to a consultant of the Company. The options are exercisable at \$0.095 per share, expire February 14, 2023. The resulting fair value of \$7,950 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 85%; a risk-free interest rate of 2.0% and an expected life of 3.13 years.

The following table reflects the actual stock options issued and outstanding as of March 31, 2018:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding
September 21, 2018	0.08	0.48	450,000
September 21, 2018	0.08	0.48	100,000
March 21, 2019	0.09	0.97	50,000
June 19, 2019	0.08	1.24	340,000
March 21, 2020	0.08	1.98	540,000
March 21, 2020	0.08	1.98	100,000
March 18, 2021	0.08	2.97	100,000
March 18, 2021	0.05	2.97	540,000
March 29, 2022	0.08	3.99	390,000
February 14, 2023	0.095	4.88	150,000
	0.08	2.20	2,760,000

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9. General and Administrative

	2018	2017
Administrative fees	\$ 27,188	\$ 28,100
Management fees	84,000	84,000
Office and general	64,513	84,936
Public company costs	73,838	56,329
Investor relations	27,858	35,957
Travel and related	18,449	4,205
Stock-based compensation	70,733	-
Depreciation	-	959
	\$ 366,579	\$ 294,486

10. Net Loss per Common Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share is the same as basic loss per share for the years ended March 31, 2018 and 2017.

11. Related Party Balances and Transactions

Related parties include the Board of Directors and management, close family members and enterprises that are controlled by these individuals; as well as certain persons performing similar functions.

The Company entered into the following transactions with related parties:

	2018	2017
Chief Executive Officer ("CEO") fees (i)	\$ 72,000	\$ 72,000
Marrelli Support Services Inc. (ii)	\$ 42,815	\$ 41,225
Directors fees (iii)	33,833	28,000
Consulting fees paid to Directors (iv)	\$ 11,020	\$ 3,600

(i) CEO fees for the period. As at March 31, 2018 \$100,140 (March 31, 2017 - \$111,020) was included in due to related parties with respect to fees and reimbursable expenditures.

(ii) During the year ended March 31, 2018, the Company expensed \$42,815 (March 31, 2017 - \$41,225) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for:

- (i) Robert D.B. Suttie to act as Chief Financial Officer ("CFO") of the Company;
- (ii) Bookkeeping and office support services;
- (iii) Corporate filing services

The Marrelli Group is also reimbursed for out of pocket expenses.

Both Marrelli Support and DSA are private companies. Robert Suttie is the Vice-President of Marrelli Support.

As of March 31, 2018 the Marrelli Group was owed \$7,754 (March 31, 2017 - \$7,454) and these amounts were included in due to related parties.

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11. Related Party Balances and Transactions (Continued)

- (iii) For the year ended March 31, 2018, \$33,833 in directors fees were incurred (March 31, 2017 - \$28,000) with 50% of the fees held for future purchase of common shares of the Company. As at March 31, 2018 \$74,083 (March 31, 2017 - \$91,050) was outstanding in regard to current and prior years directors fees, of which \$45,167 (March 31, 2017 - \$59,800) was held for the purchase of the Company's common shares. An additional \$28,916 (March 31, 2017 - \$31,250) was included in due to related parties with respect to prior years directors fees to be settled in cash.
- (iv) Directors of Gossan. Fees relate to consulting services provided for evaluation, geological and community engagement services. As at March 31, 2018, \$nil (March 31, 2017 - \$3,600) was included in due to related parties.

The above noted transactions are in the normal course of business and are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

Other remuneration of Directors and Officers of the Company was as follows:

	2018	2017
Stock-based payments	\$ 49,354	\$ -

12. Income Taxes

The following table reconciles the expected income tax expense at the Canadian combined federal and provincial statutory income tax rate to the amount recognized in the statements of loss and comprehensive loss.

	2018	2017
Earnings (loss) before income taxes	\$ 45,098	\$ (280,609)
Expected income tax expense at statutory rate of 27.00% (2017 - 27.00%)	12,176	(75,764)
Permanent difference due to stock-based compensation	19,098	-
Permanent difference due to capital gains	(4,843)	(14,075)
Tax benefits not recognized	-	89,839
Tax benefits recognized	(26,431)	-
Income tax expense (recovery)	\$ -	\$ -

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12. Income Taxes (Continued)

Unrecognized Deferred Tax Assets

The following table reflects the gross unused tax losses and deductible temporary differences for which deferred tax assets have not been recognized in the financial statements:

	2018	2017
Non-capital loss carry-forwards for Canadian purposes	\$ 3,843,764	\$ 4,006,756
Exploration expenditures	2,775,711	2,706,616
Tax value in excess of carrying value of capital assets	44,143	44,143
Tax value in excess of carrying value of marketable securities	-	(26,340)

The Company's non-capital losses expire as follows:

2026	307,464
2027	511,190
2028	625,853
2030	443,986
2031	388,762
2033	422,062
2034	255,461
2035	319,880
2036	287,042
2037	282,064
	<u><u>\$ 3,843,764</u></u>