

TRUE GRIT RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
True Grit Resources Ltd.

We have audited the accompanying consolidated financial statements of True Grit Resources Ltd., which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statements of operations and comprehensive income (loss), changes in shareholders' deficiency and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of True Grit Resources Ltd. as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of True Grit Resources Ltd. to continue as a going concern.

Other Matters

The audited consolidated financial statements as at March 31, 2017 and for the year then ended were examined by other auditors who expressed an opinion without reservation on those statements in their report dated July 31, 2017. We have audited the adjustment as described in Note 2 to amend the 2017 statement of financial position and statements of operations and comprehensive income (loss) and in our opinion, such adjustment, in all material respects, is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements of the Company as at March 31, 2017 and for the year then ended other than with respect to the adjustment and, accordingly, we do not express any opinion on any other form of assurance on the financial statements as at March 31, 2017 and for the year ended March 31, 2017 taken as a whole.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

July 27, 2018

TRUE GRIT RESOURCES LTD.
Consolidated Statements of Financial Position
(Expressed in Canadian dollars)
AS AT

	March 31, 2018	March 31, 2017
		(Restated – Note 2)
ASSETS		
Current Assets		
Cash	\$ 3,272	\$ 6,344
Receivables	9,511	4,423
Advances	-	29,927
	<u>12,783</u>	<u>40,694</u>
Exploration and evaluation assets (Note 6)	<u>294,698</u>	<u>-</u>
	<u>\$ 307,481</u>	<u>\$ 40,694</u>
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current		
Accounts payable and accrued liabilities	\$ 142,307	\$ 56,011
Due to related parties (Note 10)	-	107,158
Loans payable (Note 7)	321,779	635,500
Interest payable on loans (Note 7)	20,029	118,185
	<u>484,115</u>	<u>916,854</u>
Shareholders' deficiency		
Share capital (Note 9)	5,264,288	4,617,107
Contributed surplus (Note 9)	610,933	610,933
Share-based payments reserve (Note 9)	15,502	33,407
Deficit	<u>(6,067,357)</u>	<u>(6,137,607)</u>
	<u>(176,634)</u>	<u>(876,160)</u>
	<u>\$ 307,481</u>	<u>\$ 40,694</u>

Nature and continuance of operations (Note 1)
Subsequent event (Note 13)

Approved on behalf of the Board:

"Byron Coulthard"
 Director –

"Nicolas Barr"
 Director –

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

TRUE GRIT RESOURCES LTD.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Year ended March 31,	
	2018	2017
		(Restated – Note 2)
Expenses		
Accounting and audit	\$ 53,486	\$ 25,786
Consulting	-	7,500
Financing expense (Note 7)	8,515	30,397
Investor relations	1,518	-
Legal	22,289	5,300
Management fees (Note 10)	22,500	-
Office operations	15,668	3,895
Regulatory	10,603	7,431
Transfer agent	19,136	4,304
Travel and promotion	-	3,749
	(153,715)	(88,362)
Foreign exchange (loss) gain	(5,305)	1,967
Gain on settlement of due to related parties (Note 10)	66,165	40,714
Gain on settlement of loans payable (Note 7 and 9)	145,200	-
Write down of exploration and evaluation assets (Note 6)	-	(40,432)
	206,060	2,249
Comprehensive income (loss) for the year	\$ 52,345	\$ (86,113)
Income (loss) per common share – basic and diluted	\$ 0.00	\$ (0.01)
Weighted average number of common shares outstanding – basic	21,413,383	7,442,412
Weighted average number of common shares outstanding – diluted	21,413,383	7,442,412

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

TRUE GRIT RESOURCES LTD.
Consolidated Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)

	Shares	Amount	Contributed Surplus	Share-based Payments Reserve	Deficit	Total
Balance, March 31, 2016	7,442,412	\$ 4,617,107	\$ 610,933	\$ 33,407	\$ (6,051,494)	\$ (790,047)
Loss for the year (Restated – Note 2)	-	-	-	-	(86,113)	(86,113)
Balance, March 31, 2017 (Restated – Note 2)	7,442,412	4,617,107	610,933	33,407	(6,137,607)	(876,160)
Shares for debt	7,260,000	217,800	-	-	-	217,800
Shares issuance costs - cash	-	(24,361)	-	-	-	(24,361)
Shares issued for rights offering	13,408,080	402,242	-	-	-	402,242
Shares issued for exploration and evaluation assets	1,100,000	51,500	-	-	-	51,500
Cancellation of stock options	-	-	-	(17,905)	17,905	-
Income for the year	-	-	-	-	52,345	52,345
Balance, March 31, 2018	29,210,492	\$ 5,264,288	\$ 610,933	\$ 15,502	\$ (6,067,357)	\$ (176,634)

