

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

ANNUAL FINANCIAL STATEMENTS

For the year ended March 31, 2018

(Expressed in Canadian Dollars)



Crowe MacKay LLP

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Independent Auditor's Report

**To the Shareholders of
Canadian Energy Materials Corp. (formerly Canadian International Minerals Inc.)**

We have audited the accompanying financial statements of Canadian Energy Materials Corp. (formerly Canadian International Minerals Inc.), which comprise the statements of financial position as at March 31, 2018 and March 31, 2017, and the statements of loss and comprehensive loss, changes in shareholders' equity 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.

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 audits 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 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 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 Canadian Energy Materials Corp. (formerly Canadian International Minerals Inc.) as at March 31, 2018 and March 31, 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 modifying our opinion, we draw attention to Note 2 to the financial statements which describes the material uncertainty that may cast significant doubt about the ability of Canadian Energy Materials Corp. (formerly Canadian International Minerals Inc.) to continue as a going concern.

"Crowe MacKay LLP"

**Chartered Professional Accountants
Vancouver, British Columbia
July 28, 2018**

CANADIAN ENERGY MATERIALS CORP.
(formerly Canadian International Minerals Inc.)
STATEMENTS OF FINANCIAL POSITION
March 31, 2018 and 2017
(Expressed in Canadian Dollars)

	March 31, 2018	March 31, 2017
ASSETS		
Current		
Cash	\$ 781,788	\$ 2,320
Amount receivable	11,251	3,623
Prepaid expenses and deposit (Note 10)	83,391	2,165
	<u>876,430</u>	<u>8,108</u>
Exploration and evaluation assets (Note 7)	-	219,867
Equipment	566	759
	<u>\$ 876,996</u>	<u>\$ 228,734</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 10)	\$ 203,249	\$ 198,398
Loans payable (Note 8)	13,400	-
	<u>216,649</u>	<u>198,398</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	11,604,542	10,809,272
Share subscriptions (receivable) (Note 9)	(24,000)	5,000
Reserves (Note 9)	3,238,017	2,778,812
Deficit	(14,158,212)	(13,562,748)
	<u>660,347</u>	<u>30,336</u>
	<u>\$ 876,996</u>	<u>\$ 228,734</u>

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

APPROVED ON BEHALF OF THE BOARD:

“Michael Schuss” Director
Michael Schuss

“Geoff Balderson” Director
Geoff Balderson

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CANADIAN ENERGY MATERIALS CORP.
(formerly Canadian International Minerals Inc.)
STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
For the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

	March 31, 2018	March 31, 2017
Administrative expenses		
Bank charges	\$ 386	\$ 2,104
Consulting fees (Note 10)	113,162	4,500
Depreciation	193	264
Management and director fees (Note 10)	20,700	90,000
Office and general	7,810	31,850
Pre-exploration costs (Note 10)	8,198	72,498
Professional fees (Note 10)	27,830	76,398
Shareholder communications	5,617	8,308
Share-based payments (Notes 9 and 10)	156,640	29,900
Transfer agent and filing fees	29,263	20,641
Travel	3,031	1,137
Write-off of exploration and evaluation assets (Note 7)	224,004	13,485
	(596,834)	(351,085)
Other items:		
Write-off of accounts payable	1,370	27,070
Net loss and comprehensive loss for the year	\$ (595,464)	\$ (324,015)
Basic and diluted loss per share	\$ (0.14)	\$ (0.13)
Weighted average number of common shares outstanding	4,231,302	2,504,387

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CANADIAN ENERGY MATERIALS CORP.

(formerly Canadian International Minerals Inc.)

