OCEANUS
RESOURCES CORPORATION

Interim Unaudited Condensed
Consolidated Financial Statements

September 30, 2017

November 29, 2017

Management's Report

The accompanying interim unaudited condensed consolidated financial statements of **Oceanus Resources Corporation** (the "Company") are the responsibility of management and have been approved by the Board of Directors. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements include certain amounts and assumptions that are based on management's best estimates and have been derived with careful judgment.

In fulfilling its responsibilities, management has developed and maintains a system of internal accounting controls. These controls are designed to provide reasonable assurance that the financial records are reliable for preparation of the consolidated financial statements. The Audit Committee of the Board of Directors reviewed and approved the Company's consolidated financial statements and recommended their approval by the Board of Directors.

These financial statements have not been reviewed by the external auditors of the Company.

(signed) "*Glenn Jessome*"
President and Chief Executive Officer
Halifax, Nova Scotia

(signed) "*Glenn Holmes*"
Chief Financial Officer
Halifax, Nova Scotia

Unaudited Consolidated Statements of Financial Position

As at September 30, 2017 and March 31, 2017

	September 30, 2017 $	March 31, 2017 $
Assets		
Current assets		
Cash and cash equivalents	1,378,279	1,277,527
Sales tax recoverable (note 2 (c))	62,036	104,365
Prepaid expenses	17,365	37,526
	1,457,680	1,419,418
Resource properties (note 5)	15,606,200	13,965,854
	17,063,880	15,385,272
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	1,301,333	1,892,771
Long-term amounts payable (note 6)	–	77,385
	1,301,333	1,970,156
Equity (note 9)	15,762,547	13,415,116
	17,063,880	15,385,272

Nature of operations and going concern (note 1)

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

Approved on behalf of the Board of Directors

(signed) *"Wade Anderson"*, Director

(signed) *"Keith Abriel"*, Director

OCEANUS RESOURCES CORPORATION

Unaudited Consolidated Statements of Changes in Equity

For the periods ended September 30, 2017 and 2016

	Share capital $	Contributed surplus and other $	Warrants $	Deficit $	Total $
Balance – March 31, 2016	21,080,428	1,697,617	31,000	(6,471,400)	16,337,645
Net loss and comprehensive loss for the period	–	–	–	(8,610,611)	(8,610,611)
Shares issued for cash, net of issue costs	6,523,420	–	–	–	6,523,420
Warrants issued for cash	–	–	125,000	–	125,000
Broker warrants issued pursuant to financing	(247,000)	–	247,000	–	–
Expiration of warrants, net of tax	–	2,000	(2,000)	–	–
Shares issued for cash, exercise of warrants	21,000	–	–	–	21,000
Shares issued for cash, exercise of stock options	17,800	(7,600)	–	–	10,200
Balance – September 30, 2016	27,395,648	1,692,017	401,000	(15,082,011)	14,406,654
Balance – March 31, 2017	27,425,942	2,248,017	379,400	(16,638,243)	13,415,116
Net loss and comprehensive loss for the period	–	–	–	(625,401)	(625,401)
Shares issued for cash, net of issue costs	2,856,002	–	–	–	2,856,002
Shares issued for cash, exercise of broker warrants	95,980	–	(40,100)	–	55,880
Shares issued for cash, exercise of finder's warrants	61,200	–	(14,700)	–	46,500
Shares issued for cash, exercise of stock options	25,250	(10,800)	–	–	14,450
Balance – September 30, 2017	30,464,374	2,237,217	324,600	(17,263,644)	15,762,547