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

TRUE GRIT RESOURCES LTD.
Consolidated Statements of Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year ended March 31,	
	2018	2017
		(Restated – Note 2)
Operating activities		
Income (loss) for the year	\$ 52,345	\$ (86,113)
Items not affecting cash:		
Gain on settlement of loans payable	(145,200)	-
Gain on write-off of debt	(66,165)	-
Financing expense	8,515	30,397
Write-down of exploration and evaluation assets	-	40,432
Change in non-cash working capital items:		
Receivables	(5,088)	(2,434)
Accounts payable and accrued liabilities	25,960	(22,091)
Due to related parties	-	(51,074)
Cash used in operating activities	(124,323)	(90,883)
Investing activities		
Exploration and evaluation expenditures	(189,560)	-
Advances	-	(29,927)
Cash used in investing activities	(189,560)	(29,927)
Financing activities		
Rights offering	402,242	-
Share issuance costs	(18,642)	-
Loans proceeds	146,779	125,500
Loans and interest repayments	(204,171)	-
Due to related parties	(10,087)	-
Cash provided by financing activities	316,121	125,500
Change in cash during the year	(3,072)	4,690
Change in cash, beginning of the year	6,344	1,654
Change in cash, end of the year	\$ 3,272	\$ 6,344
SUPPLEMENTARY INFORMATION		
Cash paid for interest paid	\$ 43,671	\$ -
Cash paid for taxes paid	\$ -	\$ -
Shares issued for exploration and evaluation assets	\$ 51,500	\$ -
Exploration and evaluation assets accrued through accounts payable	\$ 23,711	\$ -
Exploration advances applied to exploration and evaluation assets	\$ 29,927	\$ -
Share issuance costs accrued in accounts payable	\$ 5,719	\$ -
Cancellation of stock options	\$ 17,905	\$ -
Valuation of 7,260,000 common shares issued for settlement of loan payables	\$ 217,800	\$ -
Reclassification of due to related parties to accounts payable	\$ 30,906	\$ -

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

TRUE GRIT RESOURCES LTD
Notes to Consolidated Financial Statements
For the year ended March 31, 2018
(Expressed in Canadian Dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

True Grit Resources Ltd. (the "Company") is engaged in the acquisition and exploration of mineral properties in North America. The Company is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 1710, 1177 West Hastings Street, Vancouver, BC. The Company is a reporting issuer in British Columbia and Alberta, and trades on the TSX Venture Exchange under the symbol TGI.H.

These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis, which contemplates that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern.

As at March 31, 2018 the Company has a working capital deficit of \$471,332 (March 31, 2017 - \$876,160) and has accumulated losses since inception of \$6,067,357 (March 31, 2017 - \$6,137,607). These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern. The Company's continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate the acquisition of, participation in or interest in new properties, assets or business opportunities, and raise additional funds by way of equity financings. Any acquisition may be subject to shareholder and regulatory approval and obtaining the necessary financing. Should the Company be unable to complete such a transaction, its ability to raise sufficient financing to maintain operations may be impaired. The available funds are insufficient to continue operations for the ensuing year. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing in the future.

2. BASIS OF PRESENTATION, STATEMENT OF COMPLIANCE AND CONSOLIDATION

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). The accounting policies set out in Note 3 have been applied consistently to all years presented in these consolidated financial statements unless otherwise indicated. These consolidated financial statements have been prepared on an accrual basis and presented in Canadian dollars, the Company's functional currency, and were approved by the Board of Directors on July 27, 2018.

These consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, True Grit Lithium Inc., a US company, True Grit Nevada LLC, a US company, LRS Oil and Gas Ltd. (inactive), a US company, and Minera Lorica S.A. de C.V. (inactive), a Mexican company. All intercompany accounts and transactions have been eliminated.

Restatement of prior year financial statements

During the preparation of the consolidated financial statements for the year ended March 31, 2018, the Company determined that as at March 31, 2017, the Company had recognized a gain on settlement of due to related parties for loans still payable. The effects of the restatement on the consolidated statement of financial position are to increase loans payable and deficit by \$70,000. The effect on the consolidated statement of operations and comprehensive income (loss) for the year ended March 31, 2017 is to decrease the gain on settlement of due to related parties by \$70,000 resulting in an increase to loss for the year of \$70,000. There was a \$Nil net impact on operating activities in the consolidated statement of cash flows for the year ended March 31, 2017.

TRUE GRIT RESOURCES LTD
Notes to Consolidated Financial Statements
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(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the Company's significant accounting policies:

(a) Use of estimates and judgment

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical judgments and estimates exercised in the application of accounting policies and estimates having the most significant effects on the amounts recognized in these financial statements include:

Economic recoverability and profitability of future economic benefits of exploration and evaluation assets – Management has determined that exploration, evaluation and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits, including geological and other technical information, a history of conversion of mineral deposits with similar characteristics to its properties, evaluation of permitting and environmental issues and other such factors.

Valuation of share-based payments, agent compensation and finders' warrants – The Company uses the Black-Scholes Pricing Model for valuation of share-based payments, agent compensation and finders' warrants, which requires the input of subjective assumptions including expected price volatility, interest rate, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's results and equity reserves.

Income taxes – In assessing the probability of realizing deferred tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax position taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

While management believes that these estimates are reasonable, actual results could differ from those estimates and could impact future results of operation and cash flows.

(b) Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the rates prevailing at the end of the reporting period date; non-monetary items are translated into the functional currency at the rates on the date of transaction. Expenses are translated at the exchange rate approximating those in effect on the date of the transactions. Exchange gains and losses arising on the translation are included in profit and loss in the period in which they occur.

(c) Cash and cash equivalents

Cash and cash equivalents is comprised of bank deposits and highly-liquid investments, which are readily convertible into known amounts of cash and which mature within 90 days from the original dates of acquisition.

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Notes to Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

(d) Exploration and evaluation assets ("E&E")

Once the legal right to explore a property has been obtained, costs directly related to E&E expenditures are recognized and capitalized, in addition to the acquisition costs, net of recoveries, on a property-by-property basis. These direct expenditures include such costs as materials used, surveying costs, drilling costs and payments made to contractors during the exploration phase. Costs not directly attributable to E&E activities, including general administrative overhead costs, are expensed in the period in which they occur.

From time to time the Company may acquire or dispose of a mineral property pursuant to the terms of an option agreement. As the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments and government assistance are recorded as property costs or recoveries when the payments are made or received.

