



Adex Mining Inc.
Condensed Consolidated Interim Financial Statements
March 31, 2018
(Unaudited)

Due to the incorrect period noted in the Consolidated Statement of Loss and Comprehensive Loss, the interim financial statements for the period ended March 31, 2018 have been refiled. No other changes have been made.

Management's Responsibility for Consolidated Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of Adex Mining Inc. (the "Company" or "Adex") are the responsibility of management and the Board of Directors.

The unaudited condensed consolidated interim financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited condensed consolidated interim financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions, which were not complete at the balance sheet date. In the opinion of management, the unaudited condensed consolidated interim financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management has established processes which are in place to provide it sufficient knowledge to support management representations that it has exercised reasonable diligence that (i) the consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of, and for the periods presented by, the consolidated financial statements and (ii) the consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed consolidated interim financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed consolidated interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements have been prepared by, and are the responsibility of, the Company's management. The Company's independent auditor has not performed a review of these financial statements.

DATED this 28th day of May, 2018

ADEX MINING INC.

Per: (signed) "Linda Lam Kwan"
Name: Linda Lam Kwan
Title: Chief Executive Officer

Per: (signed) "Olga Balanovskaya"
Name: Olga Balanovskaya
Title: Chief Financial Officer

ADEX Mining Inc.
Consolidated Statements of Financial Position

As at (In Canadian dollars)	March 31	December 31
	2018	2017
	\$	\$
Assets		
Current		
Cash	106,817	94,936
HST and other receivables	14,589	11,837
Prepaid expenses	104,863	80,965
	226,268	187,738
Non-current		
Funds held by Province of New Brunswick (note 4)	1,031,456	1,028,792
Tailings impoundment facility (note 5)	739,348	749,206
Property, plant and equipment, net (note 6)	21,925	23,428
Total Assets	2,018,996	1,989,164
Liabilities		
Current		
Accounts payable and accruals (note 10)	669,493	816,095
Loan payable (note 9)	1,676,220	1,254,500
Total Liabilities	2,345,713	2,070,595
Shareholders' equity/(deficit) (note 7)		
Share capital	55,889,583	55,889,583
Contributed surplus	2,879,322	2,879,322
Deficit	(59,095,621)	(58,850,336)
Total liabilities and shareholders' equity/(deficit)	2,018,996	1,989,164

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

Nature of operations and going concern - note 1
Commitments and contingencies - note 10

Approved on behalf of the board:

(signed) "Norm Betts"
Director

(signed) "Linda Lam Kwan"
Director

ADEX Mining Inc.

Consolidated Statements of Loss and Comprehensive Loss

For the three months ended
(In Canadian dollars)

March 31

	2018	2017
	\$	\$
Expenses		
Administrative and general (notes 8 and 9)	69,789	133,850
Mineral property expenses	97,751	86,217
Total expenses	167,538	220,067
Finance cost (note 9)	27,723	12,285
Foreign exchange	50,234	4,126
Interest earned on funds on deposit	(211)	(99)
Total finance cost (income)	77,746	16,312
Loss before income taxes	245,285	236,379
Income taxes	-	-
Net loss and comprehensive loss	245,285	236,379
Weighted average number of shares outstanding	677,211,441	677,211,441
Basic and diluted loss per share	0.00	0.00

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

ADEX Mining Inc.
Consolidated Statements of Cash Flows

For the three months ended
(In Canadian dollars)

	March 31	
	2018	2017
	\$	\$
Operating activities		
Net loss for the period	(245,285)	(236,379)
Items not affecting cash:		
Depreciation of Tailings impoundment facility	9,858	-
Depreciation of property, plant and equipment	1,503	1,503
Foreign exchange	-	4,126
	(233,925)	(230,750)
Change in non-cash working capital		
HST and other receivables	(2,751)	9,538
Prepaid expenses	(23,898)	(32,621)
Accounts payable and accruals	(146,602)	78,221
Cash used in operating activities	(407,176)	(175,612)
Investing activities		
Increase in funds held by Province of New Brunswick	(2,664)	(1,182)
Cash used in investing activities	(2,664)	(1,182)
Financing activities		
Loan proceeds	421,720	258,114
Cash used in financing activities	421,720	258,114
Change in cash	11,881	81,320
Cash, beginning of the period	94,936	35,606
Cash, end of the period	106,817	116,926

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

ADEX Mining Inc.

