



**MINERAL MOUNTAIN RESOURCES LTD.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED MARCH 31, 2018 AND 2017**

**(EXPRESSED IN CANADIAN DOLLARS)**



DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mineral Mountain Resources Ltd.

We have audited the accompanying consolidated financial statements of Mineral Mountain Resources Ltd., which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of comprehensive loss, and cash flows for the years then ended, and 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, 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.

### Auditor's 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 consolidated financial statements. The procedures selected depend on the auditor's 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Mineral Mountain Resources Ltd. as at March 31, 2018 and 2017 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 2 in the consolidated financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Mineral Mountain Resources Ltd.'s ability continue as a going concern.

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DALE MATHESON CARR-HILTON LABONTE LLP  
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
July 5, 2018

**MINERAL MOUNTAIN RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT MARCH 31**

(Expressed in Canadian dollars)	Note	2018	2017
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	\$ 1,910,834	\$ 852,069
Sales tax recoverable		14,095	14,415
Prepaid expenses and deposits	5	175,830	82,024
		2,100,759	948,508
<b>Non-current assets</b>			
Exploration and evaluation assets	7	4,750,206	3,355,797
Restricted cash	8	24,667	19,148
Equipment	6	22,392	8,916
		4,797,265	3,383,861
<b>Total assets</b>		<b>\$ 6,898,024</b>	<b>\$ 4,332,369</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	9	\$ 580,675	\$ 234,232
Amounts due to related parties	10	226,458	303,940
<b>Total liabilities</b>		<b>807,133</b>	<b>538,172</b>
<b>Equity</b>			
Share capital	11	42,626,247	39,234,693
Share-based payments reserve	12	3,270,936	3,242,901
Deficit		(39,806,292)	(38,683,397)
<b>Total equity</b>		<b>6,090,891</b>	<b>3,794,197</b>
<b>Total liabilities and equity</b>		<b>\$ 6,898,024</b>	<b>\$ 4,332,369</b>

**Commitments** (Note 7, 19)

**Events after the reporting period** (Note 20)

The financial statements were authorised for issue by the board of directors on July 5, 2018 and were signed on its behalf by:

\_\_\_\_\_  
*"Nelson Baker"* Director      \_\_\_\_\_  
*"Brad Baker"* Director

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**YEARS ENDED MARCH 31**

(Expressed in Canadian dollars)	Note	2018	2017
<b>EXPENSES</b>			
Consulting fees	10	\$ 417,753	\$ 289,333
Depreciation	6	948	7,948
Media and news dissemination		66,238	21,433
Office and miscellaneous	10	116,294	54,704
Professional fees	10	155,912	105,772
Rent		101,312	98,131
Share-based payments	10, 12	563,734	1,282,934
Transfer agent and filing fees		35,123	33,801
Travel and conference		68,902	26,877
		(1,526,216)	(1,920,933)
<b>OTHER ITEMS</b>			
Interest and other income		750	30
Foreign exchange		10,647	2,695
Gain on sale of marketable securities		-	16,612
Extinguishment of accounts payable		-	14,394
Write-off of exploration and evaluation assets	7	-	(8,243,110)
		11,397	(8,209,379)
<b>Net loss for the year</b>		(1,514,819)	(10,130,312)
<b>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:</b>			
Fair value gain on marketable securities		-	12,862
Reclassification of realized gain on sale of marketable securities		-	(16,612)
		-	(3,750)
<b>Comprehensive loss for the year</b>		\$ (1,514,819)	\$ (10,134,062)
<b>Basic and diluted loss per common share</b>	11	\$ (0.03)	\$ (0.22)

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian dollars)	Note	Number of Shares	Share capital	Share-based payments reserve	Deficit	Total equity
Balance, March 31, 2017		51,915,172	\$ 39,234,693	\$ 3,242,901	\$ (38,683,397)	\$ 3,794,197
Comprehensive loss for the year		-	-	-	(1,514,819)	(1,514,819)
Transactions with owners						
Private placements	11	14,456,000	2,891,200	-	-	2,891,200
Exercise of stock options	11	500,000	293,775	(143,775)	-	150,000
Exercise of warrants	11	815,364	314,146	-	-	314,146
Share issuance costs	11	-	(107,567)	-	-	(107,567)
Share-based payments	12	-	-	563,734	-	563,734
Adjustment on expiration of stock options		-	-	(391,924)	391,924	-
		15,771,364	3,391,554	28,035	391,924	3,811,513
Balance, March 31, 2018		67,686,536	\$ 42,626,247	\$ 3,270,936	\$ (39,806,292)	\$ 6,090,891

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Expressed in Canadian dollars)	Note	Number of Shares	Share capital	Share-based payments reserve	Accumulated other comprehensive income	Deficit	Total equity
Balance, March 31, 2016		40,419,070	\$ 35,370,506	\$ 1,994,333	\$ 3,750	\$ (28,598,629)	\$ 8,769,960
Comprehensive loss							
Loss for the year		-	-	-	-	(10,130,312)	(10,130,312)
Other comprehensive loss for the year		-	-	-	(3,750)	-	(3,750)
Comprehensive loss for the year		-	-	-	(3,750)	(10,130,312)	(10,134,062)
Transactions with owners							
Acquisition of exploration and evaluation assets	11	4,500,000	1,720,000	-	-	-	1,720,000
Private placements	11	6,568,862	2,133,937	-	-	-	2,133,937
Exercise of warrants	11	255,600	100,020	-	-	-	100,020
Exercise of agents' warrants	11	171,640	65,165	(22,255)	-	-	42,910
Share issuance costs	11	-	(154,935)	33,433	-	-	(121,502)
Share-based payments	12	-	-	1,282,934	-	-	1,282,934
Adjustment on expiration of stock options		-	-	(45,544)	-	45,544	-
Transactions with owners		11,496,102	3,864,187	1,248,568	-	45,544	5,158,299
Balance, March 31, 2017		51,915,172	\$ 39,234,693	\$ 3,242,901	\$ -	\$ (38,683,397)	\$ 3,794,197

