

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

CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

Canadian International Minerals Inc.

**Unaudited Condensed Interim Financial Statements
For the six months ended September 30, 2018**

Notice of No Auditor Review of Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for review of condensed interim financial statements by an entity's auditor.

CANADIAN ENERGY MATERIALS CORP.
(formerly Canadian International Minerals Inc.)
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and March 31, 2018
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	September 30, 2018	March 31, 2018
ASSETS		
Current		
Cash	\$ 403,786	\$ 781,788
Amount receivable	21,786	11,251
Prepaid expenses and deposit (Note 10)	57,960	83,391
	483,532	876,430
Exploration and evaluation assets (Note 7)	56,195	-
Equipment	8,490	566
	\$ 548,217	\$ 876,996
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 10)	\$ 177,755	\$ 203,249
Loans payable (Note 8)	310	13,400
	178,065	216,649
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	11,604,542	11,604,542
Share subscriptions (receivable) (Note 9)	-	(24,000)
Reserves (Note 9)	3,238,017	3,238,017
Deficit	(14,472,407)	(14,158,212)
	370,152	660,347
	\$ 548,217	\$ 876,996

Going concern (Note 2)
Commitments (Notes 7, 9 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.)

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For three and six months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	For the three months ended September 30,		For the six months ended September 30,	
	2018	2017	2018	2017
Administrative expenses				
Bank charges and interest	\$ 1,358	\$ 59	\$ 3,352	\$ 80
Consulting fees (Note 10)	49,049	4,500	85,248	4,500
Depreciation	608	48	644	96
Management and director fees (Note 10)	10,500	6,700	24,500	6,700
Office and general	12,575	135	20,839	1,192
Pre-exploration costs	131,299	-	136,376	2,000
Professional fees	19,909	6,700	20,534	7,100
Rent	1,000	-	6,000	-
Shareholder communications and promotion	-	1,363	-	3,861
Transfer agent and filing fees	5,666	1,441	7,701	4,384
Travel and entertainment	5,271	-	9,001	-
Loss before other item	\$ (237,235)	\$ (20,946)	\$ (314,195)	\$ (29,913)
Other item:				
Gain on settlement of debt	-	1,370	-	1,370
	-	1,370	-	1,370
Net loss and comprehensive loss for the period	\$ (237,235)	\$ (19,576)	\$ (314,195)	\$ (28,543)
Basic and diluted loss per share	\$ (0.03)	\$ (0.01)	\$ (0.03)	\$ (0.00)
Weighted average number of common shares outstanding	9,220,617	2,757,749	9,220,617	2,727,997

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CANADIAN ENERGY MATERIALS CORP.

(formerly Canadian International Minerals Inc.)

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended September 30, 2018 and 2017

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

	Number of Shares	Capital Stock	Share Subscriptions	Reserves	Deficit	Total Shareholders' Equity
Balance, March 31, 2017	2,698,117	\$ 10,809,272	\$ 5,000	\$ 2,778,812	\$ (13,562,748)	\$ 30,336
Subscriptions received	-	-	22,000	-	-	22,000
Share issuance						
Private placement	67,500	14,438	(27,000)	12,562	-	
Share issue cost	-	(885)	-	-	-	(885)
Net loss and comprehensive loss for the period	-	-	-	-	(28,543)	(28,543)
Balance, September 30, 2017	2,765,620	\$ 10,822,825	\$ -	\$ 2,791,374	\$ (13,591,291)	\$ 22,908
Balance, March 31, 2018	9,220,617	\$ 11,604,542	\$ (24,000)	\$ 3,238,017	\$ (14,158,212)	\$ 660,347
Subscription received	-	-	24,000	-	-	24,000
Net loss and comprehensive loss for the period	-	-	-	-	(314,195)	(314,195)
Balance, September 30, 2018	9,220,617	\$ 11,604,542	\$ -	\$ 3,238,017	\$ (14,472,407)	\$ 370,152

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CANADIAN ENERGY MATERIALS CORP.
(formerly Canadian International Minerals Inc.)
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
For the six months ended September 30, 2018 and 2017
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management)

	For the six months ended September 30,	
	2018	2017
Operating Activities		
Net loss for the period	\$ (314,195)	\$ (28,543)
Items not affecting cash:		
Depreciation	644	97
	(313,551)	(28,446)
Changes in non-cash working capital items related to operations:		
Amount receivables	(10,535)	(987)
Prepaid expenses	25,431	(502)
Accounts payable and accrued liabilities	(25,494)	(14,152)
Cash used in operating activities	(324,149)	(44,087)
Financing Activities		
Share subscriptions	24,000	(5,000)
Shares issued for cash	-	27,000
Share issue cost	-	(885)
Loans payable (repayment)	(13,090)	21,400
Cash provided by Financing Activities	10,910	42,515
Investing Activities		
Equipment	(8,568)	-
Exploration and evaluation assets	(56,195)	-
Cash (used in) provided by Investing Activities	(64,763)	-
Increase (decrease) in cash during the period	(378,002)	(1,572)
Cash, beginning of period	781,788	2,320
Cash, end of the period	\$ 403,786	\$ 748
Supplemental Disclosure of Cash Flow Information (Note 5):		
Cash paid during the period:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CANADIAN ENERGY MATERIALS CORP.

