

**XANDER RESOURCES INC.
FINANCIAL STATEMENTS**

YEARS ENDED MARCH 31, 2018 and 2017

(EXPRESSED IN CANADIAN DOLLARS)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Xander Resources Inc.

We have audited the accompanying financial statements of Xander Resources Inc., which comprise the statements of financial position as at March 31, 2018 and 2017, and the statements of comprehensive loss, changes in 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Xander Resources Inc. as at March 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Xander Resources Inc.'s ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
July 25, 2018

XANDER RESOURCES INC.Statements of Financial Position
(Expressed in Canadian dollars)

	Note	March 31, 2018	March 31, 2017
ASSETS			
Current assets			
Cash	\$	28,526	\$ 91,596
Prepaid expenses		-	5,200
Goods and services tax receivable		1,170	1,370
Total current assets		29,696	98,166
Non-current assets			
Exploration and evaluation assets	4	451,736	451,736
Total assets	\$	481,432	\$ 549,902
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 9,847	\$ 17,307
Due to related parties	6	68,275	42,300
Total current liabilities		78,122	59,607
Total liabilities		78,122	59,607
EQUITY			
Share capital	7	934,896	918,188
Reserves	8	224,116	235,239
Deficit		(755,702)	(663,132)
Total equity		403,310	490,295
Total liabilities and equity	\$	481,432	\$ 549,902

See Accompanying Notes

Nature of operations and going concern (Note 1)

Approved and authorized for issue by the Board of Directors on July 25, 2018:

/s/ "Bryce Clark"

Bryce Clark, Director

/s/ "John Ostler"

John Ostler, Director

XANDER RESOURCES INC.

Statements of Comprehensive Loss
(Expressed in Canadian dollars)

		Year ended	
	Note	March 31, 2018	March 31, 2017
Management fees	6	\$ 51,500	\$ 42,000
Office and miscellaneous		345	235
Professional fees	6	26,181	24,542
Share-based payments	7	11,038	-
Transfer agent and filing fees		17,668	17,447
Total expenses		(106,732)	(84,224)
Net and comprehensive loss		\$ (106,732)	\$ (84,224)
Net loss per share, basic and diluted		\$ (0.011)	\$ (0.009)
Weighted average number of shares outstanding		9,786,261	9,677,156

See Accompanying Notes

XANDER RESOURCES INC.

Statements of Changes in Equity

(Expressed in Canadian dollars)

	Note	Share capital		Share-based payment reserve	Warrant reserve	Deficit	Total
		Number of shares	Amount				
Balance, March 31, 2016		9,551,480	\$ 828,035	\$ 230,655	\$ 12,468	\$ (578,908)	\$ 492,250
Net and comprehensive loss		-	-	-	-	(84,224)	(84,224)
Shares issued for exploration and evaluation assets	7	150,000	73,500	-	-	-	73,500
Shares issued for agent warrants exercised	7	58,456	8,769	-	-	-	8,769
Fair value of agent warrants exercised	7	-	7,884	-	(7,884)	-	-
Balance, March 31, 2017		9,759,936	918,188	230,655	4,584	(663,132)	490,295
Net and comprehensive loss		-	-	-	-	(106,732)	(106,732)
Shares issued for stock options exercised	7	25,000	3,750	-	-	-	3,750
Shares issued for agent warrants exercised	7	33,060	4,959	-	-	-	4,959
Fair value of options granted	7	-	-	11,038	-	-	11,038
Fair value of options expired	7	-	-	(14,162)	-	14,162	-
Fair value of agent options exercised	7	-	3,540	(3,540)	-	-	-
Fair value of agent warrants exercised	7	-	4,459	-	(4,459)	-	-
Balance, March 31, 2018		9,817,996	\$ 934,896	\$ 223,991	\$ 125	\$ (755,702)	\$ 403,310

See Accompanying Notes

XANDER RESOURCES INC.