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Share Subscriptions	Reserves	Deficit	Total Shareholders' Equity
Balance, March 31, 2016	2,233,667	\$ 10,587,272	\$ 28,875	\$ 2,604,600	\$ (13,238,733)	\$ (17,986)
Share issuances						
Private placement	80,000	30,100	(28,875)	25,900	-	27,125
Private placement	205,000	104,000	-	101,000	-	205,000
Private placement	81,000	20,586	-	19,914	-	40,500
Private placement	65,000	18,500	-	14,000	-	32,500
Subscriptions received	-	-	5,000	-	-	5,000
Finder's fees	-	(1,138)	-	-	-	(1,138)
Exercise of warrants	33,450	49,952	-	(16,502)	-	33,450
Stock-based payments	-	-	-	29,900	-	29,900
Comprehensive loss for the year	-	-	-	-	(324,015)	(324,015)
Balance, March 31, 2017	2,698,117	10,809,272	5,000	2,778,812	(13,562,748)	30,336
Subscriptions returned	-	-	(5,000)	-	-	(5,000)
Share issuances						
Private placement	67,500	14,438	-	12,562	-	27,000
Private placement	2,455,000	491,000	-	-	-	491,000
Private placement	4,000,000	426,666	(24,000)	213,334	-	616,000
Share issue cost	-	(60,165)	-	-	-	(60,165)
Agent's warrants	-	(76,669)	-	76,669	-	-
Stock-based payments	-	-	-	156,640	-	156,640
Comprehensive loss for the year	-	-	-	-	(595,464)	(595,464)
Balance, March 31, 2018	9,220,617	\$ 11,604,542	\$ (24,000)	\$ 3,238,017	\$ (14,158,212)	\$ 660,347

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CANADIAN ENERGY MATERIALS CORP.
(formerly Canadian International Minerals Inc.)
STATEMENTS OF CASH FLOWS
For the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

	March 31, 2018	March 31, 2017
Operating Activities		
Net loss for the year	\$ (595,464)	\$ (324,015)
Items not affecting cash:		
Depreciation	193	264
Share-based payments	156,640	29,900
Write-off of accounts payable	(1,370)	(27,070)
Write-off of exploration and evaluation assets	224,004	13,485
	(215,997)	(307,436)
Changes in non-cash working capital items related to operations:		
Amount receivables	(7,628)	8,122
Prepaid expenses	(81,226)	(2,165)
Accounts payable and accrued liabilities	50,978	(44,753)
Cash used in operating activities	(253,873)	(346,232)
Financing Activities		
Shares issued for cash	1,134,000	338,575
Share issue costs	(60,165)	(1,138)
Share subscriptions	(5,000)	5,000
Loans payable	13,400	-
Cash provided by Financing Activities	1,082,235	342,437
Investing Activity		
Exploration and evaluation assets	(48,894)	(11,334)
Cash (used in) provided by Investing Activity	(48,894)	(11,334)
Increase (decrease) in cash during the year	779,468	(15,129)
Cash, beginning of year	2,320	17,449
Cash, end of the year	\$ 781,788	\$ 2,320
Supplemental Disclosure of Cash Flow Information (Note 5):		
Cash paid during the year:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on July 28, 2018.

(b) Basis of Measurement

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

(c) Going Concern

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company was not expected to continue operations for the foreseeable future. At March 31, 2018, the Company has not achieved profitable operations, has accumulated losses of \$14,158,212 since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Exploration and Evaluation Assets

Pre-Exploration Costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and Evaluation Costs

Mineral properties

Once the legal right to explore a property has been acquired, exploration and evaluation (“E&E”) expenditures are recognized and capitalized. Mineral exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as ‘mine under construction’. E&E are tested for impairment before the assets are transferred to development properties.

On an annual basis or when impairment indicators arise, the Company evaluates the future recoverability of its mineral property costs. Impairment losses or write-downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows attributable to such assets.

The recoverability of the amounts capitalized for the undeveloped mineral property is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

The Company may occasionally enter into farm-out arrangements, whereby the Company will transfer part of a mineral interest, as consideration, for an agreement by the transferee to meet certain E&E expenditures which would have otherwise been undertaken by the Company. The Company does not record any expenditures made by the farmee on its behalf. Any consideration received from the agreement is credited against the costs previously capitalized to the mineral interest given up by the Company, with any excess cash accounted for as a gain on disposal.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, the title to its properties are in good standing.

Management’s capitalization of exploration and development costs and assumptions regarding the future recoverability of such costs are subject to significant measurement uncertainty. Management’s assessment of recoverability is based on, among other things, the Company’s estimate of current mineral reserves and resources which are supported by geological estimates, estimated commodity prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.

CANADIAN ENERGY MATERIALS CORP.

(formerly Canadian International Minerals Inc.)

Notes to the Financial Statements

March 31, 2018

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3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Equipment

Equipment is stated at cost less accumulated depreciation and impairment losses. The residual value, useful life and depreciation method are evaluated every reporting period and changes to the residual value, estimated useful life or depreciation method resulting from such review are accounted for prospectively. Depreciation is provided for using the declining-balance method at the following rates per annum:

Computer equipment	30%
Office equipment	20%

Impairment of Assets

The Company's assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the profit or loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that 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 amortization, if no impairment loss had been recognized.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired: Financial assets at fair value through profit or loss ("FVTPL"), available for sale ("AFS") financial assets, loans and receivables, or held-to-maturity.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Financial Instruments – (cont'd)

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit or loss. Regular way purchases and sales of FVTPL financial assets are accounted for at trade date, as opposed to settlement date.