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

**MINERAL MOUNTAIN RESOURCES LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MARCH 31**

(Expressed in Canadian dollars)	Note	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss for the year		\$ (1,514,819)	\$ (10,130,312)
Items not affecting cash:			
Depreciation		948	7,948
Foreign exchange		231	-
Extinguishment of accounts payable		-	(14,394)
Realized gain on sale of marketable securities		-	(16,612)
Share-based payments		563,734	1,282,934
Write-off of exploration and evaluation assets		-	8,243,110
Changes in non-cash working capital items:			
Sales tax recoverable		320	(6,766)
Prepaid expenses and deposits		(93,806)	6,294
Trade and other payables		37,849	(34,853)
Amounts due to related parties		(77,482)	89,740
<b>Net cash used in operating activities</b>		<b>(1,083,025)</b>	<b>(572,911)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Exploration and evaluation assets		(1,084,111)	(818,215)
Purchase of equipment		(16,128)	-
Restricted cash		(5,750)	(19,148)
Proceeds from sale of marketable securities		-	83,778
<b>Net cash used in investing activities</b>		<b>(1,105,989)</b>	<b>(753,585)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of share capital		3,355,346	2,276,867
Share issuance costs		(107,567)	(121,502)
Loan repayment		-	(50,000)
<b>Net cash provided by financing activities</b>		<b>3,247,779</b>	<b>2,105,365</b>
<b>Change in cash and cash equivalents during the year</b>		<b>1,058,765</b>	<b>778,869</b>
<b>Cash and cash equivalents, beginning of the year</b>		<b>852,069</b>	<b>73,200</b>
<b>Cash and cash equivalents, end of the year</b>	4	<b>\$ 1,910,834</b>	<b>\$ 852,069</b>

Supplemental disclosures with respect to cash flows (Note 13)

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

**1. NATURE OF BUSINESS**

Mineral Mountain Resources Ltd. (the “Company”) was incorporated on September 1, 2006 under the laws of British Columbia, Canada and maintains its head office at Suite 401, 1195 West Broadway, Vancouver, British Columbia, Canada, V6H 3X5. Its registered office is located at Suite 2300, 550 Burrard Street, Vancouver, British Columbia, Canada, V6C 2B5. The Company is engaged in the acquisition, exploration, and development of mineral properties in North America. The Company’s common shares are listed on the TSX Venture Exchange (TSX-V) under the symbol “MMV” and on the OTCQX under the symbol “MNRLF”.

**2. BASIS OF PREPARATION**

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

These consolidated financial statements incorporate the financial statements of the Company and its wholly-owned subsidiaries. All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

**Basis of measurement**

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values. In addition these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Going concern of operations**

The Company is an exploration stage company. The Company has a history of losses with no operating revenue. The ability of the Company to recover the costs it has incurred to date on the exploration and evaluation assets is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the assets. The aforementioned factors indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s ability to continue as a going concern is dependent on its ability to obtain adequate financing on reasonable terms from lenders, shareholders and other investors and/or to commence profitable operations in the future. Although the Company has been successful in raising funds in the past, there is no assurance that it will be able to obtain adequate financing in which case the Company may be unable to meet its obligations. The directors, after reviewing the current cash position and having considered the Company’s ability to raise funds in the short term, adopt the going concern basis in preparing its consolidated financial statements.

These consolidated financial statements do not include adjustments that would be required if going concern is not an appropriate basis for preparation of the financial statements. These adjustments could be material.

**2. BASIS OF PREPARATION (cont'd...)**

**Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is functional currency of the Company and its subsidiary.

**Significant estimates and assumptions**

The preparation of these consolidated financial statements requires management to make estimates 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 period. Actual results could differ from these estimates. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised. Significant areas requiring the use of management estimates include:

- i) The determination of the fair value of stock options and agent's warrants using stock pricing models, require the input of highly subjective assumptions, including the expected price volatility. Changes in the subjective input assumptions could materially affect the fair value estimate.
- ii) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts.

**Significant judgments**

The preparation of these consolidated financial statements requires management to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- i) Recorded costs of exploration and evaluation assets are not intended to reflect present or future values of these assets. The assessment of indications of impairment loss and the reversal of an impairment loss and the measuring of the recoverable amount when impairment tests have been prepared involve judgment. The recorded costs are subject to measurement uncertainty and it is reasonably possible, based on existing knowledge, that change in future conditions could require a material change in the recognized amount.
- ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its exploration projects and working capital requirements and whether there are events or conditions that may give rise to significant uncertainty.
- iii) The classification of financial instruments.
- iv) The determination of whether it is likely that future taxable profits will be available to utilize against any deferred tax assets.
- v) The determination of whether a decline in the fair value of a financial asset classified as available-for-sale is prolonged and /or significant and is therefore an impairment.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been consistently applied to all years presented in these consolidated financial statements, unless otherwise indicated.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and at banks and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

#### **Equipment**

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of equipment consists of the purchase price, any costs directly attributable to bringing the asset into operation and an initial estimate of the rehabilitation obligation.

