XANDER RESOURCES INC.
FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2019 and 2018

(EXPRESSED IN CANADIAN DOLLARS)

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Xander Resources Inc.

Opinion

We have audited the financial statements of Xander Resources Inc. (the "Company"), which comprise the statements of financial position as at March 31, 2019 and 2018, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company has an accumulated deficit of $901,158 as at March 31, 2019. This condition, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

July 29, 2019

XANDER RESOURCES INC.

Statements of Financial Position
As at March 31, 2019 and 2018
(Expressed in Canadian dollars)

	Note	March 31, 2019	March 31, 2018
ASSETS			
Current assets			
Cash		$ 31,448	$ 28,526
Prepaid expenses		5,200	-
Goods and services tax receivable		760	1,170
Total current assets		37,408	29,696
Non-current assets			
Exploration and evaluation assets	4	452,236	451,736
Total assets		$ 489,644	$ 481,432
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	$ 24,622	$ 9,847
Due to related parties	7	42,688	68,275
Total current liabilities		67,310	78,122
Total liabilities		67,310	78,122
EQUITY			
Share capital	8	1,091,531	934,896
Reserves	9	231,961	224,116
Deficit		(901,158)	(755,702)
Total equity		422,334	403,310
Total liabilities and equity		$ 489,644	$ 481,432

See Accompanying Notes

Nature of operations and going concern (Note 1)

Approved and authorized for issue by the Board of Directors on, July 29, 2019:

/s/ "Dwayne Yaretz" — Dwayne Yaretz, Director

/s/ "Marsha Panar" — Marsha Panar, Director

XANDER RESOURCES INC.
Statements of Comprehensive Loss
(Expressed in Canadian dollars)

	Note	Year ended March 31, 2019	Year ended March 31, 2018
Consulting fees		$ 10,000	$ -
Management fees	7	52,000	51,500
Office and miscellaneous		840	345
Professional fees	7	44,915	26,181
Share-based payments	8	6,204	11,038
Transfer agent and filing fees		17,228	17,668
Loss before other expenses		(131,187)	(106,732)
Other expenses:			
Loss on debt settlement	7	(13,636)	-
Interest paid	6	(633)	-
Net and comprehensive loss		$ (145,456)	$ (106,732)
Net loss per share, basic and diluted		$ (0.014)	$ (0.011)
Weighted average number of shares outstanding		10,759,430	9,786,261

See Accompanying Notes

XANDER RESOURCES INC.
Statements of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Note	Share capital		Share-based			
		Number of shares	Amount	payment reserve	Warrant reserve	Deficit	Total
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	8	25,000	3,750	-	-	-	3,750
Shares issued for agent warrants exercised	8	33,060	4,959	-	-	-	4,959
Fair value of options vested	8	-	-	11,038	-	-	11,038
Fair value of options expired	8	-	-	(14,162)	-	14,162	-
Fair value of agent options exercised	8	-	3,540	(3,540)	-	-	-
Fair value of agent warrants exercised	8	-	4,459	-	(4,459)	-	-
Balance, March 31, 2018		9,817,996	934,896	223,991	125	(755,702)	403,310
Net and comprehensive loss		-	-	-	-	(145,456)	(145,456)
Shares issued for Private Placement	8	1,020,000	102,000	-	-	-	102,000
Share issuance costs	8	-	(9,001)	-	1,641	-	(7,360)
Fair value of options vested	8	-	-	6,204	-	-	6,204
Shares issued for debt settlement	7	454,545	63,636	-	-	-	63,636
Balance, March 31, 2019		11,292,541	$1,091,531	$ 230,195	$ 1,766	$ (901,158)	$ 422,334