The Company has classified its cash as FVTPL.

Financial assets classified as AFS are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary.

Financial assets classified as loans and receivables and held-to-maturity are measured at amortized cost.

The Company has classified amounts receivable as loans and receivables.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. Financial assets are impaired when one or more events that occurred after the initial recognition of the financial asset have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivable is reduced through the use of an allowance. 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.

Impairment losses on loans and receivables carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

Financial liabilities are classified as financial liabilities at FVTPL or other financial liabilities, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

The Company's financial liabilities include accounts payables and accrued liabilities and loans payable, which are classified as other financial liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Provisions

Rehabilitation Provision

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Company records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the year in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related exploration and evaluation assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

Additional environment disturbances or changes in rehabilitation costs will be recognized as additions to the corresponding assets and rehabilitation liability in the year in which they occur.

Other Provisions

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

Basic and Diluted Loss Per Share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings/loss per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted. Potentially dilutive common shares related to warrants and options outstanding totaling 4,739,583 at March 31, 2018 (2017 – 1,776,958) were not included in the computation of loss per share because their effect was anti-dilutive. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of operations except to the extent that it relates to items recognized directly in equity or other comprehensive income (loss), in which case the income tax is also recognized directly in equity or other comprehensive income (loss).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Income Taxes – (cont'd)

Deferred tax is recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred income tax assets and liabilities are presented as non-current.

Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by one Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares, stock options, share purchase warrants and flow-through shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Valuation of equity units issued in private placements

The Company has adopted a pro rata method with respect to the measurement of shares and warrants issued as private placement units. The pro rata method required each component to be valued at fair value and an allocation of the total proceeds received based on the pro rata relative values of the components.

The fair value of the common shares is based on the closing quoted bid price on the announcement date and the fair value of the common share purchase warrants is determined at the announcement date using the Black-Scholes pricing model. The fair value attributed to the warrants is recorded in equity reserves.

Flow-through Shares

The Company will, from time to time, issue flow-through shares to finance a significant portion of its exploration program. Pursuant to the terms of the flow-through share agreements, these shares transfer the tax deductibility of qualifying resource expenditures to investors. On the issuance of a flow-through share, it is bifurcated into equity (share) and liability (flow-through) components on the issue date. Upon expenditures being incurred, the Company derecognizes the liability and recognizes a deferred tax liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income and the related deferred tax is recognized as a tax provision.

Proceeds received from the issuance of flow-through shares are restricted to be used only for Canadian resource property exploration expenditures within a two-year period.

The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the Look-back Rule, in accordance with Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant using the Black-Scholes valuation model and recorded as compensation expense in profit or loss, with a corresponding increase to reserves. The fair value determined at the grant date of the equity-settled share based payments is expensed on a graded vesting basis over the vesting period based on the Company's estimate of stock options that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments, along with the amounts reflected in reserves, is credited to share capital. Shares are issued from treasury upon the exercise of the equity-settled share based instruments.

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by the use of the Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. Expected volatility was determined based on the historical trading prices of the Company.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

All equity-settled share-based payments are reflected in reserves until exercised. Upon exercise, shares are issued from treasury and the amount reflected in reserves is credited to share capital, adjusted for any consideration paid. Amounts reflected in reserves for stock options which expire unexercised remain in reserves.

Where a grant of options is cancelled and settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense. Amount recorded in reserves for share options which expire unexercised remain in reserves.

Accounting Standards and Amendments Issued But Not Yet Effective

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

IFRS 9 *Financial Instruments* (effective January 1, 2018) introduces new requirements for the classification and measurement of financial assets, and will replace 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 classification options available in IAS 39.

3. SIGNIFICANT ACCOUNTING POLICIES – (cont'd)

Accounting Standards and Amendments Issued But Not Yet Effective – (cont'd)

IFRS 15 *Revenue from Contracts with Customers* provides a single principle-based framework to be applied to all contracts with customers. IFRS 15 replaces the previous revenue standard IAS 18, Revenue, and the related Interpretations on revenue recognition. The standard scopes out contracts that are considered to be lease contracts, insurance contracts and financial instruments. The new standard is a control-based model as compared to the existing revenue standard which is primarily focused on risks and rewards. Under the new standard, revenue is recognized when a customer obtains control of a good or service. Transfer of control occurs when the customer has the ability to direct the use of and obtain the benefits of the good or service. This standard is effective for reporting periods beginning on or after January 1, 2018.