Equipment are generally depreciated on a straight line basis over their estimated useful lives as follows:

Computer software	2 years
Office furniture and equipment	5 years
Field equipment	3 - 10 years

An item of property and equipment is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the statement of comprehensive income.

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for property and equipment and any changes arising from the assessment are applied by the Company prospectively.

#### **Exploration and evaluation assets**

Once a license or other right to explore an area has been secured, all direct costs related to the acquisition, exploration and evaluation of mineral property interests are capitalized into intangible asset on a property by property basis until such time that technical feasibility and commercial viability of extracting a mineral resource has been determined for a property, in which case the capitalized exploration and evaluation costs are transferred and capitalized into property, plant and equipment. The Company records expenditures on exploration and evaluation activities at cost. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Proceeds received from a partial sale or option of any interest in a property are credited against the carrying value of the property. When the proceeds exceed the carrying costs, the excess is recorded in profit or loss in the period the excess is received. When all of the interest in a property is sold, subject only to any retained royalty interests which may exist, the accumulated property costs are written-off, with any gain or loss included in profit or loss in the period the transfer takes place.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Impairment of non-financial assets**

Management assesses the exploration and evaluation assets and property and equipment for impairment at least annually and whenever factors or circumstances indicate that the carrying amount may not be recoverable. For exploration and evaluation assets, examples of such facts and circumstances are as follows:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

If, after management review, it is determined that the carrying amount of an asset is impaired, that asset is written down to its estimated recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

**Provision for decommissioning and restoration**

The Company recognizes provisions for statutory, contractual, constructive or legal obligations associated with the reclamation of mineral properties in the year in which it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Initially, a provision for a decommissioning liability is recognized based on expected cash flows required to settle the obligation and discounted at a pre-tax rate specific to the liability. The capitalized amount is depreciated on the same basis as the related asset. Following the initial recognition of the decommissioning liability, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate and the amount or timing of the underlying cash flows needed to settle the obligation. The increase in the provision due to passage of time is recognised as interest expense. Significant judgments and estimates are involved in forming expectations of the amounts and timing of future closure and reclamation cash flows. As at March 31, 2018 and 2017, the Company had no known material restoration, rehabilitation or environmental liabilities related to its mineral properties.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments**

(i) Financial assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

*Fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. None of the Company's financial assets are classified as fair value through profit or loss.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are initially recognized at fair value and subsequently carried at amortized cost less any impairment. The Company's loans and receivables are comprised of cash and cash equivalents, and restricted cash.

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Subsequent to initial recognition, changes in the fair value of available-for-sale financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity. When available-for-sale financial asset are sold, the accumulated fair value adjustments recognized in other comprehensive income are transferred to profit and loss. None of the Company's financial assets are classified as available-for-sale assets.

(ii) Financial liabilities

The Company has the following non-derivative financial liabilities: trade and other payables, amounts due to related parties and loans from related parties. Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments (cont'd...)**

(iii) Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired.

*Loans and receivables*

For loans and receivables, a provision for impairment is made and an impairment loss is recognized in profit or loss when there is objective evidence (such as default or delinquency by a debtor, the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the agreement. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible. 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 recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

*Available-for-sale financial assets*

For equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the assets are impaired. The Company will measure impairment on the basis of an instrument's fair value using an observable market price. An amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Impairment losses recognised on equity instruments are not reversed through profit or loss if the unrealized fair value of the impaired equity instruments increases.

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Share capital**

The Company records proceeds from the issuance of its common shares as equity. Incremental costs directly attributable to the issue of new common shares are shown in equity as a deduction, net of tax, from the proceeds. Common shares issued for consideration other than cash are valued based on their market value at the date that shares are issued.

**Loss per share**

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. The diluted loss per share reflects all dilutive potential common shares equivalents, which comprise outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. All of the outstanding stock options and the share purchase warrants were anti-dilutive for the years ended March 31, 2018 and 2017.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Share-based payments**

Share-based payments to employees and others providing similar services are measured at the grant date fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The amount recognized as an expense is adjusted to reflect the number of options expected to vest. The offset to the recorded cost is to share-based payments reserve. The number of options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount ultimately recognized as an expense is based on the number of options that eventually vest. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital.

The fair value of the stock options is determined using the Black-Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility), weighted average expected life of the instruments (based on historical experience), expected dividends, and the risk-free interest rate (based on government bonds).

**Foreign currency translation**

The financial statements for the Company and its subsidiaries are prepared using their functional currencies. Functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the Company and its subsidiary is Canadian dollars, which is the Company's presentation currency.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to profit or loss.

**Income taxes**

Current taxes receivable or payable are estimated on taxable income or loss for the current year at the statutory tax rates enacted or substantively enacted at the reporting date.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured at the tax rates that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. At the end of each reporting year the Company reassesses unrecognized deferred tax assets. Deferred income tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profit will be available against which they can be utilized.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**New accounting policies**

There were no new standards effective April 1, 2017 that had an impact on the Company’s consolidated financial statements.

A number of new standards and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. The Company has not applied these new standards in preparing these consolidated financial statements. The following pronouncements are considered by the Company to be the most significant of several pronouncements that may affect the consolidated financial statements in future periods.