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

OCEANUS RESOURCES CORPORATION

Unaudited Consolidated Statements of Loss and Comprehensive Loss

For the periods ended September 30, 2017 and 2016

	Three months ended Sept 30, 2017 $	Three months ended Sept 30, 2016 $	Six months ended Sept 30, 2017 $	Six months ended Sept 30, 2016 $
Operating expenses				
Consulting fees	142,652	77,158	276,087	166,983
Dues and fees	29,160	22,730	32,706	35,436
Foreign exchange loss	17,031	14,738	41,420	21,383
Insurance	13,175	4,750	27,167	4,750
Interest expense	–	31,032	–	61,727
Office and other	36,080	31,358	65,354	46,476
Professional fees	16,677	22,892	33,507	42,510
Shareholder communication	58,699	43,324	84,607	43,994
Travel	31,590	6,180	41,045	33,118
Wages and benefits	17,784	11,049	33,026	25,834
Write-down of mineral properties	–	8,131,183	–	8,131,183
	(362,848)	(8,396,394)	(634,919)	(8,613,394)
Other income				
Interest income	1,493	1,691	9,518	2,783
Net loss and comprehensive loss for the period	(361,355)	(8,394,703)	(625,401)	(8,610,611)
Loss per share – basic and diluted	(0.003)	(0.07)	(0.005)	(0.08)
Weighted average outstanding common shares – basic and diluted	131,556,339	119,222,963	128,438,187	107,199,221

Unaudited Consolidated Statements of Cash Flows

For the periods ended September 30, 2017 and 2016

	2017 $	2016 $
Cash provided by (used in)		
Operating activities		
Net loss for the periods	(625,401)	(8,610,611)
Charges to income not affecting cash		
Write-down of mineral properties		8,131,183
Interest on loans payable	–	30,695
	(625,401)	(417,701)
Net changes in non-cash working capital balances related to operations		
Decrease (increase) in sales tax recoverable	42,329	49,154
Decrease (increase) in prepaid expenses	20,161	4,678
Increase (decrease) in accounts payable and accrued liabilities	(392,287)	(56,774)
	(955,198)	(420,643)
Investing activities		
Purchase of and expenditures on resource properties	(1,916,882)	(1,264,368)
Financing activities		
Proceeds from issuance of common shares	–	1,781,200
Proceeds from issuance of units	2,875,000	5,750,000
Proceeds from exercise of stock options and warrants	116,830	–
Share issue costs paid	(18,998)	(851,580)
	2,972,832	6,679,620
Net change in cash and cash equivalents for the periods	100,752	4,994,609
Cash and cash equivalents – Beginning of periods	1,277,527	876,113
Cash and cash equivalents – End of periods	1,378,279	5,870,722
Cash and cash equivalents is comprised of:		
Cash	351,979	1,870,722
Short-term investments	1,026,300	4,000,000
	1,378,279	5,870,722

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

1 Nature of operations and going concern

Nature of operations

Oceanus Resources Corporation (the "Company") was incorporated under the Canada Business Corporations Act on June 14, 2010 and its common shares are listed on the TSX Venture Exchange (the "Exchange") under the trading symbol OCN and on the OTCQB under the trading symbol "OCNSF". The Company's registered office is located at Suite 2108, 1969 Upper Water Street, Halifax, Nova Scotia. The Company has one reportable and one geographic segment, is a mineral exploration company engaged in locating and acquiring high quality projects and exploring for precious and base metals and has not yet determined whether its exploration property interests contain mineral reserves that are economically recoverable.

Going concern

These consolidated financial statements have been prepared using generally accepted accounting principles applicable to a going concern, which assumes the realization of assets and settlement of liabilities in the normal course of business as they come due. For the six month period ended September 30, 2017, the Company incurred a loss of $625,401 (2016 - $8,610,611). The Company has no income or cash flow from operations. In addition to its working capital requirements, the Company must secure sufficient funding to maintain legal title to its resource properties, to fund its exploration and development activities and to fund its general and administrative costs. Such circumstances lend significant doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. Management is evaluating alternatives to secure additional financing so that the Company can continue to operate as a going concern. Nevertheless, there is no assurance that these initiatives will be successful or sufficient.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of properties. These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate and these adjustments could be material.