IFRS 16 *Leases* replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a services contract on the basis of whether the customer controls the assets begin leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that have also adopted IFRS 15.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Critical judgments in applying accounting policies

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

Exploration and Evaluation Expenditure and Impairment

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

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

Critical judgments in applying accounting policies – (cont'd)

Going Concern

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

Title to Mineral Property Interests

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

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward to the extent that it is probable that taxable profit will be available against which a deductible temporary difference can be utilized. This is deemed to be the case when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which are expected to reverse in the same year as the expected reversal of the deductible temporary difference, or in years into which a tax loss arising from the deferred tax asset can be carried back or forward. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Key sources of estimation uncertainty:

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

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

Key sources of estimation uncertainty: - (cont'd)

Valuation of equity units issued in private placements

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

5. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred non-cash financing and investing activities for the years ended March 31, 2018 and 2017 as follows:

	March 31, 2018	March 31, 2017
Accounts payable and accrued liabilities in exploration and evaluation assets	\$ 63,995	\$ 108,752
Fair value of agent warrants issued	\$ 76,669	\$ -

6. SEGMENTED INFORMATION

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

7. EXPLORATION AND EVALUATION ASSETS

(a) Lac Manitou

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

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

The Company has no exploration plans for the property in the near future and has written off costs of \$224,004 in accordance with IFRS 6 in the year ended March 31, 2018.

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

(b) Leduc Lithium

The Company applied and has received seven Metallic and Industrial Minerals ("MAIM") permits in northern Alberta, known collectively as the Leduc Property ("Leduc").

The Company has no exploration plans for the property in the near future and has written off costs of \$13,485 in accordance with IFRS 6 in the year ended March 31, 2017.

For the year ended March 31, 2018	Lac Manitou	Leduc	Total
Balance, beginning of year	\$ 219,867	\$ -	\$ 219,867
Deferred exploration expenditures			
Geological	4,137	-	4,137
Total	224,004	-	224,004
Write-offs	(224,004)	-	(224,004)
Balance, end of year	\$ -	\$ -	\$ -

For the year ended March 31, 2017	Lac Manitou	Leduc	Total
Balance, beginning of year	\$ 219,867	\$ 43,678	\$ 263,545
Deferred exploration expenditures			
Geological	-	29,807	29,807
Total	219,867	73,485	293,352
Recoveries	-	(60,000)	(60,000)
Write-offs	-	(13,485)	(13,485)
Balance, end of year	\$ 219,867	\$ -	\$ 219,867

8. LOANS PAYABLE

The loans payable are non-interest bearing, unsecured and due on demand.

9. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

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

For the year ended March 31, 2018

On July 11, 2017 the Company completed a private placement consisting of 67,500 (1,350,000 pre-consolidated) units at a price of \$0.40 (\$0.02 pre-consolidated) per unit. Each unit consists of one common share and one share purchase warrant exercisable into one common share at \$1.00 (\$0.05 pre-consolidated) until July 12, 2020. The fair value of the warrants was \$12,562 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of \$0.40 (\$0.02 pre-consolidated), risk-free interest rate of 1.34%, dividend yield of 0%, volatility of 198.79% and expected life of three years. The Company recorded \$885 in share issue cost.

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

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

CANADIAN ENERGY MATERIALS CORP.

(formerly Canadian International Minerals Inc.)

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March 31, 2018

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9. SHARE CAPITAL – (cont'd)

(b) Issued – (cont'd)

For the year ended March 31, 2017

In March 2017 the Company completed a private placement consisting of 65,000 (1,300,000 pre-consolidated) units at a price of \$0.50 (\$0.025 pre-consolidated) per unit. Each unit consists of one common share and one share purchase warrant exercisable into one common share at \$1.00 (\$0.05 pre-consolidated) until March 6, 2020. The fair value of the warrants was \$14,000 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of \$0.60 (\$0.03 pre-consolidated), risk-free interest rate of 0.99%, dividend yield of 0%, volatility of 201% and expected life of three years.