If economically recoverable ore reserves are developed, capitalized costs of the related property will be reclassified as mining assets and will be amortized using the unit-of-production method. When a property is deemed to no longer have commercially viable prospects to the Company, E&E expenditures in respect of the project are deemed to be impaired. As a result those E&E costs, in excess of estimated recoveries, are written off to profit or loss.

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Although the Company has taken steps to verify title to the properties in which it has an interest in accordance with industry standards for properties in the exploration stage, these procedures do not guarantee that title to the properties will not be challenged or impugned. Property title may be affected by undetected defects, be subject to unregistered prior agreements, transfers or land claims, or be non-compliant with regulatory requirements.

TRUE GRIT RESOURCES LTD
Notes to Consolidated Financial Statements
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3. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

(e) Provisions for environmental rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation 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 rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation 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 mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year. The Company had no provisions for environmental rehabilitation as at March 31, 2018.

(f) Financial instruments

The Company classifies its financial instruments measured at fair value at one of three levels according to the relative reliability of the inputs used to estimate the fair value:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

I. Financial assets

Financial assets are classified into one of the following categories. The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) Fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL when the financial asset is held for trading or it is designated as FVTPL.

A financial asset is classified as FVTPL if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as FVTPL are stated at fair value with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

TRUE GRIT RESOURCES LTD
Notes to Consolidated Financial Statements
For the year ended March 31, 2018
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

(f) Financial instruments (continued)

(ii) Available-for-sale investments ("AFS")

Short-term investments and other assets held not otherwise designated, are classified as AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognized in other comprehensive loss. Impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, are recognized directly in profit or loss. When an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive loss is included in profit or loss for the period. The Company does not have any assets classified as AFS financial assets.

(iii) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables and advances to related parties.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of receivables is based on a review of all outstanding amounts at year-end. Bad debts are written off during the reporting period in which they are identified. Interest income is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

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

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the bad debt account. Subsequent recoveries of amounts previously written off are credited against the bad debt account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

TRUE GRIT RESOURCES LTD
Notes to Consolidated Financial Statements
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(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

(f) Financial instruments (continued)

II. Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Financial liabilities include accounts payable and accrued liabilities, due to related parties, loans payable and interest payable.

Financial liabilities are classified as other financial liabilities, based on the purpose for which the liability was incurred, and comprise trade payables and accrued liabilities. The liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

(g) Income taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry-forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Share-based payments

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and non-employees. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its discretion and at prices not less than the closing market price on the grant date.

The fair value of the options is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the options are earned. A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number at options that vest. For directors and employees, the fair value of the options is measured at the date of grant. Share-based payments to non-employees are measured at the fair value of the 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 offset to the recorded cost is to share-based payment reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Upon expiry, the recorded value is transferred to deficit.

(i) Share capital

Share capital issued for non-consideration is recorded at the closing price of the Company's shares on the date of issuance.

TRUE GRIT RESOURCES LTD
Notes to Consolidated Financial Statements
For the year ended March 31, 2018
(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNT POLICIES (CONTINUED)

(j) Income (loss) per share

Income (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The dilutive effect on income (loss) per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to re-purchase common shares at the average market price during the period. However, the calculation of diluted income (loss) per share excludes the effects of conversions or exercise of options and warrants if they would be anti-dilutive.

Shares subject to escrow restrictions are excluded from the weighted average number of common shares unless their release is subject only to the passage of time.

(k) Segmented information

The Company has one operating segment, being mineral exploration, and operates in two geographical segments, being Canada and the United States.

(l) New accounting standards not yet adopted

- IFRS 7, “Financial Instruments: Disclosure” is effective (proposed) for annual periods beginning on or after January 1, 2018.
- IFRS 9, “Financial Instruments: Classification and Measurement” is effective for annual periods beginning on or after January 1, 2018.
- IFRS 16 “Leases”: is effective for annual periods beginning on or after January 1, 2019

The Company has initially assessed that there will be no material impact on the statements of financial position or results of operations as a result of adopting the new standards above; however, enhanced disclosure requirements are expected.

4. FINANCIAL INSTRUMENTS

The Company has classified its cash as FVTPL (using level 1 of the fair value hierarchy); receivables (excluding tax arrangements) as loans and receivables; and accounts payable and accrued liabilities, due to related parties and loans and interest on loans payable as other financial liabilities.

The carrying values of cash, receivables and accounts payable, due to related parties, loans payable and loan interest payable approximate their fair values due to the short-term maturity of these financial instruments.

The Company's financial instruments as at March 31, 2018 and 2017 follow:

	March 31, 2018		March 31, 2017	
Financial assets				
Cash	\$	3,272	\$	6,344
Receivables		9,511		4,423
	\$	12,783	\$	10,767
Financial liabilities				
Accounts payable and accrued liabilities	\$	142,307	\$	56,011
Due to related parties		-		107,158
Loans payable		321,779		635,500
Interest payable on loans		20,029		118,185
	\$	484,115	\$	916,854

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5. FINANCIAL RISK MANAGEMENT

(a) Credit risk

Credit risk is the risk that a counter party to a financial instrument will fail to discharge its contractual obligations. The Company is exposed to credit risk with respect to its cash and receivables, other than Goods and Services Tax ("GST"). The maximum exposure to loss arising from receivables is equal to their carrying amounts.