2 Basis of presentation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part 1 ("CPA Canada Handbook").

These financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information normally included in annual financial statements prepared in accordance with IFRS, as issued by the IASB, have been omitted or condensed. The preparation of financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's

2 Basis of presentation

a) Statement of compliance (contined)

accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements have been set out in note 2 of the

Company's financial statements for the year ended March 31, 2017. These financial statements should be read in conjunction with the Company financial statements for the year ended March 31, 2017.

These financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows. The operating results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

The Board of Directors approved the consolidated financial statements for issue on November 29, 2017.

b) Basis of measurement

These consolidated financial statements have been prepared under a historical cost basis.

c) Use of estimates and judgments

The preparation of the consolidated financial statements requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of expenses during the reporting period. The determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results may differ from these estimates. The more significant areas requiring the use of management estimates and assumptions are discussed below.

Recoverability of resource properties

At the end of each reporting period, the Company assesses each of its mineral resource properties to determine whether any indication of impairment exists. Judgment is required in determining whether indicators of impairment exist, including factors such as the period for which the Company has the right to explore, expected renewals of exploration rights, whether substantive expenditures on further exploration and evaluation of resource properties are budgeted, and results of exploration and evaluation activities on the exploration and evaluation assets.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs to sell and value in use. The impairment analysis requires the use of estimates and assumptions, such as long-term commodity prices, discount rates, future capital requirements, exploration potential and operating performance. Fair value of mineral assets is

2 Basis of presentation (continued)

c) Use of estimates and judgments (continued)

generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. If the Company does not have sufficient information about a particular mineral resource property to meaningfully estimate future cash flows, the fair value is estimated by management through the use of, where available, comparison to similar market assets and, where available, industry benchmarks. Actual results may differ materially from these estimates.

Recoverability of sales tax

Management's assumptions regarding the recoverability of Value Added Tax ("VAT") receivable in Mexico, at the end of each reporting period, is made using all relevant facts available, including past collectability, the development of VAT policies and the general economic environment of the country to determine if a write-down of the VAT is required. Collection of the amount receivable depends on processing and payment of the claims by the government in Mexico, which historically has been very slow. While the Company is still pursuing collection, with the delay in processing and collection, management determined for the six month perod ended September 30, 2017 that it was appropriate to record the VAT to the resource property and general and administrative expenses that the VAT related to. The timing and amount of the VAT ultimately collectible could be materially different from the amount recorded in the consolidated financial statements.

3 Significant accounting policies

These financial statements have been prepared using the same accounting policies and methods of computation as the annual financial statements of the Company for the year ended March 31, 2017. Refer to note 3 – Significant Accounting Policies, of the Company's annual consolidated financial statements for the year ended March 31, 2017 for information on accounting policies, as well as, new accounting standards not yet effective.

4 Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Company considers capital to be total equity, which at Sepember 30, 2017 totaled $15,762,547 (March 31, 2017 - $13,415,116). The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company is not subject to externally imposed capital requirements.

5 Resource properties

	La Lajita $	El Tigre $	Total $
Balance - March 31, 2016	8,131,183	8,995,516	17,126,699
Exploration costs incurred	–	4,402,099	4,402,099
Reclassification of VAT (note 11)	–	568,239	568,239
Exploration costs written off	(8,131,183)	–	(8,131,183)
Balance - March 31, 2017	–	13,965,854	13,965,854
Property costs incurred	–	442,812	442,812
Exploration costs incurred	–	1,197,534	1,197,534
Balance – September 30, 2017	–	15,606,200	15,606,200

On March 13, 2013, the Company completed the acquisition of all of the issued and outstanding securities of Lunar Gold Holdings Incorporated ("LGH"), a Canadian company, by way of security exchange. LGH and LGH's wholly owned Canadian subsidiary, LGHI Holdings Incorporated ("LGHI"), together own 100% of Minera Pueblo de Oro S.A. de C.V., a Mexican company, ("MPO"). MPO was a party to three option agreements under which it could earn a 100% interest in a total of 12 mining concession titles, collectively known as the La Lajita Property covering approximately 3,200 hectares in Durango State, Mexico.