Statements of Cash Flows

(Expressed in Canadian dollars)

	Year ended	
	March 31,	March 31,
	2018	2017
Cash Provided By (Used In)		
Operating Activities		
Net and comprehensive loss for the year	\$ (106,732)	\$ (84,224)
Items not affecting cash:		
Share-based payments	11,038	-
Changes in non-cash working capital:		
Goods and services tax receivable	200	(235)
Prepaid expenses and deposits	5,200	-
Accounts payable and accrued liabilities	(7,460)	8,996
Due to related parties	25,975	13,800
Net cash used in operating activities	(71,779)	(61,663)
Financing Activities		
Proceeds from issuance of common shares	8,709	8,769
Net cash provided by financing activities	8,709	8,769
Decrease in cash	(63,070)	(52,894)
Cash, beginning	91,596	144,490
Cash, end	\$ 28,526	\$ 91,596

See Accompanying Notes

Additional cash flow information (Note 10)

1. NATURE OF OPERATIONS AND GOING CONCERN

Xander Resources Inc. (the "Company") was incorporated under the Business Corporations Act of British Columbia, Canada on December 9, 2010. The Company's shares are listed on the TSX Venture Exchange (the "Exchange"). The head office, principal address and records office of the Company are located at Suite 200 – 905 West Pender Street, Vancouver, BC V6C 1L6. The principal business of the Company is the identification, evaluation and acquisition of mineral properties, as well as exploration of mineral properties once acquired.

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. The Company has no source of revenues and incurred losses since its inception and had an accumulated deficit of \$755,702 at March 31, 2018, which has been funded primarily by issuance of shares and loans from related parties. This indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation.

2. BASIS OF PRESENTATION

The financial statements were authorized for issue on July 25, 2018 by the directors of the Company.

Statement of compliance to International Financial Reporting Standards

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 International Financial Reporting Interpretations Committee ("IFRIC").

Basis of preparation

The financial statements of the Company have been prepared on an accrual basis and are based on historical costs except for certain financial instruments which are measured at fair value.

Significant accounting estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation relate to the recoverability of the carrying value of exploration and evaluation assets, the recoverability and measurement of deferred tax asset, and provisions for restoration and environmental obligations. Actual results may differ from current estimates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments

Information about critical judgments, apart from those involving estimates, 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 statement are discussed below:

1) **Exploration and Evaluation Expenditures**

The application of the Company's accounting policy for exploration and evaluation expenditure capitalized requires judgment in determining whether it is likely that future economic benefits will flow to the Company; and

2) **Going Concern**

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding availability for its exploration projects and working capital requirements.

Cash

Cash consist of cash on hand, deposits held at call with banks.

Exploration and evaluation expenditures

Costs incurred before the Company has obtained the legal rights to explore an area are expensed as incurred.

Exploration and evaluation expenditures include the costs of acquiring licenses and costs associated with exploration and evaluation activity. Option payments are considered acquisition costs provided that the Company has the intention of exercising the underlying option.

Property option agreements are exercisable entirely at the option of the optionee. Therefore, option payments (or recoveries) are recorded when payment is made (or received) and are not accrued.

Exploration and evaluation expenditures are capitalized. The Company capitalizes costs to specific blocks of claims or areas of geological interest. Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

Exploration and evaluation assets are tested for impairment if facts or circumstances indicate that impairment exists. Examples of such facts and circumstances are as follows:

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Exploration and evaluation expenditures (continued)

After technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Company stops capitalizing expenditures for the applicable block of claims or geological area of interest and tests the asset for impairment. The capitalized balance, net of any impairment recognized, is then reclassified to either tangible or intangible mine development assets according to the nature of the asset.

Impairment of assets

The carrying amount of the Company's assets (which includes exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost 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 the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount; however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related asset along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of restoration costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the restoration provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. These changes are recorded directly to the related asset with a corresponding entry to the provision.

The increase in the restoration provision due to the passage of time is recognized as interest expense. The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to the statement of comprehensive loss in the period incurred.

The costs of restoration projects that were included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Flow-through shares

On the issuance of flow-through shares, any premium received in excess of the market price of the Company's common shares is initially recorded as a liability ("flow-through tax liability"). Provided that the Company has renounced the related expenditures, or that there is a reasonable expectation that it will do so, the flow-through tax liability is reduced on a pro-rata basis as the expenditures are incurred. If such expenditures are capitalized, a deferred tax liability is recognized. To the extent that the Company has suitable unrecognized deductible temporary differences, an offsetting recovery of deferred income taxes would be recorded.