Consolidated Statements of Changes in Equity/(Deficit)

(In Canadian dollars)

	Contributed			
	Share capital	Surplus	Deficit	Total
	\$	\$	\$	\$
Balance, January 1, 2017	55,889,583	2,879,322	(57,927,817)	841,088
Net loss and comprehensive loss	-	-	(236,379)	(236,379)
Balance, March 31, 2017	55,889,583	2,879,322	(58,164,196)	604,709
Balance, January 1, 2018	55,889,583	2,879,322	(58,850,336)	(81,431)
Net loss and comprehensive loss	-	-	(245,285)	(245,285)
Balance, March 31, 2018	55,889,583	2,879,322	(59,095,621)	(326,716)

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

Adex Mining Inc.

Notes to the condensed consolidated interim financial statements

March 31, 2018

1. NATURE OF OPERATIONS AND GOING CONCERN

Adex Mining Inc. (the "Company") holds 100% of the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area of New Brunswick, Canada (the "Property" or "Mount Pleasant") where the Company is developing a potential polymetallic mine focusing on tin, indium, zinc, molybdenum and tungsten. Within the mineral rights area the Company owns approximately 405 hectares of land, plus the buildings, machinery and equipment on site which comprise the dormant Mount Pleasant mine. The Company is incorporated and domiciled in Canada and is a reporting issuer with its common shares publicly traded on the TSX-Venture exchange under the stock symbol "ADE". The principal head office of the Company is located at Suite 850, 36 Toronto Street, Toronto, Ontario, Canada M5C 2C5.

The Company has interests in resource properties which it is in the process of exploring and developing and has not yet determined whether these properties contain reserves that are economically recoverable. The recoverability of expenditures on resource properties, including deferred exploration expenditures, is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the exploration and development of the resource properties, and upon future profitable production or proceeds from the disposition thereof.

These unaudited condensed consolidated interim financial statements of the Company have been prepared using accounting policies applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they fall due for the foreseeable future. For the three months ended March 31, 2018, cash used in operations by the Company was \$407,176 and the Company carried an accumulated deficit of \$59,095,621. Furthermore, the Company had not generated revenue from operations. Based on the budget of minimum expenditures for fiscal 2018, management has identified that the Company does not have sufficient cash to meet the required operating expenditures through the end of fiscal 2018.

These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. In view of these circumstances, the Company requires financing to complete its planned exploration and evaluation program on the Mount Pleasant Property and will continue to explore financing alternatives to raise capital.

On July 8, 2016, Great Harvest Canadian Investment Company Limited ("Great Harvest"), the controlling shareholder of the Company, and the Company entered into a loan agreement whereby Great Harvest extended a loan to the Company in the amount of US\$1,000,000. The loan could be advanced in one or more instalments. The first instalment of US\$200,000 was received on July 29, 2016; the second instalment of US\$200,000 was received on October 11, 2016; the third instalment of US\$200,000 was received on February 27, 2017; the fourth instalment of US\$150,000 was received on May 17, 2017; the fifth instalment of US\$100,000 was received on September 5, 2017 and the sixth instalment was received on November 14, 2017. The loan is unsecured and bears interest at the rate of 8% per annum. The loan and interest, which became due and payable on July 10, 2017, was extended to December 31, 2018.