See Accompanying Notes

XANDER RESOURCES INC.
Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended March 31, 2019	Year ended March 31, 2018
Cash Provided By (Used In)		
Operating Activities		
Net and comprehensive loss for the year	$ (145,456)	$ (106,732)
Items not affecting cash:		
Share-based payments	6,204	11,038
Changes in non-cash working capital:		
Goods and services tax receivable	410	200
Prepaid expenses and deposits	(5,200)	5,200
Accounts payable and accrued liabilities	14,775	(7,460)
Due to related parties	38,049	25,975
Net cash used in operating activities	(91,218)	(71,779)
Investing Activities		
Exploration and evaluation asset expenditures	(500)	-
Net cash used in investing activities	(500)	-
Financing Activities		
Proceeds from issuance of common shares, net of share issuance costs	94,640	8,709
Proceeds from loan	30,000	-
Repayment of loan	(30,000)	-
Net cash provided by financing activities	94,640	8,709
Increase (decrease) in cash	2,922	(63,070)
Cash, beginning	28,526	91,596
Cash, end	$ 31,448	$ 28,526

See Accompanying Notes

Additional cash flow information (Note 11)

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 $901,158 at March 31, 2019, 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 29, 2019 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration and environmental obligations (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

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.

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 following is the Company's new accounting policy for financial instruments under IFRS 9.

i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at March 31, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Accounts payable	Amortized cost	Amortized cost
Due to related parties	Amortized cost	Amortized cost

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Classification (continued)

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on March 31, 2018.

ii) Measurement

Financial assets at FVTOCI

Elected investments in equity investments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses recognized in other comprehensive income (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transactions costs expensed in the statements of net income (loss). Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of net income (loss) in the period in which they arise.

iii) Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net income (loss).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

IFRS 16 - This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019. The adoption of IFRS 16 is not expected to have an impact on the Company's financial statements as the Company has no leases. Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

	Year Ended March 31, 2019	Year Ended March 31, 2018
Acquisition costs		
Balance, beginning and ending	$ 147,000	$ 147,000
Exploration costs		
Balance, beginning	304,736	304,736
Filing fees	500	-
Balance, ending	305,236	304,736
Total	$ 452,236	$ 451,736

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

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

4. EXPLORATION AND EVALUATION ASSETS (continued)

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

a) pay to the Optionors $15,000 (paid), upon signing the agreement;

b) issue to the Optionors 150,000 common shares (issued on September 25, 2014 and valued at $22,500) of the Company;

c) 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

d) 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).

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, 2019	March 31, 2018
Accounts payable	$ 17,622	$ 2,847
Accrued liabilities	7,000	7,000
	$ 24,622	$ 9,847

6. LOAN PAYABLE

On May 31, 2018, the Company borrowed $30,000 as a loan, bearing an annual interest rate of 5% from May 31, 2018 to the date of payment. The loan was due and payable on September 30, 2018, is unsecured and due on demand. During the year ended March 31, 2019, the Company repaid $30,633 consisting of $30,000 in principal and $633 in interest accrued.

7. 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, 2019, $42,688 (March 31, 2018 - $68,275) was due to related parties as follows:

	March 31, 2019	March 31, 2018
Company controlled by a director and the former CEO	$ 12,350	$ 38,775
Company controlled by the former CFO	12,838	29,500
CEO	17,500	-
	$ 42,688	$ 68,275

7. RELATED PARTY TRANSACTIONS (continued)

Related party transactions and key management compensation
During the year ended March 31, 2019 and 2018, the Company incurred the following amounts through transactions with the directors and officers of the Company:

	March 31, 2019	March 31, 2018
Management fees	$ 52,000	$ 48,000
Accounting fees	12,804	9,500
	$ 64,804	$ 57,500

On June 26, 2018, the Company issued 272,727 common shares at a fair value of $38,182 to the former CEO of the Company to settle $30,000 of accrued management fees. The Company recorded a loss of $8,182 on the settlement of this debt (Note 8).

On June 26, 2018, the Company issued 181,818 common shares at a fair value of $25,454 to the former CFO of the Company to settle $20,000 of accrued management fees. The Company recorded a loss of $5,454 on the settlement of this debt (Note 8).

8. SHARE CAPITAL

Authorized:

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

Issued:

At March 31, 2019, there were 11,292,541 issued and fully paid common shares (March 31, 2018 – 9,817,996).

On June 26, 2018, the Company issued 454,545 common shares at a fair value of $63,636 to an officer and a former officer of the Company to settle $50,000 of accrued management fees (Note 7). The Company recorded loss of $13,636 on the settlement of these debts (Note 7).