Income (loss) per share

Basic income (loss) per share is calculated by dividing the income (loss) attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the income (loss) attributable to common shareholders equals the reported income (loss) attributable to owners of the Company. Diluted income (loss) per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted income (loss) per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. As the Company has reported losses for the years presented, the effect of stock options and warrants is anti-dilutive; therefore, basic loss per share equals diluted loss per share.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using a Black-Scholes Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive loss or equity is recognized in other comprehensive loss or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:

Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Financial instruments

The Company classifies its financial assets and liabilities into one of the following categories, depending on the purpose for which the financial instrument was required. The Company's accounting policy for each category is as follows:

i) Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are either held for trading to short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the intention and ability to hold to maturity. They are measured at amortized cost using the effective interest rate method less any impairment loss. A gain or loss is recognized in net income when the financial asset is derecognized or impaired, and through the amortization process.

iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held-to-maturity investments, or financial assets at fair value through profit or loss. They are measured at fair value. Unrealized gains and losses are recognized in investment revaluation reserve until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in accumulated other comprehensive income is recognized in profit and loss.

iv) Loans and receivables and other financial liabilities

Loans and receivables and other financial liabilities are measured at amortized cost, using the effective interest rate method less any impairment loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The Company classified its financial instruments as follows:

- Cash is classified as loans and receivables;
- Accounts payable are classified as other financial liabilities; and
- Amounts due to related parties are classified as other financial liabilities.

Transaction costs related to financial instruments other than fair value through profit or loss are capitalized as part of the cost of the financial instrument.

The Company does not use any derivative or hedging instruments.

Foreign currency translation

The functional currency of the Company is Canadian Dollar, which is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currencies are translated at rates in effect at the time of the transaction. Monetary assets and liabilities are translated at period end rates. Gains and losses are included in profit and loss.

Valuation of Equity Units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most reliably measurable component based on fair value and then the residual value, if any, to the less reliably measurable component.

New Accounting Standards, Amendments and Interpretations Not Yet Effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC are mandatory for accounting periods noted below. None of these are expected to have a significant effect on the financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New standard IFRS 9 “Financial Instruments”

This new standard is a partial replacement of IAS 39 “Financial Instruments: Recognition and Measurement”. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets.

The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The proposed effective date of IFRS 9 is for annual reporting periods beginning on or after January 1, 2018.

XANDER RESOURCES INC.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
March 31, 2018

4. EXPLORATION AND EVALUATION ASSETS

	Year Ended March 31, 2018	Year Ended March 31, 2017
Acquisition costs		
Balance, beginning	\$ 147,000	\$ 73,500
Additions	-	73,500
Balance, ending	147,000	147,000
Exploration costs		
Balance, beginning	304,736	304,736
Additions	-	-
Balance, ending	304,736	304,736
Total	\$ 451,736	\$ 451,736

On February 14, 2011, the Company entered into an option agreement to acquire a 100% undivided interest in seven mineral tenures (consisting of 118 claims) situated in the province of British Columbia (the "Hot Property").

On June 3, 2011, the agreement was amended to add three mineral tenures.

In order to keep the option granted to the Company respecting the Hot Property in good standing, the Company must do the following,

- pay to the Optionors \$15,000 (paid), upon signing the agreement;
- issue to the Optionors 150,000 common shares (issued on September 25, 2014 and valued at \$22,500) of the Company;
- on the first anniversary date of the Company having been listed and called for trading on the Exchange (September 25, 2015), issue to the Optionors 150,000 common shares (issued on July 31, 2015 and valued at \$36,000); and
- on the second anniversary date of the Company having been listed and called for trading on the Exchange (September 25, 2016), issue to the Optionors 150,000 common shares (issued on October 12, 2016 and valued at \$73,500) (Notes 6 and 7).

By issuing the last tranche of shares to the Optionors, the Company has exercised its option and gained ownership of the Hot property.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2018	March 31, 2017
Accounts payable	\$ 2,847	\$ 10,307
Accrued liabilities	7,000	7,000
	\$ 9,847	\$ 17,307

XANDER RESOURCES INC.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
March 31, 2018

6. RELATED PARTY TRANSACTIONS

The amounts due to related parties are due to companies controlled by directors and officers of the Company. The balances are unsecured, non-interest bearing and have no specific terms for repayment.