On January 18, 2018, Great Harvest Canadian Investment Company Limited ("Great Harvest"), the controlling shareholder of the Company, and the Company entered into a loan agreement whereby Great Harvest agreed to provide a new loan to the Company in the amount of up to US\$600,000. The loan could be advanced in one or more instalments. The first instalment of US\$150,000 was received on January 26, 2018; the second instalment of US\$150,000 was received on March 28, 2018. The loan is unsecured and bears interest at the rate of 8% per annum. The loan and interest will become due and payable on January 19, 2019.

The Company will continue to pursue opportunities to raise additional capital through equity markets and/or related party loans to fund its exploration and operating activities; however, there is no assurance of the success or sufficiency of these initiatives. The Company's ability to continue as a going concern is dependent upon it securing the necessary working capital and exploration requirements and eventually to generate positive cash flows either from operations or additional financing.

These unaudited condensed consolidated interim financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the going concern assumption was deemed inappropriate. These adjustments could be material.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), including International Accounting Standards (“IAS”) 34, Interim Financial Reporting. These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS and IFRIC as issued by the IASB in effect as of December 31, 2017.

The accounting policies and methods of computation remain the same as presented in the audited annual consolidated financial statements for the year ended December 31, 2017.

There are no new IFRS and/or IFRIC pronouncements issued that are effective for the first time for this interim period that would be expected to have a material impact on the Company.

3. ESTIMATES

In preparing these unaudited condensed consolidated interim financial statements the significant judgements made by the management in applying the group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2017.

4. RECLAMATION BONDS AND ASSET RETIREMENT OBLIGATIONS

The land on which the Mount Pleasant property is located includes a dormant mine. The Company is obliged to comply with an environmental reclamation plan which is in effect for the property. This obligation is secured by a form of lien titled “collateral mortgage” to the Province of New Brunswick for \$2 million on 22 hectares of land on which the mine site and primary buildings are located.

Reclamation bonds consisted of Province of New Brunswick, 8.5% bonds which matured June 28, 2013. The bonds were pledged as security under environmental regulations with the Province of New Brunswick to ensure adequate funding is available for perpetuity to treat the acid water run-off from the abandoned Mount Pleasant mine workings. The bonds were held for the benefit of the Company, and interest was paid bi-annually into a cash-on-deposit account and was disbursed at the discretion of the Ministry of Finance of the Province of New Brunswick. Upon maturity of the bonds at June 28, 2013, the funds continue to be held on account with the N.B government and will be redeployed as per the requirements of the Department of Environment.

The Company’s Mount Pleasant property is governed by an Approval to Operate, which was granted by the New Brunswick Ministry of Environment (“the Department”) in November 2007 and was valid until September 2012. The approval to operate was renewed as of October 1, 2012, updated on July 16, 2014 and was valid until September 30, 2017. The approval to operate was renewed as of October 1, 2017 and is valid until September 30, 2022. Under the terms of the Approval to Operate, the Company has been granted permission by the Ministry of Environment to operate the Property, Tailings Impoundment Facility and Mine Water Treatment Plant on a “Care and Maintenance” basis and the Company is also required to submit an environmental effect monitoring report to the Province of New Brunswick no later than March 31, 2019. However, the Company is required to monitor the water quality at its Tailings Impoundment Facility on a monthly basis, and the Company provides the Ministry of Environment with monthly water quality monitoring reports and the results of its monthly water sampling and testing.

Under the Approval to Operate, the Company is permitted to carry out exploration activities and metallurgical test work on its Mount Pleasant property. Consequently, the current security posted with the Province of New Brunswick is sufficient for the Company to continue exploration activities and metallurgical test work at the Property. However, the Company may face a review of its posted security by the Ministry of Environment when the Company advances to feasibility studies on its mineral deposits or commences the dewatering of the past-producing underground tungsten mine located on the Mount Pleasant property. Dewatering activities will also trigger a provincial