The Company manages credit risk with respect to its cash by maintaining demand deposits with a major Canadian financial institution; however, this exposes the Company's cash to concentration of credit risk as all amounts are held at a single institution.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company is exposed to liquidity risk as it relates to its accounts payable and loans payable.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

Interest rate risk consists of two components:

- (a) To the extent that payments made or received on the Company's monetary assets and liabilities are affected by changes in the prevailing market interest rates, the Company is exposed to interest rate cash flow risk; and
- (b) To the extent that changes in prevailing market rates differ from the interest rate in the Company's monetary assets and liabilities, the Company is exposed to interest rate price risk.

The Company is not exposed to significant interest rate risk due to the short-term maturity of its monetary assets and liabilities.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is not exposed to significant foreign currency risk as its monetary assets and liabilities are predominantly in Canadian dollars. Any fluctuation would have a negligible impact on profit and loss.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to other price risk.

There were no changes in the Company's approach to managing the above risks.

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6. EXPLORATION AND EVALUATION ASSETS

A summary of capitalized acquisition and exploration costs follows:

	Nevada Project	Arizona Project
Balance – March 31, 2016	\$ 40,432	\$ -
Exploration expenditures written off	(40,432)	-
Balance – March 31, 2017	-	-
Acquisition costs		
Cash	-	82,294
Shares	-	51,500
Exploration expenditures		
Geo-consulting	-	52,611
Claim and maintenance payments	-	107,142
Travel	-	1,151
Balance – March 31, 2018	\$ -	\$ 294,698

Arizona Property

During the year ended March 31, 2018, the Company staked a property in Arizona and entered into a definitive mineral agreement whereby the Company has been granted an option to purchase Arizona State Land, mineral exploration permit.

Considerations pursuant to the exercise of the option are as follows:

- (a) Cash Payments
 - (i) US\$40,000 upon signing the agreement (paid);
 - (ii) US\$75,000 on or before November 25, 2017 (\$22,000 paid);
 - (iii) US\$100,000 on or before November 25, 2018, and
 - (iv) US\$150,000 on or before November 25, 2019.
- (b) Share issuances
 - (i) 500,000 shares upon signing the agreement (issued and valued at \$27,500);
 - (ii) 600,000 shares on or before November 25, 2017 (issued and valued at \$24,000);
 - (iii) 800,000 shares on or before November 25, 2018, and
 - (iv) 1,000,000 shares on or before November 25, 2019.
- (c) Exploration expenditures
 - (i) \$200,000 on or before October 3, 2017 (incurred);
 - (ii) an additional \$200,000 on or before October 3, 2018;
 - (iii) an additional \$400,000 on or before October 3, 2019, and
 - (iv) an additional \$400,000 on or before October 3, 2020.

As of March 31, 2018 and the date of these financial statements, the Company remained in on-going negotiations on the outstanding payment.

The property is subject to annual pre-production payments of \$200,000 beginning on January 1, 2021, adjusted for the Consumer Price Index as published by the US Department of Labour.

At the commencement of production, the property is subject to a 5% net smelter return royalty.

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6. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Nevada Project

During the year ended March 31, 2016, the Company staked multiple claims in Nevada. As results did not meet expectations, the Company elected to relinquish the rights to the property and accordingly wrote off the exploration and evaluation assets of \$40,432.

7. LOANS PAYABLE

Details of the Company's loans follow:

2013 Notes: During February and March, 2013, the Company completed loan arrangements by way of promissory notes for total proceeds of \$80,000. The 2013 Notes matured on dates ranging from February 27, 2014 to March 18, 2014, and bore interest of 10% per annum. In connection with these loans, the Company, on May 8, 2013, issued as a bonus to the lenders a total of 177,666 common shares valued at \$15,990, which value was amortized and expensed over the term of the loan. On February 24, 2014, some of the lenders agreed to reduce the principal of their individual loans in exchange for common shares, pursuant to which, 400,000 common shares were issued and principal on loans was reduced by \$20,000. On May 31, 2017, some of the lenders agreed to settle the principal and interest of their individual loans in exchange for common shares and stock purchase warrants, pursuant to which, 1,280,000 common shares were issued, 530,000 stock purchase warrants were granted, and principal and interest on loans was reduced by \$45,000 and \$19,000, respectively (Note 9). During the year ended March 31, 2018, the remaining principal and interest on the loans was repaid.

2014 Notes #1: During February, 2014, the Company arranged loans by way of promissory notes for total proceeds of \$200,000. The 2014 Notes #1 mature on February 7, 2015 (extended) and bear interest of 10% per annum. In connection with these loans, the Company, on February 24, 2014, issued as a bonus to the lenders a total of 800,000 common shares valued at \$40,000, which value was amortized and expensed over the term of the loans. On May 31, 2017, some of the lenders agreed to settle the principal and interest of their individual loans in exchange for common shares and stock purchase warrants, pursuant to which, 4,120,000 common shares were issued, 2,080,000 stock purchase warrants were granted, and principal and interest on loans was reduced by \$170,000 and \$36,000, respectively (Note 9). During the year ended March 31, 2018, the remaining principal on the loans was repaid.

2014 Notes #2: During July and August, 2014, the Company arranged loans by way of promissory notes for total proceeds of \$100,000. The 2014 Notes #2 mature in one year and bear interest of 10% per annum. In connection with these loans, the Company issued as a bonus to the lenders a total of 400,000 common shares valued at \$20,000, which value was amortized and expensed over the term of the loans. During the year ending March 31, 2017, one lender agreed to write off accrued interest of \$5,655 on principal of \$30,000, and ceased to accrue any further interest. On May 31, 2017, some of the lenders agreed to settle the principal of their individual loans in exchange for common shares, pursuant to which, 900,000 common shares were issued, and principal on loans was reduced by \$45,000 (Note 9). During the year ended March 31, 2018, \$13,119 of repayment was made against the interest on the loans.