- New standard IFRS 9 *Financial Instruments* (“IFRS 9”) has been issued by the IASB to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018. The Company does not expect any significant impact of adopting IFRS 9 on its consolidated financial statements.
- New standard IFRS 16 *Leases* (“IFRS 16”) has been issued by the IASB to replace IAS 17 *Leases* and the related interpretive guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019, with early adoption permitted for entities that have adopted IFRS 15 *Revenue*. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

Other new standards or interpretations with future effective dates are either not applicable or not expected to have a significant impact on the Company’s financial statements.

**4. CASH AND CASH EQUIVALENTS**

	2018	2017
Cash	\$ 1,015,834	\$ 502,069
Guaranteed investment certificates	895,000	350,000
	<b>\$ 1,910,834</b>	<b>\$ 852,069</b>

**MINERAL MOUNTAIN RESOURCES LTD.**  
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**5. PREPAID EXPENSES AND DEPOSITS**

	2018	2017
Exploration deposits	\$ 26,080	\$ 26,840
Prepaid expenses	119,300	24,734
Rental deposit	30,450	30,450
	<b>\$ 175,830</b>	<b>\$ 82,024</b>

**6. EQUIPMENT**

	Office equipment	Field equipment	Total
<b>Cost</b>			
Balance as at March 31, 2017	\$ -	\$ 13,717	\$ 13,717
Additions	9,478	6,650	16,128
Balance as at March 31, 2018	9,478	20,367	29,845
<b>Accumulated depreciation</b>			
Balance as at March 31, 2017	-	4,801	4,801
Depreciation for the year	948	1,704	2,652
Balance as at March 31, 2018	948	6,505	7,453
Net value as at March 31, 2018	\$ 8,530	\$ 13,862	\$ 22,392

	Computer software	Office furniture & equipment	Field equipment	Total
<b>Cost</b>				
Balance as at March 31, 2016 and 2017	\$ 231,871	\$ 83,404	\$ 13,717	\$ 328,992
<b>Accumulated depreciation</b>				
Balance as at March 31, 2016	229,026	78,301	3,429	310,756
Depreciation for the year	2,845	5,103	1,372	9,320
Balance as at March 31, 2017	231,871	83,404	4,801	320,076
Net value as at March 31, 2017	\$ -	\$ -	\$ 8,916	\$ 8,916

During the year ended March 31, 2018, the Company expensed \$948 (2017 - \$7,948) in depreciation to the statement of comprehensive loss and capitalized \$1,704 (2017 - \$1,372) to exploration and evaluation assets.

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**7. EXPLORATION AND EVALUATION ASSETS**

	March 31, 2016	Additions/ (Recoveries)	Write-offs	March 31, 2017	Additions/ (Recoveries)	March 31, 2018
<b>Rochford Project, South Dakota</b>						
Acquisition costs						
Option payments	\$ -	\$ 1,696,500	\$ -	\$ 1,696,500	\$ 127,350	\$ 1,823,850
Staking and other property costs	366,207	507,136	-	873,343	120,680	994,023
	366,207	2,203,636	-	2,569,843	248,030	2,817,873
Exploration costs						
Assays	674	-	-	674	10,686	11,360
Drilling	-	-	-	-	467,982	467,982
Equipment rental	2,042	3,255	-	5,297	20,260	25,557
Field work	1,389	80	-	1,469	50,934	52,403
Geological consulting	118,535	161,168	-	279,703	441,055	720,758
Geophysical survey	224,903	-	-	224,903	63,851	288,754
Miscellaneous	30,661	178,526	-	209,187	30,695	239,882
State and local taxes	24,297	17,419	-	41,716	21,200	62,916
Travel	15,018	7,987	-	23,005	39,716	62,721
	417,519	368,435	-	785,954	1,146,379	1,932,333
	\$ 783,726	\$ 2,572,071	\$ -	\$ 3,355,797	\$ 1,394,409	\$ 4,750,206

-Continued-

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

<i>Continued...</i>	March 31, 2016	Additions/ (Recoveries)	Write-offs	March 31, 2017	Additions/ (Recoveries)	March 31, 2018
<b>Holy Terror Project, South Dakota</b>						
Acquisition costs						
Option payments	\$ 3,567,666	\$ -	\$ (3,567,666)	\$ -	\$ -	\$ -
Staking and other property costs	404,840	-	(404,840)	-	-	-
	3,972,506	-	(3,972,506)	-	-	-
Exploration costs						
Accommodation/camp	58,953	-	(58,953)	-	-	-
Assays	377,445	-	(377,445)	-	-	-
Drilling	1,600,137	-	(1,600,137)	-	-	-
Equipment rental	43,512	-	(43,512)	-	-	-
Field work	387,046	-	(387,046)	-	-	-
Geological consulting	1,156,778	-	(1,156,778)	-	-	-
Geophysical survey	291,603	-	(291,603)	-	-	-
Miscellaneous	114,293	-	(114,293)	-	-	-
State and local taxes	115,197	(23,585)	(91,612)	-	-	-
Travel	149,225	-	(149,225)	-	-	-
	4,294,189	(23,585)	(4,270,604)	-	-	-
	8,266,695	(23,585)	(8,243,110)	-	-	-
<b>Total</b>	<b>\$ 9,050,421</b>	<b>\$ 2,548,486</b>	<b>\$ (8,243,110)</b>	<b>\$ 3,355,797</b>	<b>\$ 1,394,409</b>	<b>\$ 4,750,206</b>

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

**Rochford Project, South Dakota**

The Company's Rochford project is located in the Rochford Mining District of the Black Hills, South Dakota. The Rochford project includes the following properties:

Rochford Claims

During the year ended March 31, 2013, the Company staked 289 unpatented mineral claims ("Rochford Claims") situated in the Rochford Mining District of the Black Hills, South Dakota, at a cost of \$191,390.