In December 2016 the Company completed a private placement consisting of 81,000 (1,620,000 pre-consolidated) units at a price of \$0.50 (\$0.025 pre-consolidated) per unit. Each unit consists of one common share and one share purchase warrant exercisable into one common share at \$1.00 (\$0.05 pre-consolidated) until December 19, 2018. The fair value of the warrants was \$19,914 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of \$0.60 (\$0.03 pre-consolidated), risk-free interest rate of 1.00%, dividend yield of 0%, volatility of 316% and expected life of two years.

In July 2016 the Company completed a private placement consisting of 205,000 (4,100,000 pre-consolidated) units at a price of \$1.00 (\$0.05 pre-consolidated) per unit. Each unit consists of one common share and one share purchase warrant exercisable into one common share at \$1.00 (\$0.05 pre-consolidated) until July 25, 2018. The fair value of the warrants was \$101,000 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of \$0.80 (\$0.04 pre-consolidated), risk-free interest rate of 1.00%, dividend yield of 0%, volatility of 315% and expected life of two years.

In April 2016 the Company completed a private placement consisting of 80,000 (1,600,000 pre-consolidated) units at a price of \$0.70 (\$0.035 pre-consolidated) per unit. Each unit consists of one common share and one share purchase warrant exercisable into one common share at \$1.00 (\$0.05 pre-consolidated) until April 20, 2017 and at \$1.40 (\$0.07 pre-consolidated) until April 20, 2018. The fair value of the warrants was \$25,900 which was included in equity reserves. The fair value has been estimated as of the announcement date using the Black-Scholes Option Pricing Model with the following assumptions: share price on announcement date of \$1.00 (\$0.05 pre-consolidated), risk-free interest rate of 1.00%, dividend yield of 0%, volatility of 222% and expected life of two years. The Company incurred finder's fees of \$1,138.

A total of 33,450 (669,000 pre-consolidated) warrants were exercised at \$1.00 (\$0.05 pre-consolidated) each for total proceeds of \$33,450.

9. SHARE CAPITAL – (cont'd)

(c) Stock options

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

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

	March 31, 2018	Weighted Average Exercise Price	March 31, 2017	Weighted Average Exercise Price
Balance, beginning of year	210,000	\$1.00	193,750	\$2.40
Granted	712,000	0.20	30,000	1.00
Expired	-	-	(13,750)	20.00
Balance, end of year	922,000	\$0.38	210,000	\$1.00

During the year ended March 31, 2018, the Company granted a total of 712,000 (2017: 30,000) options to employees, consultants, directors and officers, using the fair value method for share-based payments, a total expense of \$156,640 (2017: \$29,900) was recorded in the statements of loss for the year ended March 31, 2018.

The current amount was determined using the Black Scholes Option Pricing Model assuming no dividends are to be paid, with a weighted average expected stock option life of 5 years (2017: 3 years), share price on grant date of \$0.23 (2017: \$1.00) a weighted average annual volatility of the Company's share price of 238.51% (2017: 338%), 0% (2017: 0%) forfeiture rate and an average annual risk-free interest rate of 2.08% (2017: 1.00%).

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

Exercise price	Number outstanding	Number exercisable	Weighted average remaining contractual life (years)
\$ 1.00	180,000	180,000	2.83
\$ 1.00	30,000	30,000	1.08
\$ 0.20	712,000	712,000	4.79
	922,000	922,000	4.28

9. SHARE CAPITAL – (cont'd)

(d) Warrants

(i) The changes in warrants were as follows:

	March 31, 2018	Weighted Average Exercise Price	March 31, 2017	Weighted Average Exercise Price
Balance, beginning of year	1,566,958	\$1.35	1,384,716	\$1.80
Issued	2,067,500	0.27	431,000	1.00
Exercised	-	-	(33,450)	1.00
Expired	(162,875)	1.25	(215,308)	3.40
Balance, end of year	3,471,583	\$0.71	1,566,958	\$1.35

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

Number outstanding	Exercise price	Expiry date
80,000	\$1.40	April 20, 2018*
63,050	\$1.00	May 7, 2018*
120,000	\$1.60	May 8, 2018*
5,000	\$2.40	May 8, 2018*
205,000	\$1.00	July 25, 2018*
160,033	\$1.00	November 18, 2018
81,000	\$1.00	December 19, 2018
74,205	\$2.00	March 6, 2019
375,795	\$1.40	March 6, 2019
175,000	\$2.00	February 11, 2019
65,000	\$1.00	March 6, 2020
67,500	\$1.00	July 12, 2020
2,000,000	\$0.25	January 9, 2020
3,471,583		

*Subsequent March 31, 2018 473,050 share purchase warrants expired unexercised.