(formerly Canadian International Minerals Inc.)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

September 30, 2018

(Expressed in Canadian Dollars)

(Unaudited – Prepared by Management)

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

This condensed interim financial information for the six months ended September 30, 2018 have been prepared in accordance with IAS 34 "Interim financial reporting". The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended March 31, 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

These financial statements were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on November 29, 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 September 30, 2018, the Company has not achieved profitable operations, has accumulated losses of \$14,472,407 since inception and expects to incur further losses in the development of its business. The above material uncertainties cast significant doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent upon successful results from its exploration and evaluation activities, its ability to attain profitable operations to generate funds and/or its ability to raise equity capital or borrowings sufficient to meet its current and future obligations. Although the Company has been successful in the past in raising funds to continue operations, there is no assurance it will be able to do so in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Accounting Standard and Amendments adopted in the current period

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

Accounting Standards and Amendments Issued But Not Yet Effective

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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.

Key sources of estimation uncertainty:

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

Valuation of equity units issued in private placements

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

5. SUPPLEMENTAL CASH FLOW INFORMATION

The Company incurred non-cash financing and investing activities for the six months ended September 30, 2018 and 2017 as follows:

	September 30, 2018	September 30, 2017
Accounts payable and accrued liabilities in exploration and evaluation assets	\$ -	\$ 67,092

6. SEGMENTED INFORMATION

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

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(formerly Canadian International Minerals Inc.)
Notes to the Condensed Interim Financial Statements
September 30, 2018
(Expressed in Canadian Dollars)
(Unaudited – Prepared by Management) – Page 4

7. EXPLORATION AND EVALUATION ASSETS

For the six months ended September 30, 2018	Lac Manitou	Grindstone	Cluff Lake Uranium/Cobalt	JAM Beryllium	Total
Acquisition					
Balance, beginning of period	\$ -	\$ -	\$ -	\$ -	\$ -
Cash - payment	-	20,630	-	-	20,630
Cash - Staking	-	3,200	16,165	1,200	20,565
	-	23,830			41,195
Deferred exploration expenditures					
Balance, beginning of period	-	-	-	-	-
Geological	-	-	-	15,000	15,000
	-	-	-	15,000	15,000
Balance, end of period	\$ -	\$ 23,830	\$ 16,165	\$ 16,200	\$ 56,195

For the year ended March 31, 2018	Lac Manitou	Grindstone	Cluff Lake Uranium/Cobalt	JAM Beryllium	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	\$ -	\$ -	\$ -	\$ -	\$ -

(a) Grindstone Claims, New Brunswick

On August 20, 2018, the Company entered into a mineral property acquisition agreement with Roland J.B. Lovesey, Dick Mann, Norm Pitre and David Mann (the “Vendors”) in which the Company will acquire a 100% interest in five mineral claims located in New Brunswick, Canada (also known as “Grindstone claims”) in exchange for cash plus renewal fees and claim transfer fees totalling \$15,870 (paid). The Company paid \$4,760 to transfer the claim and renewal fees. These claims are contiguous to the claims held by CIN Energy Materials Inc. (See Note 13).

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

During the period ended September 30, 2018, the Company staked additional claims in New Brunswick, Canada for \$3,200 which are contiguous to the Grindstone Claims.

During the period ended September 30, 2018, the Company had incurred \$129,799 in due diligence cost and are expensed to pre-exploration cost.

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

(b) Cluff Lake Uranium/Cobalt Project, Saskatchewan

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

(c) JAM Beryllium Property, British Columbia

During the period ended September 30, 2018, the Company purchased two claims in JAM Beryllium Property in Northern British Columbia for \$1,200.

(d) Lac Manitou

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

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

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

8. LOANS PAYABLE

As at March 31, 2018, the Company had \$13,400 in loans payable which are non-interest bearing, unsecured and due on demand. Included in loans payable is \$400 due to the CEO of the Company. During the period ended September 30, 2018, the Company repaid \$13,090 of the loans payable leaving a balance of \$310 payable to the CEO of the Company as at July 31, 2018.

9. SHARE CAPITAL

(a) Authorized

Unlimited common shares with no par value.

(b) Issued

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

For the six months ended September 30, 2018

There were no shares issued during the six months ended September 30, 2018.

9. SHARE CAPITAL – (cont'd)

(b) Issued – (cont'd)

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 entitles the holder to purchase one common share of the Company at a price of \$0.25 per share for a period of two years expiring on December 29, 2019. The Company fair valued the finder's fee warrants at \$22,109. The fair value has been estimated using the Black-Scholes Option Pricing Model with the following assumptions: share price \$0.28, risk-free interest rate of 1.66%, dividend yield of 0%, volatility of 177.81% and expected life of two years. There was no flow-through premium on this private placement. As at September 30, 2018, the Company has a commitment to spend approximately \$346,000 on this flow-through private placement by December 31, 2018.