During the year ended March 31, 2017, the Company staked an additional 150 unpatented federal lode mining claims for approximately \$81,400.

BHB Claims

On March 7, 2016, the Company and its wholly-owned US subsidiary entered into a purchase and sale agreement ("BHB Agreement") with four individuals (collectively the "Owners") to purchase a 100% interest in 19 unpatented lode mineral claims ("BHB Claims") located in the Rochford Mining District and the historical database pertaining to the BHB Claims in consideration of 4,000,000 shares of the Company (issued during the year ended March 31, 2017 with a fair value of \$1,500,000).

In addition, the Company agreed to grant the Owners a collective 2% net smelter returns royalty ("NSR") on the BHB Claims, a collective 1% NSR on the Company's Rochford Claims and a collective 1.5% NSR on claims falling within the area of mutual interest ("Area of Interest Claims Royalty"). The Area of Interest Claims Royalty will only be granted if the acquired property or properties are not already burdened with a royalty.

Standby Property

On September 2, 2016, the Company and its wholly-owned US subsidiary entered into an option agreement to acquire a 100% interest in the 9 patented lode mineral claims located in the Rochford Mining District. To earn its 100% interest, the Company is required to make cash payments of US\$500,000 to the optionor over a three year period as follows:

- pay US\$150,000 by upon execution of the option agreement (paid);
- pay additional US\$100,000 by September 2, 2017 (paid);
- pay additional US\$100,000 by September 2, 2018; and
- pay additional US\$150,000 by September 2, 2019.

In addition, the Company agreed to grant the optionor a 2% NSR and the Company has the option to purchase up to one-half of the NSR (1% NSR) at the price of US\$1,500,000 for 1% NSR or a proportionate amount if the Company purchases less than 1% of the NSR.

On September 23, 2016, the Company purchased a digital database relating to the Standby property in consideration of US\$75,000 (paid) and 500,000 common shares of the Company (issued with a fair value of \$220,000).

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

**Holy Terror Project, South Dakota**

On May 30, 2012, the Company signed an option agreement (“Holy Terror Agreement”) with the Holy Terror Mining Company (“Holy Terror Mining”), whereby Holy Terror Mining granted the Company the exclusive working right and option to acquire up to a 75% interest in certain mineral claims located in the Keystone Mining District, Pennington County, South Dakota. Pursuant to the Holy Terror Agreement and subsequent amendment signed on October 8, 2013, the Company was required to make cash payments of US\$1,000,000, issue 10,000,000 common shares and incur US\$7,500,000 in exploration expenditures by May 30, 2022 to earn a 60% interest in the property. The Company had paid US\$750,000, issued 10,000,000 common shares (with a fair value of \$962,500) and incurred approximately US\$5,170,000 of deemed exploration expenditures.

In October 2016, the Company decided to direct all of its attention and financial resources to the development and advancement of the Company’s 100% owned Rochford property and not to continue with Holy Terror project. The Company received notice of default from Holy Terror Mining and the Holy Terror Agreement was terminated. As a result the Company wrote off the Holy Terror property acquisition and exploration costs totaling \$8,243,110 for the year ended March 31, 2017.

**8. RESTRICTED CASH**

The Company has provided corporate credit cards to its Chief Executive Officer with a credit limit totalling \$21,450 (\$15,000 in Canadian and \$5,000 in US) for the Company’s expenses. As collateral for the credit cards, the Company has a one-year term deposit of \$17,250 earning average annual interest at the prime rate minus 2.27% and a one-year US term deposit of US\$5,750 earning annual interest of 0.2%. As at March 31, 2018, the credit cards had an outstanding balance of \$9,868 (March 31, 2017- \$1,180) in total.

**9. TRADE AND OTHER PAYABLES**

	2018	2017
Trade payables	\$ 558,675	\$ 216,951
Accrued expenses	22,000	17,281
	<b>\$ 580,675</b>	<b>\$ 234,232</b>

Trade payables of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and accrued expenses for operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

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**10. RELATED PARTY TRANSACTIONS**

Amounts due to related parties were for services rendered to the Company by the directors and officers or companies controlled by its directors and officers or former directors and are unsecured, non-interest bearing, and have no specific terms of repayment.

Key management personnel include directors (executive and non-executive) and senior officers of the Company. The compensation paid or payable to key management personnel during the year ended March 31 is as follows:

	2018	2017
Consulting fees	\$ 273,000	\$ 238,000
Office and miscellaneous	18,000	-
Professional fees	63,570	29,813
Share-based payments	342,687	1,060,083
<b>Total</b>	<b>\$ 697,257</b>	<b>\$ 1,327,896</b>

**Transactions with related parties:**

The Company entered into the following transactions relating to key management personnel and entities over which they have control or significant influence during the year ended March 31, 2018:

- a) Incurred consulting fees of \$162,000 (2017 - \$85,500) to two companies controlled separately by two directors of the Company.
- b) Incurred consulting fees of \$66,000 (2017 - \$60,000) to a director of the Company.
- c) Incurred office expenses of \$18,000 (2017 - \$nil) to a company controlled by a director of the Company.
- d) Incurred professional fees of \$21,870 (2017 - \$21,635) to a company which a director of the Company is an officer.
- e) Incurred professional fees of \$41,700 (2017 - \$8,175) and consulting fees of \$40,000 (2017 - \$7,500) to a company controlled by the Chief Financial Officer of the Company.
- f) Incurred consulting fees of \$5,000 (2017 - \$85,000) to two companies controlled separately by two former directors of the Company.