2014 Notes #3: During December, 2014, the Company arranged for a loan by way of promissory note for total proceeds of \$20,000. The 2014 Notes #3 mature in one year and bear interest of 10% per annum. During the year ending March 31, 2017, the lender agreed to write off accrued interest of \$3,118 and ceased to accrue any further interest. During the year ended March 31, 2018, the remaining principal and interest on the loans was repaid.

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7. LOANS PAYABLE (CONTINUED)

- 2015 Notes #1: During March, 2015, the Company arranged for a loan by way of promissory note for total proceeds of \$10,000. The 2015 Notes #1 mature in one year and bear interest of 10% per annum. During the year ending March 31, 2017, the lender agreed to write off accrued interest of \$1,016 and ceased to accrue any further interest.
- 2015 Notes #2: During April, 2015, the Company arranged for loans by way of promissory notes for total proceeds of \$50,000. The 2015 Notes #2 mature in one year and bear interest of 10% per annum. On May 31, 2017, some of the lenders agreed to settle the principal and interest of their individual loans in exchange for common shares and stock purchase warrants, pursuant to which, 960,000 common shares were issued, 120,000 stock purchase warrants were granted, and principal and interest on loans was reduced by \$40,000 and \$8,000, respectively (Note 9).
- 2016 Notes #1: During June, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$20,000. The 2016 Notes #1 mature in one year and are non-interest bearing.
- 2016 Notes #2: During July, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$10,000. The 2016 Notes #2 mature in one year and bear interest of 10% per annum.
- 2016 Notes #3: During July, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$10,000. The 2016 Notes #3 bears interest at 10% per annum and matures in one year. During the year ended March 31, 2017, the lender agreed to write off accrued interest and ceased accruing any further interest.
- 2016 Notes #4: During August, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$15,000. The 2016 Notes #4 is non-interest bearing and matures in one year.
- 2016 Notes #5: During October, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$5,000. The 2016 Notes #5 is non-interest bearing and matures in one year.
- 2016 Notes #6: During December, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$15,000. The 2016 Notes #6 is non-interest bearing and matures in one year. During the year ended March 31, 2018, the principal on the loan was repaid.
- 2017 Notes #1: During December, 2016, the Company arranged for loans by way of promissory notes for total proceeds of \$80,000. The 2017 Notes #1 is non-interest bearing and matures in one year.
- 2017 Notes #2: During January, 2017, the Company arranged for loans by way of promissory notes for total proceeds of \$10,500. The 2017 Notes #2 is non-interest bearing and matures in one year. During the year ended March 31, 2018, the principal on the loan was repaid.
- 2017 Notes #3: During February, 2017, the Company arranged for loans by way of promissory notes for total proceeds of \$30,000. \$20,000 matures in one year and bears interest of 10% per annum, and \$10,000 is non-interest bearing and matures in one year.
- 2017 Notes #4: During April, 2017, the Company arranged for loans by way of promissory notes for total proceeds of \$80,000. The 2017 Notes #4 matures in one year and bear interest of 10% per annum. During the year ended March 31, 2018, repayments of \$20,000 and \$367 were made against the principal and interest on the loans, respectively.
- 2017 Notes #5: During July, 2017, the Company arranged for loans by way of promissory notes for total proceeds of \$15,000. The 2017 Notes #5 is unsecured, non-interest bearing with no specified term of repayment.

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7. LOANS PAYABLE (CONTINUED)

2017 Notes #6 During August, 2017, the Company arranged for loans by way of promissory notes for total proceeds of \$1,779. The 2017 Notes #6 is unsecured, non-interest bearing with no specified term of repayment.

2017 Notes #7 During August, 2017, the Company arranged for loans by way of promissory notes for total proceeds of \$50,000 with a fixed interest of \$2,500. During the year ended March 31, 2018, the principal and interest on the loan was repaid.

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7. LOANS PAYABLE (CONTINUED)

At March 31, 2018, the Company had the following loans:

	Principal	Value of bonus shares	Amortized values of bonus shares	Principal net of unamortized value of bonus shares	Interest	Total
2014 Notes #2	\$ 55,000 ⁽¹⁾⁽³⁾	\$ (20,000) ⁽²⁾	\$ 20,000	\$ 55,000	\$ 7,963	\$ 62,963
2015 Notes #1	10,000	-	-	10,000	-	10,000
2015 Notes #2	10,000	-	-	10,000	2,934	12,934
2016 Notes #1	20,000	-	-	20,000	-	20,000
2016 Notes #2	10,000 ⁽²⁾	-	-	10,000	1,691	11,691
2016 Notes #3	10,000	-	-	10,000	-	10,000
2016 Notes #4	15,000	-	-	15,000	-	15,000
2016 Notes #5	5,000	-	-	5,000	-	5,000
2017 Notes #1	80,000	-	-	80,000	-	80,000
2017 Notes #3	30,000	-	-	30,000	2,241	32,241
2017 Notes #4	60,000	-	-	60,000	5,200	65,200
2017 Notes #5	15,000	-	-	15,000	-	15,000
2017 Notes #6	1,779 ⁽⁵⁾	-	-	1,779	-	1,779
	\$ 321,779	\$ (20,000)	\$ 20,000	\$ 321,779	\$ 20,029	\$ 341,808

(1) after taking into account the reduction of \$45,000 on May 31, 2017

(2) includes value of \$5,000 in respect of 100,000 issued to parties related to the Company

(3) The 2014 Notes #2, 2015 Notes #1, and 2015 Notes #2 have been rolled-over

with the same terms until such time as the Company achieves financing sufficient to settle the amount owing