During fiscal 2017 management attempted to negotiate amended option payment terms acceptable to the Company, however, during the second quarter it became clear to management that it was unlikely that acceptable terms would be negotiated and the decision was taken to terminate the option agreement. An impairment charge was recorded in the second quarter for the full amount of the La Lajita resource property.

On September 15, 2015 the Company entered into an arrangement agreement with El Tigre Silver Corp. ("El Tigre") to combine the respective companies by way of a statutory plan of arrangement pursuant to the Business Corporations Act (British Columbia), under which the Company acquired all of the outstanding common shares of El Tigre in exchange for common shares of Oceanus on the basis of 0.2839 of one Oceanus share for every one El Tigre share (the "Transaction"). The Transaction was completed on November 13, 2015.

El Tigre holds nine Mexican Federal mining concessions, located in north-eastern Sonora State and totaling 215 square kilometers, of which eight are collectively referred to as the El Tigre Gold and Silver Property ("El Tigre Property"). The concessions are 100% held by El Tigre through its wholly owned subsidiary, Pacemaker Silver Mining SA de CV and its wholly owned subsidiary, Compãnia Minera Talaman SA de CV.

6 Accounts payable and accrued liabilities

	September 30, 2017 $	March 31, 2017 $
Accounts payable		
El Tigre Property fees	764,606	808,000
La Lajita termination payments – current portion	150,533	193,462
Other	306,519	798,619
Accrued liabilities	79,675	92,690
	1,301,333	1,892,771
La Lajita termination payments – long-term portion	–	77,385
	1,301,333	1,970,156

As at September 30, 2017, $7,500 (March 31, 2017 - $7,500) of accounts payable and accrued liabilities is due to the officers of the Company.

7 Related party transactions

Geological consulting services were provided during the six month period ended September 30, 2017 by a corporation owned by the Vice President Exploration of the Company. The cost of these consulting services during the period was $37,500 (2016 - $37,500). The Company recorded these costs to resource properties.

Administrative consulting services were provided during the six month period ended September 30, 2017 by a corporation owned by the Chief Financial Officer of the Company. The cost of these consulting services during the period was $45,000 (2016 - $45,000). The Company recorded these costs to consulting fees.

Administrative consulting services were provided during the six month period ended September 30, 2017 by a corporation owned by the Chief Executive Officer of the Company. The cost of these consulting services during the period was $125,000 (2016 - $100,000). The Company recorded these costs to consulting fees.

During six month month period ended September 30, 2017, officers, directors and close family members subscribed to an aggregate of 1,002,668 units (2016 - 434,782 units) issued by the Company pursuant to equity financings for aggregate subscription proceeds of $300,800 (2016 - $100,000).

8 Income taxes

a) Losses

The Company has non-capital tax losses, which include certain deductions for share issue costs, of approximately $13.9 million available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows:

	$
Year ending March 31, 2027	11,000
2028	198,000
2029	395,000
2030	740,000
2031	1,274,000
2032	1,960,000
2033	1,990,000
2034	2,017,000
2035	2,333,000
2036	1,440,000
2037	1,560,000

b) At March 31, 2017, the Company's effective income tax rate differs from the amount that would be computed from applying the federal and provincial statutory rate of 31% (2016 – 31%) to the pre-tax net loss for the period. The reasons for the difference are as follows:

	March 31, 2017 $	March 31, 2016 $
Loss before income taxes	10,166,843	1,833,549
Income tax recovery based on statutory rates	3,152,000	568,000
Impairment of resource properties	(2,521,000)	–
Non-deductible stock option expense	(141,000)	(165,000)
Unutilized losses	(490,000)	(403,000)
Recovery of income taxes	–	–

c) The following reflects deferred tax assets at March 31, 2017 and 2016:

	March 31, 2017 $	March 31, 2016 $
Deferred tax assets		
Non-capital losses	4,315,000	1,550,000
Deductible share issuance costs	243,000	63,000
Tax value in excess of accounting value of resource properties	2,369,000	34,000
	6,927,000	1,647,000
Portion of deferred tax assets unrecognized	(6,927,000)	(1,647,000)
	–	–