On August 30, 2018, the Company closed a private placement and issued 1,020,000 units at a price of $0.10 per unit for total gross proceeds of $102,000. Each unit consists of one common share and one-half of one non-transferable common share purchase warrants. Each whole common share purchase warrant entitles the holder to purchase one additional common share at a price of $0.20 per share for a two-year period, expiring August 30, 2020. In connection with the private placement, the Company paid a cash commission totaling $7,360 and issued 73,600 share purchase warrants to brokers (“Finder’s Warrants”). Each Finder’s Warrant entitles the holder to purchase one additional common share at a price of $0.20 per common share for a period of two years, expiring August 30, 2020. The Finder’s Warrants have an estimated fair value of $1,641, which was estimated using the Black-Scholes option pricing model with the following assumptions: expected life 2 years, volatility 83.56%, risk-free rate 2.11%, dividend yield 0%.

During the year ended March 31, 2018:

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.

8. 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, and as of March 31, 2018, $11,038 of the fair value has been expensed. During the year ended March 31, 2019, $6,204 (December 31, 2018 - $11,038) of the total fair value of options has been expensed with a corresponding credit a share-based payment reserve. The remaining value of $6,929 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 outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance at March 31, 2017	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
Balance at March 31, 2019	875,000	$0.16	0.82

As at March 31, 2019, 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	815,000		

8. SHARE CAPITAL (continued)

Warrants

A summary of changes in outstanding warrants is as follows:

	Warrants outstanding	Weighted Average Exercise Price	Weighted Average Years to Expiry
Balance at March 31, 2017	33,988	$0.15	0.49
Exercised	(33,060)		
Expired	(928)		
Balance at March 31, 2018	-	-	-
Granted	583,600	0.20	1.42
Balance at March 31, 2019	583,600	0.20	1.42

Details of warrants outstanding as at March 31, 2019 are as follows:

Outstanding and Exercisable	Exercise Price	Expiry Date	Remaining contractual life (in years)
583,600	$0.20	August 30, 2020	1.42

9. 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 forfeited, 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.

10. 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 operations 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.

10. CAPITAL DISCLOSURE (continued)

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.

11. ADDITIONAL CASH FLOW INFORMATION

During the year ended March 31, 2019 and 2018, the Company incurred non-cash financing activities as follows:

		March 31, 2019		March 31, 2018
Non-cash financing activities:				
Fair value of options vested	$	6,204	$	-
Share issuance costs	$	1,641	$	-
Fair value of options granted	$	-	$	11,038
Fair value of agent warrants exercised	$	-	$	4,459
Fair value of options expired	$	-	$	(14,162)
Shares issued for debt settlement	$	63,636	$	-

12. 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.

Fair values

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.

12. FINANCIAL INSTRUMENTS (continued)

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.

13. INCOME TAXES

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

	Year ended March 31, 2019	Year ended March 31, 2018
Net loss before tax	$ 145,456	$ (106,732)
Statutory tax rate	27.0%	26.0%
Expected income tax recovery	(39,273)	(27,750)
Effect of share issuance costs not recognized	(1,987)	-
True-up on non-capital loss carry-forwards	4,328	76,634
Effect of change in tax rate	(4,700)	-
Change in valuation allowance	41,820	48,884
Other	(188)	-
Income tax recovery	$ -	$ -

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

	March 31, 2019	March 31, 2018
Non-capital loss carry-forwards	$ 211,865	$ 163,987
Exploration and evaluation assets	(41,457)	(39,792)
Share issuance costs	1,987	6,380
	172,395	130,575
Valuation allowance	(172,395)	(130,575)
Net deferred tax asset	$ -	$ -

13. INCOME TAXES (continued)

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

	Canadian non-capital losses	Share issuance costs
2020	$ -	$ 7,360
2031	17,561	-
2032	65,206	-
2033	3,259	-
2034	56,342	-
2035	149,846	-
2036	103,457	-
2037	103,775	-
2038	115,245	-
2039	169,996	-
	$ 784,687	$ 7,360

14. 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.

15. SUBSEQUENT EVENT

The Company announces during 2019 that it had entered into a non-binding letter of intent to complete a reverse takeover. This transaction has not closed as of the date of these statements.