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

(c) Stock options

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

There were no stock options granted during the six months ended September 30, 2018.

9. SHARE CAPITAL – (cont'd)

(c) Stock options – (cont'd)

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

	September 30, 2018	Weighted Average Exercise Price	March 31, 2018	Weighted Average Exercise Price
Balance, beginning of period	922,000	\$1.00	210,000	\$1.00
Granted	-	\$-	712,000	\$0.20
Balance, end of period	922,000	\$0.38	922,000	\$0.38

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

(ii) The following table summarizes information about stock options outstanding at September 30, 2018:

Exercise price	Number outstanding	Number exercisable	Weighted average remaining contractual life (years)
\$ 1.00	180,000	180,000	2.33
\$ 1.00	30,000	30,000	0.58
\$ 0.20	712,000	712,000	4.28
	922,000	922,000	3.78

(d) Warrants

(i) The changes in warrants were as follows:

	September 30, 2018	Weighted Average Exercise Price	March 31, 2018	Weighted Average Exercise Price
Balance, beginning of period	3,471,583	\$0.71	1,566,958	\$1.35
Issued	-	-	2,067,500	\$0.27
Expired	(473,050)	\$1.23	(162,875)	\$1.25
Balance, end of period	2,998,533	\$0.63	3,471,583	\$0.71

9. SHARE CAPITAL – (cont'd)

(d) Warrants – (cont'd)

(ii) The following table summarizes information about warrants outstanding at September 30, 2018.

Number of warrants outstanding	Exercise price	Expiry date
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
3,203,533		

*Subsequent September 30, 2018, 160,033 share purchase warrants expired unexercised.

(e) Agent's Warrants

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

	September 30, 2018	Weighted Average Exercise Price	March 31, 2018	Weighted Average Exercise Price
Balance, beginning of period	346,000	\$0.25	-	-
Issued	-	-	346,000	\$0.25
Balance, end of period	346,000	\$0.25	346,000	\$0.25

(ii) The following table summarizes information about Agent's warrants outstanding at September 30, 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:

	September 30, 2018	September 30, 2017
Professional fees		
– Casey Forward former CFO	\$ -	\$ 4,500
Consulting fees		
– Harmony Corporate Services – Geoff Balderson, CFO	18,000	-
Management fees		
– Michael Schuss, CEO	24,500	6,700
	\$ 42,500	\$ 11,200

Included in prepaid expenses is \$8,000 (March 31, 2018: \$1,695) in prepaid expenses paid to directors of the Company.

As at September 30, 2018 accounts payable and accrued liabilities included \$18,021 (March 31, 2018 - \$18,983) owing to a former officer, and directors of the Company for reimbursement of expenses and unpaid fees. The amounts due are non-interest bearing, unsecured and with no stated terms of repayment.

11. CAPITAL DISCLOSURES

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

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

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

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

12. FINANCIAL INSTRUMENTS AND RISKS

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

- Liquidity risk
- Market risk
- Credit risk

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

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, 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 September 30, 2018, the Company had a cash balance of \$403,786 and GST receivable of \$21,786 to settle current liabilities of \$178,065.

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 September 30, 2018	Level 1	Level 2	Level 3	Total
Cash	\$403,786	\$ -	\$ -	\$403,786
At March 31, 2018	Level 1	Level 2	Level 3	Total
Cash	\$781,788	\$ -	\$ -	\$781,788

13. COMMITMENT

On August 31, 2018, the Company entered into a share exchange agreement (the “Agreement”) to purchase 100% of the issued and outstanding common shares of CIN Energy Materials Inc., a Private Company, (“CIN”), which holds 100% interest in 3,846 hectare Grindstone Copper-nickel-cobalt project in an unexplored region of Northwestern New Brunswick, Canada. The Company has agreed to acquire from CIN shareholders all of the issued and outstanding shares of CIN on a 1:1 basis. Upon closing of the transaction, the Company will issue to the CIN Shareholders a total of 12,000,000 common shares of the Company in exchange for 100% of the issued and outstanding shares of CIN. CIN will become a wholly-owned subsidiary of the Company. The transaction is subject to a number of conditions, including due diligences, and approval of the transaction by the TSX-V and the board of directors the Company and CIN.

In conjunction to the above transaction, the Company, will complete a private placement of 5,000,000 flow-through units at a price of \$0.20 per unit for a total of \$1,000,000. Each flow-through unit consists of one flow-through common share and one-half of one transferable non-flow-through common share purchase warrant, exercisable at a price of \$0.35 per share for a period of 24 months from the date of issuance. 3,400,000 non-flow-through units at a price of \$0.15 per unit for a total of \$510,000. Each non-flow-through unit will consist of one common share and one-half of one transferable share purchase warrant, exercisable at a price of \$0.25 per share for a period of 24 months from the date of issuance. The private placements are subject to TSX Venture approval.