9 Shareholders' equity

i) Capital stock

Authorized

Unlimited number of common shares, without nominal or par value

	Number of shares	Amount $
Balance – March 31, 2016	93,120,273	21,080,428
Shares issued for cash, net of issue costs	32,000,000	6,547,114
Broker warrants issued pursuant to bought deal financing	–	(247,000)
Shares issued for cash, exercise of warrants	87,500	27,600
Shares issued for cash, exercise of stock options	60,000	17,800
Balance – March 31, 2017	125,267,773	27,425,942
Shares issued for cash, net of issue costs	9,583,333	2,856,002
Shares issued for cash, exercise of broker warrants	242,957	95,980
Shares issued for cash, exerices of finder's warrants	193,750	61,200
Shares issued for cash, exercise of stock options	85,000	25,250
Balance – September 31, 2017	135,372,813	30,464,374

Private placements

During the six month period ended September 30, 2017, the Company completed a non-brokered private placement financing and issued 10,000,000 units at a price of $0.30 per unit, for aggregate gross proceeds of $3,000,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company for $0.40 for a period of 18 months from the closing date of the offering. The closing date of the private placement was August 1, 2017 and at September 30, 2017, the transfer of subscription proceeds aggregating $125,000 from subscribers' registered accounts remained outstanding. The 416,667 units relating to these subscriptions were held in trust at September 30, 2017 and for accounting purposes the shares relating to these units were excluded from the issued number of shares. Subsequent to September 30, 2017, the Company received subscription proceeds aggregating $75,000 and 250,000 units were released from trust The capital stock value of the common shares issued as at September 30, 2017 is net of share issue costs of $18,998.

During the year ended March 31, 2017, the Company completed a bought deal financing and issued 25,000,000 units at a price of $0.23 per unit, for aggregate gross proceeds of $5,750,000. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company for $0.39 for a period of 24 months from the closing date of the offering. The capital stock value of the common shares issued as at March 31, 2017 is net of the warrant valuation of $125,000 and share issue costs of $718,488.

9 Shareholders' equity (continued)

i) Capital stock (continued)

During the six month period ended September 30, 2016, the Company completed a non-brokered private placement financing and issued 7,000,000 units at a price of $0.25 per unit, for aggregate gross proceeds of $1,750,000. The capital stock value of the common shares issued as at September 30, 2016 is net of share issue costs of $109,398.

ii) Stock options and other

The Company has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Company unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the Exchange at the time of the grant. In determining the stock-based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model. Expected volatility is based on actual volatility of similar companies.

The following weighted average assumptions were used in the Black-Scholes option pricing model for the three month periods ended September 30, 2017 and 2016:

	2017	2016
Risk-free interest rate	1.5%	1.5%
Expected volatility	100%	150%
Expected dividend yield	–	–
Expected life	10 years	5 years

The following table summarizes the changes in the Company's stock options and agent options during the period ended September 30, 2017 and year ended March 31, 2017:

	Weighted average exercise price $	Number of Options	Weighted average remaining life (years)
Balance – March 31, 2016	0.21	9,210,000	7.7
Granted during the year	0.25	2,600,000	9.1
Granted during the year	0.23	125,000	9.3
Exercised during the year	0.17	(60,000)	
Expired during the year	0.38	(150,000)	
Balance – March 31, 2017	0.22	11,725,000	7.3
Exercised during the period	0.17	(85,000)	
Balance – September 30, 2017	0.22	11,640,000	7.3

As at September 30, 2017, 1,938,948 options remained available for future grants under the Plan. Options vested and exercisable at September 30, 2017 totaled 11,640,000 with an average exercise price of $0.22 per share.