The Company has entered into four consulting agreements with a director and three companies controlled separately by two directors and an officer of the Company for management and corporate consulting services for a total monthly fee of \$27,000 plus applicable taxes. These agreements are for a one year term and continue thereafter on a month to month basis and may be terminated with a six month notice or a termination payment equal to six months' remuneration.

**10. RELATED PARTY TRANSACTIONS (cont'd...)**

**Equity:**

*Year ended March 31, 2018:*

On December 7, 2017, the Company issued 275,000 units of the Company at a price of \$0.20 per unit to the former CFO of the Company, a family member of the CEO of the Company, and a company owned by a director of the Company, for gross proceeds of \$55,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant is exercisable to purchase one warrant share for a two year period at a price of \$0.35 in the first year and \$0.50 in the second year.

On January 5, 2018, the Company issued 100,000 units of the Company at a price of \$0.20 per unit to a company owned by a director of the Company, for gross proceeds of \$20,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant is exercisable to purchase one warrant share for a two year period at a price of \$0.35 in the first year and \$0.50 in the second year.

*Year ended March 31, 2017:*

On September 19, 2016, the Company issued 512,500 units of the Company at a price of \$0.40 per unit to the CEO of the Company, four directors of the Company, a company owned by a director of the Company, and a family member of the former CFO of the Company, for gross proceeds of \$205,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant is exercisable to purchase one warrant share for a two year period at a price of \$0.60 in the first year and \$0.90 in the second year.

On March 23, 2017, the Company issued 40,000 units of the Company at a price of \$0.28 per unit to a family member of the CEO of the Company, for gross proceeds of \$11,000. Each unit consists of one common share and one transferable common share purchase warrant. Each warrant is exercisable to purchase one warrant share for a two year period at a price of \$0.40 in the first year and \$0.55 in the second year.

**11. SHARE CAPITAL**

**Authorized share capital**

The Company has authorized an unlimited number of common shares with no par value.

**Issued share capital**

At at March 31, 2018, the Company had 67,686,536 common shares outstanding (March 31, 2017 - 51,915,172).

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**11. SHARE CAPITAL** (cont'd...)

**Share issuance**

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

- a) Completed a non-brokered private placement of 14,456,000 units at a price of \$0.20 per unit for gross proceeds of \$2,891,200. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of \$0.35 in the first 12 months and at an exercise price of \$0.50 in the second 12 months. No value was allocated to the warrants based on the residual method. The Company paid \$85,712 as a finders' fee. The Company also incurred filing and other expenses of \$21,855 in connection with the private placement.
- b) Issued 500,000 common shares at \$0.30 per share per share from the exercise of stock options for gross proceeds of \$150,000. Accordingly, \$143,775 was transferred from share-based payments reserve to share capital.
- c) Issued 815,364 common shares at prices ranging from \$0.25 to \$0.40 per share from the exercise of warrants for gross proceeds of \$314,146.

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

- a) Issued 4,000,000 common shares with a fair value of \$1,500,000 pursuant to the BHB Agreement (Note 7). The Company incurred a filing fee of \$3,500 in connection with the issuance.
- b) Issued 500,000 common shares with a fair value of \$220,000 pursuant to the digital database purchase agreement relating to the Standby property.
- c) Completed a non-brokered private placement of 2,620,000 units at a price of \$0.40 per unit for gross proceeds of \$1,048,000. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of \$0.60 in the first 12 months and at an exercise price of \$0.90 in the second 12 months. No value was allocated to the warrants based on the residual method. The Company paid \$33,140 and issued 83,100 finder's warrants as a finders' fee. The finder's warrants have the same terms as the warrants issued under the private placement. The finder's warrants were valued at \$33,433 using the Black-Scholes option pricing model (assuming a risk-free interest rate of 0.58%, an expected life of 2 year, annualized volatility of 225.60% and a dividend rate of 0%). The Company also incurred filing and other expenses of \$6,688 in connection with the private placement.

**11. SHARE CAPITAL** (cont'd...)

**Share issuance** (cont'd...)

- d) Completed a non-brokered private placement of 3,948,862 units at a price of \$0.275 per unit for gross proceeds of \$1,085,937. Each unit is comprised of one common share and one share purchase warrant; each warrant entitles the holder to acquire one additional common share for a period of 24 months at an exercise price of \$0.40 in the first 12 months and at an exercise price of \$0.55 in the second 12 months. No value was allocated to the warrants based on the residual method. The Company paid \$66,391 as a finders' fee. The Company also incurred filing and other expenses of \$11,783 in connection with the private placement.
- e) Issued 255,600 common shares at prices ranging from \$0.25 to \$0.45 per share from the exercise of warrants for gross proceeds of \$100,020.
- f) Issued 171,640 common shares at \$0.25 per share from the exercise of agent's warrants for gross proceeds of \$42,910. Accordingly, \$22,255 was transferred from share-based payments reserve to capital stock.