(e) Agent's Warrants

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

	March 31, 2018	Weighted Average Exercise Price	March 31, 2017	Weighted Average Exercise Price
Balance, beginning of year	-	\$ -	-	\$-
Issued	346,000	0.25	-	-
Exercised	-	-	-	-
Balance, end of year	346,000	\$ 0.25	-	\$-

9. SHARE CAPITAL – (cont’d)

(e) Agent’s Warrants – (cont’d)

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

Number outstanding	Exercise price	Expiry date
98,000	\$0.25	December 28, 2019
248,000	\$0.25	January 9, 2020
346,000		

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

	March 31, 2018	March 31, 2017
Consulting fees	\$ 23,900	\$ -
Management fees	20,700	90,000
Professional fees	4,500	42,000
Pre-exploration costs	-	9,524
Exploration costs	-	38,965
Stock based compensation	156,640	-
	\$ 205,740	\$ 180,489

Included in prepaid expenses is \$1,695 (2017: \$NIL) in prepaid expenses paid to a director of the Company.

As at March 31, 2018 accounts payable and accrued liabilities included \$18,983 (2017 - \$85,056) owing to a former officer, a director of the Company and a company with a director in common. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

11. CAPITAL DISCLOSURES

The Company’s objectives when managing capital are to identify, pursue and complete the exploration and development of resource properties, to maintain financial strength, to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain credit worthiness and to maximize returns for shareholders over the long term. The Company does not have any externally imposed capital requirements to which it is subject, other than flow-through commitments (note 13). Capital of the Company comprises shareholders’ equity.

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

11. CAPITAL DISCLOSURES – (cont'd)

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

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

12. FINANCIAL INSTRUMENTS AND RISKS

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

- Liquidity risk
- Market risk
- Credit risk

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

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

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage as outlined in the note.

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

As at March 31, 2018, the Company had a cash balance of \$781,788 and GST receivable of \$11,251 to settle current liabilities of \$216,649.

Market Risk

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

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

Interest rate risk

The Company is not exposed to significant interest rate risk.

Foreign currency risk

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

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

Credit Risk

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

Fair Values

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

Fair Value Hierarchy

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Fair Value Hierarchy – (cont'd)

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

At March 31, 2018	Level 1	Level 2	Level 3	Total
Cash	\$781,788	\$ -	\$ -	\$781,788
At March 31, 2017	Level 1	Level 2	Level 3	Total
Cash	\$ 2,320	\$ -	\$ -	\$ 2,320

13. INCOME TAXES

The difference between tax expense for the year and the expected income taxes based on the statutory tax rates arises as follows:

	March 31, 2018	March 31, 2017
Loss before tax	\$ (595,464)	\$ (324,015)
Income tax recovery at local statutory rates – 26.25% (2017 – 26.00%)	\$ (156,400)	\$ (84,000)
Permanent differences	41,100	8,000
Change in tax rate	(111,200)	-
Change in unrecognized tax benefits not recognized	226,500	76,000
	\$ -	\$ -

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

	March 31, 2018	March 31, 2017
Non-capital losses	\$ 1,257,000	\$ 1,153,000
Undeducted financing costs	13,000	1,000
Equipment	2,000	2,000
Resource properties	1,908,000	1,650,000
Unrecognized deferred tax assets	(3,180,000)	(2,806,000)
	\$ -	\$ -

As at March 31, 2018, the Company has Canadian exploration and development expenses of approximately \$6,577,000 (2017: \$6,564,000) and estimated non-capital losses of \$4,654,000 (2017: \$4,433,000) for Canadian income tax purposes that may be carried forward to reduce taxable income derived in future years, and if not utilized, expire as summarized below:

13. INCOME TAXES (cont'd)

Year of Expiry		
2027	\$	31,000
2028		137,000
2029		307,000
2030		472,000
2031		811,000
2032		1,022,000
2033		473,000
2034		410,000
2035		281,000
2036		251,000
2037		236,000
2038		<u>223,000</u>
Total	\$	<u><u>4,654,000</u></u>

The Company entered into flow-through share subscription agreements during the year ended March 31, 2018 whereby it was committed to incur within a 24 month period a total of \$491,000 of qualifying Canadian Exploration Expenses (“CEE”) as described in the Income Tax Act of Canada, of which \$nil was incurred by March 31, 2018.