Related party balances

As at March 31, 2018, \$68,275 (March 31, 2017 - \$42,300) was due to related parties as follows:

	March 31, 2018	March 31, 2017
Company controlled by CEO	\$ 38,775	\$ 24,800
Company controlled by CFO	29,500	17,500
	<u>\$ 68,275</u>	<u>\$ 42,300</u>

Related party transactions and key management compensation

During the year ended March 31, 2018 and 2017, the Company incurred the following amounts through transactions with the directors and officers of the Company:

	March 31, 2018	March 31, 2017
Management fees	\$ 48,000	\$ 42,000
Accounting fees	9,500	10,298
	<u>\$ 57,500</u>	<u>\$ 52,298</u>

Pursuant to the Hot Property option agreement (Note 4), the Company issued 150,000 common shares with a fair value of \$73,500 to a director on October 12, 2016.

7. SHARE CAPITAL

Authorized:

The authorized share capital of the Company consists of unlimited common shares without par value.

Issued:

At March 31, 2018, there were 9,817,996 issued and fully paid common shares (March 31, 2017 – 9,759,936).

During the year ended March 31, 2018, the Company issued a total of 33,060 common shares for gross proceeds of \$4,959 for agent warrants exercised. Upon exercise, the fair value of \$4,459 was reallocated from warrant reserve to share capital.

On November 20, 2017, the Company issued 25,000 common shares for gross proceeds of \$3,750 for options exercised. Upon exercise, the fair value of \$3,540 was reallocated from share-based payment reserve to share capital.

At March 31, 2017, there were 356,012 shares remaining in escrow which are to be release on September 25, 2017. As at March 31, 2018, the Company had nil common shares held in escrow.

During the year ended March 31, 2017:

During the year ended March 31, 2017, the Company issued 58,456 common shares at \$0.15 per share for proceeds of \$8,768 for agent warrants exercised. Upon exercise, the fair value of \$7,884 was reallocated from warrant reserve to share capital.

On October 12, 2016, the Company issued 150,000 common shares valued at \$73,500 pursuant to the Hot Property option agreement (Notes 4 and 6).

XANDER RESOURCES INC.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
March 31, 2018

7. SHARE CAPITAL (continued)

Share Options

The Company adopted a share option plan (the "Share Option Plan") under which it may grant options to employees, officers, directors, or consultants for up to 10% of the issued and outstanding common shares. In connection with the foregoing, the number of common shares reserved for issuance to any one optionee in a twelve-month period is limited to 5% of the issued shares of the Company.

Under the plan, the exercise price of an option may not be less than the discounted market price. The options can be granted for a maximum term of 5 years and vest at the discretion of the board of directors. For share options granted to employees, directors, and consultants, the Company recognizes as an expense, the estimated fair value of the share options granted. The fair value of each share option granted was estimated on the date of grant using the Black-Scholes option-pricing model.

On September 1, 2017, the Company granted its consultants the right to acquire 100,000 shares at a price of \$0.28 per share for a period of five years. The fair value of stock options granted was recorded as stock-based payments at the vesting date using the Black-Scholes option-pricing model. The stock options vest as follows: (i) 20,000 options on September 1, 2017, (ii) 20,000 options on September 1, 2018, (iii) 20,000 options on September 1, 2019, (iv) 20,000 options on September 1, 2020 and (v) 20,000 options on September 1, 2021. The Black-Scholes option-pricing is based on the expected volatility of 131%, risk-free interest rate of 1.59%, expected dividend rate of 0% and expected life of 5 years. With these assumptions, the fair value of options was determined to be \$24,172 of which \$11,038 has been expensed with a corresponding credit to share-based payment reserve. The remaining value will be expensed at the corresponding vesting date.

On November 29, 2017, 100,000 options expired unexercised.

A summary of share options outstanding is as follows:

	Options	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance at March 31, 2017 and 2016	900,000	\$0.15	2.29
Granted	100,000		
Exercised	(25,000)		
Expired	(100,000)		
Balance at March 31, 2018	875,000	\$0.16	1.82

As at March 31, 2018, the following incentive share options are outstanding and exercisable:

	Number of Options	Exercise Price	Expiry Date
	100,000	\$0.28	September 1, 2022
	775,000	\$0.15	September 25, 2019
Outstanding	875,000		
Exercisable	800,000		

XANDER RESOURCES INC.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
March 31, 2018

7. SHARE CAPITAL (continued)

Warrants

A summary of changes in outstanding warrants is as follows:

	Options	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance of March 31, 2016	92,444	\$0.15	1.49
Exercised	(58,456)		
Balance of March 31, 2017	33,988	\$0.15	0.49
Exercised	(33,060)		
Expired	(928)		
Balance of March 31, 2018	-	\$ -	-

8. RESERVES

Share-based payment reserve

The share-based payment reserve records items recognized as share-based payments expense until such time that the share options are exercised, at which time the corresponding amount will be transferred to share capital. If the options expire or are forfeit, the corresponding amount previously recorded is transferred from share-based payments reserve to deficit.