9 Shareholders' equity (continued)

iii) Contributed surplus and other

	Amount $
Balance – March 31, 2016	1,697,617
Exercise of stock options	(7,600)
Expiration of warrants	2,000
Stock-based compensation	556,000
Balance – March 31, 2017	2,248,017
Exercise of stock options	(10,800)
Balance – September 30, 2017	2,237,217

iv) Warrants

The following table summarizes the changes in the Company's warrants for the period ended September 30, 2017 and year ended March 31, 2017:

	Expiry date	Exercise price $	Number	Ascribed value $
Balance – March 31, 2016			19,786,750	31,000
Warrants issued pursuant to June 2016 bought deal financing	June 21, 2018	0.39	12,500,000	110,000
Broker Warrants	June 21, 2018	0.23	1,500,000	247,000
Warrants and finder's warrants expired during the year		0.30	(3,155,000)	(2,000)
Warrants exercised during period		0.24	(87,500)	(6,600)
Balance – March 31, 2017			30,544,250	379,400
Warrants issued pursuant to August 2017 private placement financing	January 31, 2019	0.40	5,000,000	–
Broker Warrants exercised during the period		0.23	(242,957)	(40,100)
Warrants issued pursuant to the exerice of Broker Warrants	June 21, 2018	0.39	121,478	–
Finder's warrants exercised during the period		0.24	(193,750)	(14,700)
Balance – September 30, 2017			35,229,021	324,600

The fair value of warrants issued pursuant to the August 2017 private placement financing of $nil has been estimated at the issue date using the residual method of valuation.

The fair value of warrants issued pursuant to the June 2016 bought deal financing of $125,000 has been estimated at the issue date using the residual method of valuation.

9 Shareholders' equity (continued)

iv) Warrants (continued)

Pursuant to the June 2016 bought deal financing, the Company issued 1,500,000 broker warrants ("Broker Warrants") to the Underwriters on the closing date. The Broker Warrants entitle the Underwriters to purchase 1,500,000 units, comprised of one common share and one-half of one warrant, at a price of $0.23 per unit for a period of 24 months following the closing date. Each warrant shall entitle the holder to acquire one common share at an exercise price of $0.39 per share at any time on or before the date which is 24 months after the closing date.

The fair value of the Broker Warrants recognized of $247,000 has been estimated at the date of issue using the Black-Scholes option pricing model. The weighted average assumptions used in the pricing model are as follows; risk-free rate 1.5%, expected volatility 150%, expected dividend yield $nil and expected life 2 years.

10 Supplemental cash flow information

During the period ended September 30, 2017, the Company incurred expenditures on resource properties of $951,320 (2016 - $311,092) which were recorded as accounts payable.

11 Financial instruments and other

Credit risk

The Company manages credit risk by holding its cash and cash equivalents with high quality financial institutions in Canada, where management believes the risk of loss to be low. In the prior year, the Company reclassified its VAT receivable in the amount of $568,239 related to the El Tigre Property to resource properties. While the Company is still pursuing collection, with the delay in processing and collection, management determined that it was appropriate to reclassify this amount to the resource property to which the VAT paid related. The timing and amount of the VAT ultimately collectible could be materially different from the amount recorded in the consolidated financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company does not have sufficient working capital to carry out all budgeted programs in fiscal 2018 and must obtain financing during fiscal 2018 to avoid disruption in planned expenditures (see note 1).

Market Risk

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

a) Interest rate risk

The Company has no interest-bearing debt and is not exposed to any significant interest rate risk.

11 Financial instruments and other (continued)

Market Risk (continued)

b) Foreign currency risk

The Company operates in Mexico, giving rise to foreign currency risk. To limit the Company's exposure to this risk, cash is primarily held with high quality financial institutions in Canada.

c) Price risk

The Company is not exposed to any direct price risk other than that associated with commodities and how fluctuations impact companies in the mineral exploration and mining industries as the Company has no significant revenues.

12 Commitments

The minimum annual lease payments over the next 5 years for the lease of office space are as follows:

	$
Year ending March 31, 2018	33,017
2019	33,017
2020	33,017
2021	33,017
2022	16,509

13 Subsequent events

Subsequent to September 30, 2017, 174,318 Broker Warrants were exercised for aggregate proceeds $40,093.