(4) \$10,000 provided by a party related to the Company

(5) \$1,779 provided by a party related to the Company

TRUE GRIT RESOURCES LTD.
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7. LOANS PAYABLE (CONTINUED)

During the year ended March 31, 2018, the Company had the following transactions:

	As of March 31, 2017		Cash received		Interest		Cash Paid		Settlement/ Write off		As of March 31, 2018
2013 Notes	\$ 86,138	(1)(2)(3)	\$ -		\$ 180		\$ (22,318)		\$ (64,000)		\$ -
2014 Notes #1	262,904	(3)(4)	-		(6,537)		(50,367)		(206,000)		-
2014 Notes #2	118,532	(3)(5)	-		2,550		(13,119)		(45,000)		62,963
2014 Notes #3	20,000	(3)	-		-		(20,000)		-		-
2015 Notes #1	10,000	(3)	-		-		-		-		10,000
2015 Notes #2	59,671	(3)	-		1,263		-		(48,000)		12,934
2016 Notes #1	20,000		-		-		-		-		20,000
2016 Notes #2	10,693	(6)	-		998		-		-		11,691
2016 Notes #3	10,000		-		-		-		-		10,000
2016 Notes #4	15,000		-		-		-		-		15,000
2016 Notes #5	5,000		-		-		-		-		5,000
2016 Notes #6	15,000	(7)	-		-		(15,000)		-		-
2017 Notes #1	80,000		-		-		-		-		80,000
2017 Notes #2	10,500	(8)	-		-		(10,500)		-		-
2017 Notes #3	30,247		-		1,994		-		-		32,241
2017 Notes #4	-		80,000		5,567		(20,367)		-		65,200
2017 Notes #5	-		15,000		-		-		-		15,000
2017 Notes #6	-		1,779 ⁽⁹⁾		-		-		-		1,779
2017 Notes #7	-		50,000		2,500		(52,500)		-		-
	\$ 753,685		\$ 146,779		\$ 8,515		\$ (204,171)		\$ (363,000)		\$ 341,808

(1) after taking into account the reduction of \$45,000 on May 31, 2017

(2) \$40,000 provided by parties related to the Company

(3) The 2013 Notes, 2014 Notes #1, 2014 Notes #2, 2014 Notes #3, 2015 Notes #1, and 2015 Notes #2 have been rolled-over with the same terms until such time as the Company achieves financing sufficient to settle the amount owing

(4) \$30,000 provided by a party related to the Company

(5) \$25,000 provided by a party related to the Company

(6) \$10,000 provided by a party related to the Company

(7) \$15,000 provided by a party related to the Company

(8) \$10,500 provided by a party related to the Company

(9) \$1,779 provided by a party related to the Company

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7. LOANS PAYABLE (CONTINUED)

At March 31, 2017, the Company had the following loans:

	Principal	Value of bonus shares	Amortized values of bonus shares	Principal net of unamortized value of bonus shares	Interest	Total
2013 Notes	\$ 60,000	⁽¹⁾⁽²⁾⁽⁸⁾ \$ (15,990)	⁽⁵⁾ \$ 15,990	\$ 60,000	\$ 26,138	\$ 86,138
2014 Notes #1	200,000	⁽³⁾⁽⁸⁾ (40,000)	⁽⁶⁾ 40,000	200,000	62,904	262,904
2014 Notes #2	100,000	⁽⁴⁾⁽⁸⁾ (20,000)	⁽⁷⁾ 20,000	100,000	18,532	118,532
2014 Notes #3	20,000	⁽⁸⁾ -	-	20,000	-	20,000
2015 Notes #1	10,000	⁽⁸⁾ -	-	10,000	-	10,000
2015 Notes #2	50,000	⁽⁸⁾ -	-	50,000	9,671	59,671
2016 Notes #1	20,000	-	-	20,000	-	20,000
2016 Notes #2	10,000	-	-	10,000	693	10,693
2016 Notes #3	10,000	-	-	10,000	-	10,000
2016 Notes #4	15,000	-	-	15,000	-	15,000
2016 Notes #5	5,000	-	-	5,000	-	5,000
2016 Notes #6	15,000	⁽⁹⁾ -	-	15,000	-	15,000
2017 Notes #1	80,000	-	-	80,000	-	80,000
2017 Notes #2	10,500	⁽¹⁰⁾ -	-	10,500	-	10,500
2017 Notes #3	30,000	-	-	30,000	247	30,247
	\$ 635,500	\$ (75,990)	\$ 75,990	\$ 635,500	\$ 118,185	\$ 753,685

(1) after taking into account the reduction of \$20,000 on February 24, 2014

(2) \$40,000 provided by parties related to the Company

(3) \$30,000 provided by a party related to the Company

(4) \$25,000 provided by a party related to the Company

(5) includes value of \$9,990 in respect of 111,000 issued to parties related to the Company

(6) includes value of \$6,000 in respect of 120,000 issued to parties related to the Company

(7) includes value of \$5,000 in respect of 100,000 issued to parties related to the Company

(8) The 2013 Notes, 2014 Notes #1, 2014 Notes #2, 2014 Notes #3, 2015 Notes #1, and 2015 Notes #2 have been rolled-over with the same terms until such time as the Company achieves financing sufficient to settle the amount owing

(9) \$15,000 provided by a party related to the Company

(10) \$10,500 provided by a party related to the Company

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7. LOANS PAYABLE (CONTINUED)

During the year ended March 31, 2017, the Company had the following transactions:

	As of March 31, 2016	Reclassified from due to related parties	Cash received	Cash Paid	Interest	Settlement/ Write off	As of March 31, 2017
2013 Notes	\$ 80,138	\$ -	\$ -	\$ -	\$ 6,000	\$ -	\$ 86,138
2014 Notes #1	242,904	-	-	-	20,000	-	262,904
2014 Notes #2	116,439	-	-	-	2,094	-	118,532
2014 Notes #3	22,620	-	-	-	(2,621) ⁽¹⁾	-	20,000
2015 Notes #1	11,016	-	-	-	(1,016) ⁽¹⁾	-	10,000
2015 Notes #2	54,671	-	-	-	5,000	-	59,671
2016 Notes #1	-	-	20,000	-	-	-	20,000
2016 Notes #2	-	-	10,000	-	693	-	10,693
2016 Notes #3	-	-	10,000	-	-	-	10,000
2016 Notes #4	-	-	15,000	-	-	-	15,000
2016 Notes #5	-	-	5,000	-	-	-	5,000
2016 Notes #6	-	-	15,000	-	-	-	15,000
2017 Notes #1	-	70,000	10,000	-	-	-	80,000
2017 Notes #2	-	-	10,500	-	-	-	10,500
2017 Notes #3	-	-	30,000	-	247	-	30,247
	<u>\$ 527,788</u>	<u>\$ 70,000</u>	<u>\$ 125,500</u>	<u>\$ -</u>	<u>\$ 30,397</u>	<u>\$ -</u>	<u>\$ 753,685</u>

(1) Interests were written off upon the agreement of the loan holder and the Company.

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8. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' deficiency. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements.

The Company raises capital through the issuance of its share capital and loans payable to fund operations. Although the Company has been successful at raising funds in the past through issuance of common shares and loans payable, there can be no assurance that it will continue to be able to do so in the future.

There were no changes to the Company's approach to capital management during the year ended March 31, 2018.

9. SHARE CAPITAL

(a) Authorized

Unlimited common shares without par value.

(b) Issued

Year ended March 31, 2018:

- the Company and various creditors agreed to settle loans in the aggregate amount of \$363,000 in consideration of the issuance of an aggregate of 7,260,000 common shares of the Company (valued at \$217,800) and 2,730,000 share purchase warrants (valued at \$Nil) with each warrant entitling the holder to purchase one additional share for a period of one year at a price of \$0.10 per share.
- the Company completed a rights offering of 13,408,080 units at a price of \$0.03 per unit for gross proceeds of \$402,242. Each unit consisted of one common share and one non-transferable warrant, each of which entitles the holder to purchase an additional common share at an exercise price of \$0.10 per share until September 6, 2018. No value was allocated to the warrant component of the unit offering completed.
- the Company issued 1,100,000 shares (valued at \$51,500) pursuant to the acquisition of Arizona Property (Note 6).

Year ended March 31, 2017:

- The Company did not issue any common shares.

(c) Stock Options

On September 30, 2005, the Company adopted a "rolling" stock option plan for its employees, directors, officers and self-employed consultants. The terms of the plan provide for options to be granted to the extent of 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The exercise price of each option shall not be less than the minimum price permitted by the policies of the Exchange. The options may be granted for a maximum term of ten years from the date of grant and vest at the discretion of the board. In 2006, the Company received regulatory approval for the plan. The fair value of each option granted is estimated at the time of the grant using the Black-Scholes option pricing model with weighted average assumptions for the grants.

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9. SHARE CAPITAL (CONTINUED)

A summary of the Company's stock option activity is as follows:

	March 31, 2018		March 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of the year	675,000	\$ 0.05	700,000	\$ 0.05
Cancelled	(475,000)	-	(25,000)	0.05
Outstanding, end of year	200,000	0.05	675,000	0.05
Exercisable, end of year	200,000	\$ 0.05	675,000	\$ 0.05

March 31, 2018			
Expiry Date	Number of options	Weighted average exercise price	Weighted average remaining life
February 18, 2020	200,000	\$0.05	1.89 years

(c) Warrants

A summary of the Company's warrant activity is as follows:

	March 31, 2018		March 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Outstanding, beginning of the year	-	\$ -	-	\$ -
Granted	16,138,080	0.10	-	-
Outstanding, end of year	16,138,080	0.10	-	-
Exercisable, end of year	16,138,080	\$ 0.10	-	\$ -

March 31, 2018			
Expiry Date	Number of warrants	Weighted average exercise price	Weighted average remaining life
May 31, 2018*	2,730,000	\$0.10	0.03 years
September 6, 2018	13,408,080	\$0.10	0.36 years

* expired subsequently to March 31, 2018

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10. RELATED PARTY TRANSACTIONS AND BALANCES

The Company's key management personnel consist of directors, executive officers, and companies controlled or influenced by them. The Company incurred certain fees and expenses in the normal course of operations in connection with companies owned by such parties for the years ended March 31, 2018 and 2017.

The Company conducts certain of its administration and exploration activities through an arrangement with an administration and exploration services contractor ("AESC") in which a director is a shareholder. For the years ended March 31, 2018 and 2017, the Company was charged for exploration costs and to reimburse office and administrative costs as follows:

	March 31, 2018		March 31, 2017	
Office operations	\$	-	\$	556
Management fees		22,500		-
	\$	22,500	\$	556

At March 31, 2018, \$Nil was owed to AESC (March 31, 2017 - \$90,001) which amounts include \$Nil (March 31, 2017 - \$25,300) in respect of the services of the CEO during the year ended March 31, 2015. Effective July 1, 2016, AESC agreed to suspend further charges to the Company until such time as the Company has received funding or is able to satisfy its indebtedness to AESC.