Warrant reserve

The warrant reserve records items recognized as warrants until such time that the warrants are exercised, at which time the corresponding amount will be transferred to share capital. If the warrants expire unexercised, the amount previously recorded remains in warrant reserves.

9. CAPITAL DISCLOSURE

The Company considers its capital structure to include cash and shareholders' equity. The Company's objectives when managing capital are to (i) maintain financial flexibility in order to preserve its ability to meet financial obligations and continue as a going concern; (ii) maintain a capital structure that allows the Company to finance its growth using internally-generated cash flow and debt capacity; and (iii) optimize the use of its capital to provide an appropriate investment return to its shareholders commensurate with risk.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with its objectives and the risk characteristics of its underlying assets. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, acquire or dispose of assets, or adjust the amount of cash and cash equivalents and receivables.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

XANDER RESOURCES INC.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
March 31, 2018

10. ADDITIONAL CASH FLOW INFORMATION

During the year ended March 31, 2018 and 2017, the Company incurred non-cash investing and financing activities as follows:

	March 31, 2018	March 31, 2017
Non-cash investing activities:		
Shares issued for exploration and evaluation assets	\$ -	\$ 73,500
Non-cash financing activities:		
Fair value of share options granted	\$ 11,038	\$ -
Fair value of agent warrants exercised	\$ 4,459	\$ 7,884
Fair value of options expired	\$ 14,162	\$ -

11. FINANCIAL INSTRUMENTS

Fair values

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk, market risk, liquidity risk and currency risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company is exposed to credit risk by holding cash. This risk is minimized by holding cash in large Canadian financial institutions. This risk is assessed as low.

b) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its financial obligations as they come due. The Company manages this risk by management of its working capital to ensure its expenditures will not exceed available resources. This risk is assessed as high.

d) Foreign exchange risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. The Company does not have foreign currency denominated financial instruments and is not exposed to foreign exchange risk.

e) Price risk

Price risk is the risk that the risk of a decline in the value of the Company's financial instruments. Although price risk can be mitigated by hedging, the Company currently doesn't apply any hedging techniques as the Company doesn't have securities that are subject to price fluctuation.

XANDER RESOURCES INC.
Notes to the Financial Statements
(Expressed in Canadian Dollars)
March 31, 2018

12. INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	Year ended March 31, 2018	Year ended March 31, 2017
Net loss before tax	\$ (106,732)	\$ (84,224)
Statutory tax rate	26.0%	26.0%
Expected income tax recovery	(27,750)	(21,898)
True-up on non-capital loss carry-forwards	76,634	-
Change in valuation allowance	(48,884)	21,898
Income tax recovery	\$ -	\$ -

The significant components of the Company's deferred tax assets and liabilities are as follows:

	March 31, 2018	March 31, 2017
Non-capital loss carry-forwards	\$ 163,987	\$ 206,490
Exploration and evaluation assets	(39,792)	(39,792)
Share issuance costs	6,380	12,761
	130,575	179,459
Valuation allowance	(130,575)	(179,459)
Net deferred tax asset	\$ -	\$ -

The tax pools relating to these temporary differences expire as follows:

	Canadian non- capital losses	Share issuance costs
2019	\$ -	\$ 24,540
2031	17,561	-
2032	65,206	-
2033	3,259	-
2034	56,342	-
2035	149,846	-
2036	103,457	-
2037	103,775	-
2038	131,273	-
	\$ 630,719	\$ 24,540

13. SEGMENTED INFORMATION

The Company currently operates in a single reportable operating segment – the acquisition, exploration and development of mineral properties. All of the Company's assets and expenditures are located in Canada.

14. EVENTS AFTER THE REPORTING PERIOD

On May 23, 2018, the Company entered into a consulting services agreement where the Company will pay \$5,000 per month for one year.

On May 31, 2018, the Company entered into a Promissory Note agreement with an arm's length party. The principal amount payable by the Company is \$30,000 with interest of 5% per annum from May 31, 2018 to the date of payment. The maturity date is September 30, 2018.

On June 26, 2018, the Company issued 454,545 common shares to the directors of the Company to settle \$50,000 of debt.