**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the year ended March 31, 2018 was based on the loss attributable to common shareholders of \$1,514,819 (2017 - \$10,130,312) and a weighted average number of common shares outstanding of 56,191,355 (2017 - 45,258,244).

At March 31, 2018, 6,075,000 stock options (2017 - 4,710,000), 22,134,498 warrants (2017 - 9,762,862), and 83,100 agent's warrants (2017 - 83,100) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive.

**12. SHARE-BASED PAYMENTS**

**Stock options**

The Company has adopted an incentive rolling stock option plan (the "Plan") under which it is authorized to grant options to directors, officers, employees and consultants enabling them to acquire up to a maximum of 10% of the issued and outstanding common shares of the Company. The options can be granted for a maximum term of 5 years and vest as determined by the board of directors. Options granted to employees or consultants performing investor relations will vest in stages over 12 months with no more than one quarter of the options vesting in any three month period. The exercise price of options granted under the Plan shall not be less than the closing price of the Company's shares on the trading day immediately preceding the date of grant, less the discount permitted under the TSX-V's policies.

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**12. SHARE-BASED PAYMENTS (Cont'd...)**

**Stock options (Cont'd...)**

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Balance, March 31, 2016	415,000	\$ 1.53
Granted	4,325,000	0.31
Expired	<u>(30,000)</u>	2.50
Balance, March 31, 2017	4,710,000	\$ 0.40
Granted	2,450,000	0.33
Exercised	(500,000)	0.30
Expired	<u>(585,000)</u>	1.04
Balance, March 31, 2018	6,075,000	\$ 0.32
Exercisable at March 31, 2018	5,075,000	\$ 0.31
Weighted average fair value of options granted during the year	\$ 0.30	(2017 - \$0.30)

The options outstanding at March 31, 2018 have an exercise price in the range of \$0.23 to \$0.455 and a weighted average remaining contractual life of 2.33 years.

The total share-based payments calculated for stock options granted during the year ended March 31, 2018 was \$563,734 (2017 - \$1,282,934) using the Black-Scholes option pricing model. The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	2018	2017
Risk-free interest rate	1.71%	0.55%
Expected life of options	2.82 Years	3.16 Years
Annualized volatility	187.79%	203.67%
Dividend rate	Nil	Nil

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**12. SHARE-BASED PAYMENTS (Cont'd...)**

**Stock options (Cont'd...)**

As at March 31, 2018 the following stock options were outstanding:

Number of Options	Exercise Price	Expiry Date
3,475,000	\$ 0.30	June 14, 2019
250,000	\$ 0.23	July 7, 2019
250,000	\$ 0.455	September 22, 2021
575,000	\$ 0.35	January 8, 2021
100,000	\$ 0.30	February 1, 2022
1,275,000	\$ 0.35	January 8, 2023
150,000	\$ 0.39	January 18, 2023
6,075,000		

**Warrants**

Warrants are issued as private placement incentives. Value was allocated to the warrants issued with private placement units based on the residual method. Agents' warrants are measured at fair value on the date of the grant as determined using the Black-Scholes option pricing model.

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, March 31, 2016	10,833,640	\$ 0.41
Warrants issued	6,568,862	0.48
Agent's warrants issued	83,100	0.60
Warrants exercised	(255,600)	0.39
Agent's warrants exercised	(171,640)	0.25
Warrants expired	(7,212,400)	0.45
Balance, March 31, 2017	9,845,962	0.43
Warrants issued	14,456,000	0.35
Warrants exercised	(815,364)	0.52
Warrants expired	(1,269,000)	0.45
Balance, March 31, 2018	22,217,598	\$ 0.44
Exercisable at March 31, 2018	22,217,598	\$ 0.44

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**12. SHARE-BASED PAYMENTS (Cont'd...)**

**Warrants (Cont'd...)**

The warrants outstanding at March 31, 2018 have an exercise price in the range of \$0.25 to \$0.90 and a weighted average remaining contractual life of 1.38 year.

As at March 31, 2018, the following warrants were outstanding:

	Number of Warrants	Exercise Price	Expiry Date
Warrants			
	1,845,000	\$ 0.45	March 1, 2019
	2,620,000	\$ 0.90	September 19, 2018
	3,213,498	\$ 0.55	March 23, 2019
	11,130,000	\$ 0.35	December 7, 2018
		\$ 0.50	December 7, 2019
	3,326,000	\$ 0.35	January 5, 2019
		\$ 0.50	January 5, 2020
	22,134,498		
Agents' warrants			
	83,100	\$ 0.90	September 19, 2018
	22,217,598		

**13. SUPPLEMENTAL CASH FLOW INFORMATION**

Significant non-cash investing and financing transactions during the year ended March 31, 2018 included:

- (a) The Company allocated depreciation of equipment of \$1,704 to exploration and evaluation assets.
- (b) Included in trade and other payables are \$513,076 related to exploration and evaluation assets.

Significant non-cash investing and financing transactions during the year ended March 31, 2017 included:

- (a) The Company issued 4,000,000 common shares with a fair value of \$1,500,000 pursuant to the BHB Agreement.
- (b) The Company issued 500,000 common shares with a fair value of \$220,000 pursuant to the digital database purchase agreement relating to the Standby property
- (c) The Company allocated depreciation of equipment of \$1,372 to exploration and evaluation assets.
- (d) Included in trade and other payables are \$204,482 related to exploration and evaluation assets.
- (e) Included in prepaid expenses are \$10,654 related to exploration and evaluation assets.