At March 31, 2018, the Company owed \$17,000 (2017 - \$Nil) and \$24,000 (2017 - \$Nil) in respect of services of the CEO and CFO, respectively. At March 31, 2018, the Company also owed \$Nil (March 31, 2017 - \$30,000) in respect of the services of the CEO during the year ended March 31, 2016.

At March 31, 2018, the Company owed \$Nil (March 31, 2017 - \$24,143) to the former CEO and a director in respect of expenses incurred on behalf of the Company, and \$Nil (March 31, 2017 - \$30,000) in respect of management services during the year ended March 31, 2016.

Amounts due to related parties as at March 31, 2017 totaled \$107,158. During the year ended March 31, 2018, of the total amount, the Company wrote off \$66,165, paid \$10,087 and reclassified \$30,906 to account payable for former related parties.

Key management personnel were not paid post-retirement benefits, termination benefits, or other long-term benefits during the years ended March 31, 2018 and 2017. On August 31, 2016, the Company paid \$14,286 as consideration of indebtedness for services rendered by the former CFO, and the remaining \$40,714 was written off.

During the year ended March 31, 2013, the Company completed loan arrangements for gross proceeds of \$80,000, of which \$50,000 was provided by a former officer and directors the Company. In connection with these arrangements, the Company issued 111,000 common shares valued at \$9,990 as bonus shares to these related parties. During the year ended March 31, 2014, \$10,000 of this amount was settled by way of shares. During the year ended March 31, 2018, \$15,000 of this amount and related interest of \$6,863 was settled by cash and \$25,000 of this amount and related interest of \$10,000 was settled by issuance of 700,000 common shares valued at \$21,000, resulting in gain on settlement of \$14,000.

In February, 2014, the Company completed additional loans for gross proceeds of \$200,000, of which \$30,000 was provided by a director of the Company. In connection with this arrangement, the Company issued 120,000 common shares valued at \$6,000 as bonus shares to that related party. During the year ended March 31, 2018, the full loan payable amount to the related party was settled by issuance of 600,000 common shares valued at \$18,000, resulting in a gain on settlement of \$12,000. During the year ended March 31, 2018, the interest payable to the related party of \$10,184 was settled by cash.

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(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

During the year ended March 31, 2015, the Company completed additional loans for gross proceeds of \$100,000, of which \$25,000 was provided by a director of the Company. In connection with this arrangement, the Company issued 100,000 common shares valued at \$5,000 as bonus shares to that related party. During the year ended March 31, 2018, the full loan payable amount to the related party was settled by issuance of 500,000 common shares valued at \$15,000, resulting in a gain on settlement of \$10,000. During the year ended March 31, 2018, the interest payable to the related party of \$7,349 was settled by cash.

In July, 2016, the Company completed additional loans for gross proceeds of \$20,000, of which \$10,000 was provided by a director of the Company. As at March 31, 2018, interest accrued amounted to \$1,690.

In December, 2016, the Company completed an additional loan for gross proceeds of \$15,000, which was provided by an officer of the Company. During the year ended March 31, 2018, the loan payable was settled by cash.

In January, 2017, the Company completed an additional loan for gross proceeds of \$10,500, which was provided by an officer of the Company. During the year ended March 31, 2018, the loan payable was settled by cash.

In August, 2017, the Company completed an additional loan for gross proceeds of \$1,779, which was provided by an officer of the Company.

11. SEGMENTED INFORMATION

All of the Company's operations are in the resource sector. The Company's mineral exploration operations are in the United States. The capital assets identifiable with these geographical areas are as follows:

	March 31, 2018	March 30, 2017
United States	\$ 294,698	\$ 29,927

12. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2018	2017
Income (loss) for the year	\$ (52,345)	\$ (86,113)
Expected income tax (recovery)	\$ 14,000	\$ (22,000)
Change in statutory rate	(38,000)	-
True-up and other	52,000	-
Share issuance costs	(7,000)	-
Change in unrecognized deductible temporary differences	(21,000)	22,000
Total income tax expense (recovery)	\$ -	\$ -

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12. INCOME TAX (CONTINUED)

The significant components of the Company's differed tax assets that haven to been included on the statement of the financial position are as follows:

	2018	2017
Deferred Tax Assets (liabilities)		
Net capital loss carry forwards	\$ 101,000	\$ 97,000
Share issue costs	5,000	2,000
Unused cumulative exploration expenses	140,000	135,000
Non-capital losses available for future periods	456,000	489,000
	702,000	723,000
Unrecognized deferred tax assets	(702,000)	(723,000)
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have on been included on the statement of financial position are as follows:

Temporary Difference	2018	Expiry Date Range	2017	Expiry Date Range
Exploration and evaluation assets	\$ 519,000	No expiry date	\$ 519,000	No expiry date
Share issue costs	19,000	2038 to 2041	8,000	2038 to 2041
Net capital loss carryforwards	373,000	No expiry date	373,000	No expiry date
Non-capital losses available for future period	1,689,000	2026 to 2038	1,882,000	2026 to 2037

Tax attributes are subjects to review and potential adjustment, by tax authorities.

13. SUBSEQUENT EVENT

Subsequent to March 31, 2018, the Company entered into an option agreement with Cariboo Rose Resources Inc. to acquire a 50% interest in the Skookumchuck Cobalt Project in consideration of the following subject to regulatory approval:

- a. cash payment of \$1,019 upon execution
- b. incur \$100,000 of exploration expenditure on or before July 25, 2020.
- c. incur an additional \$150,000 of exploration expenditure on or before July 25, 2021.