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**14. INCOME TAXES**

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2018	2017
Loss before income taxes	\$ (1,514,819)	\$ (10,130,312)
Statutory tax rate	26%	26%
Expected income tax recovery at statutory rates	\$ (393,852)	\$ (2,633,881)
Non-deductible items	147,174	333,773
Differences between current and future tax rates	(292,564)	-
Other	88,880	11,167
Unrecognized temporary differences	450,362	2,288,941
Deferred income tax recovery	\$ -	\$ -

**Deferred income tax assets and liabilities**

The Company has available for deduction against future taxable income non-capital losses of approximately \$10,500,000. These losses, if not utilized, will expire between 2028 and 2038. Subject to certain restrictions, the Company also has resource expenditures of approximately \$23,000,000 and share issuance costs of approximately \$216,000 available to reduce taxable income in future years. Deferred tax assets which may arise as a result of these non-capital losses and resource deductions have not been recognized in these financial statements as the Company determined that, as at March 31, 2018, their realization is uncertain.

The nature and tax effect of the temporary differences giving rise to the unrecognized deferred tax assets are as follows:

	2018	2017
Exploration and evaluation assets	\$ 4,936,304	\$ 4,883,223
Non-capital loss carry forwards	2,787,194	2,408,988
Capital loss carry forwards	193,780	184,816
Share issuance costs	58,557	53,250
Equipment	105,778	100,975
Unrecognized deferred income tax assets	\$ 8,081,613	\$ 7,631,252

## **15. FINANCIAL INSTRUMENTS**

The Company classified its financial instruments as follows: cash and cash equivalents and restricted cash classified as loans and receivables and measured at amortized cost; trade and other payables and amounts due to related parties as other financial liabilities and measured at amortized cost. The carrying amount of financial assets and liabilities carried at amortized cost is a reasonable approximation of fair value due to the relatively short period to maturity of these financial instruments.

### **Financial risk management**

The Company's financial risks arising from its financial instruments are credit risk, liquidity risk, interest rate risk and foreign exchange rate risk. The Company's exposures to these risks 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.

#### *Credit risk*

Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and cash equivalents and restricted cash. The credit risk with respect to its cash and cash equivalents and restricted cash is minimal as they are held with high-credit quality financial institutions. Management does not expect these counterparties to fail to meet their obligations.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not meet its obligations associated with its financial liabilities as they fall due. The Company performs cash flow forecasting for each fiscal year to ensure there is sufficient cash available to fund its projects and operations. As at March 31, 2018, the Company had a cash and cash equivalents balance of \$1,910,834 and current liabilities of \$807,133. The Company's financial liabilities include trade and other payables which have contractual maturities of 30 days or are due on demand.

At present, the Company's operations do not generate cash flow. The Company's primary source of funding has been the issuance of equity securities through private placements and the exercise of stock options and warrants. Despite previous success in acquiring these financings, there is no guarantee of obtaining future financings.

#### *Interest rate risk*

Interest risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions. The interest rate risks on cash and cash equivalents and restricted cash are not considered significant due to their short-term nature and maturity.

#### *Foreign exchange rate risk*

Foreign exchange risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian dollars. The Company funds certain operations, exploration and administrative expenses in the United States by using US dollars converted from its Canadian bank accounts. At March 31, 2018, the Company had financial assets of \$1,092,524 and financial liabilities of \$482,450 denominated in United States dollars. A 10% strengthening of the US dollar would affect net loss by approximately \$61,000. The Company does not hedge its foreign exchange risk.

**16. FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

As at March 31, 2017 and 2018, the Company has no financial assets or financial liabilities measured at fair value. There have been no changes in these levels and no changes in classifications during the year ended March 31, 2018.

**17. SEGMENTED INFORMATION**

**Operating segments**

The Company operates in a single reportable segment – the acquisition, exploration and development of mineral properties.

**Geographic segments**

The Company's non-current assets are located in Canada the USA as follows:

At March 31, 2018:

	Canada	USA	Total
Equipment	\$ 8,530	\$ 13,862	\$ 22,392
Exploration and evaluation assets	-	4,750,206	4,750,206
	\$ 8,530	\$ 4,764,068	\$ 4,772,598

At March 31, 2017:

	Canada	USA	Total
Equipment	\$ -	\$ 8,916	\$ 8,916
Exploration and evaluation assets	-	3,355,797	3,355,797
	\$ -	\$ 3,364,713	\$ 3,364,713

**18. CAPITAL MANAGEMENT**

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, pursue exploration of its mineral property interest and to maintain a flexible capital structure for the benefits of its stakeholders. In the management of capital, the Company includes components of shareholders' equity in the definition of capital.

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

Management reviews the capital structure on a regular basis to ensure that the Company's capital management objectives are achieved. There was no change in the Company's approach to capital management from the prior year. The Company's capital is not subject to any external restrictions.

**19. COMMITMENTS**

The Company has obligations under an operating lease for its corporate office facility. The lease expires by 2019 and the minimum remaining commitment for the fiscal year 2019 is \$95,400.

**20. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to March 31, 2018, the Company:

- a) Issued 200,000 common shares at \$0.30 per share from the exercise of stock options for gross proceeds of \$60,000.
- b) Issued 235,000 common shares at \$0.35 per share from the exercise of warrants for gross proceeds of \$82,250.