Environmental Impact Assessment (“EIA”) and may require the Company to upgrade its current Mine Water Treatment Plant. Under the Approval to Operate, the Company was required to register a project under the EIA Regulation for the dewatering/reopening of the mine or for the construction of a new or upgraded minewater treatment plant by July 31, 2015, later extended to March 31, 2016. On April 4, 2016, the Company was able to obtain a further extension of 60 days subject to continuing consultations with the provincial Ministry of Environment relating to the submission of the EIA. The current EIA has expired; however, the Company is continuing discussions with the relevant authorities to obtain an update to the EIA requirements. In the meantime, the Company continues providing monthly water quality monitoring reports and continues to monitor the developments in order to ascertain any changes that may be required with respect to the existing security, or any obligations that may arise under an EIA.

5. EXPLORATION AND EVALUATION

Mount Pleasant Property, New Brunswick	Exploration and evaluation \$	Tailings impoundment facility upgrade \$	Total \$
Balance, January 1, 2017	-	788,638	788,638
Additions	-	-	-
Depreciation	-	39,432	39,432
Balance, December 31, 2017	-	749,206	749,206
Additions	-	-	-
Depreciation for the period	-	9,858	9,858
Balance, March 31, 2018	-	739,348	739,348

The Company holds a 100% interest in the subsurface mineral rights to approximately 1,600 hectares encompassing the Mount Pleasant mine area. Within the mineral rights area, the Company owns approximately 405 hectares of land.

In 2017, the Company determined that Tailings impounded facility upgrade as a separate asset should be amortized over the estimated useful life of 20 years. For the three months ended March 31, 2018, the amount of amortization charged to mineral property expense for the Tailings Impounded Facility was \$9,858 (\$Nil for the three months ended March 31, 2017).

6. PROPERTY PLANT AND EQUIPMENT

Cost	Equipment and Facility refurbishments \$	Computer equipment \$	Automobiles \$	Total \$
Balance as at January 1, 2017	142,503	66,299	51,498	260,300
Additions	-	-	-	-
Balance as at December 31, 2017	142,503	66,299	51,498	260,300
Additions	-	-	-	-
Balance as at March 31, 2018	142,503	66,299	51,498	260,300

Accumulated depreciation	Equipment and Facility refurbishments \$	Computer equipment \$	Automobiles \$	Total \$
Balance as at January 1, 2017	113,064	66,299	51,498	230,861
Depreciation for the year	6,011	-	-	6,011
Balance as at December 31, 2017	119,075	66,299	51,498	236,872
Depreciation for the period	1,503	-	-	1,503
Balance as at March 31, 2018	120,578	66,299	51,498	238,375

	Equipment and Facility refurbishments	Computer equipment	Automobiles	Total
Carrying amounts	\$	\$	\$	\$
As at January 1, 2017	29,439	-	-	29,439
As at December 31, 2017	23,428	-	-	23,428
As at March 31, 2018	21,925	-	-	21,925

For the three months ended March 31, 2018, the amount of amortization charged to mineral property expense is \$1,503 (\$1,503 for the three months ended March 31, 2017).

7. SHAREHOLDERS' EQUITY / (DEFICIT)

Share Capital

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preference shares. As at March 31, 2018, the Company had 677,211,441 common shares, of no par value, issued and outstanding.

	Number of shares	Amount \$
Balance, December 31, 2017 and March 31, 2018	677,211,441	55,889,583

- (a) On October 19, 2010 the Company completed a private placement (the "Private Placement") transaction with Great Harvest of 40,000,000 units (the "Units") at a price of \$0.12 per unit, with each Unit consisting of one common share of Adex and one common share purchase warrant (a "Series A Warrant"), raising gross proceeds of \$4.8 million. On May 17, 2011, 40,000,000 Series A warrants were exercised, providing gross proceeds of \$7,200,000.

Other transactions contemplated in the Private Placement agreement with Great Harvest include requiring Great Harvest, subject to (i) the results of the definitive feasibility study ("DFS") being satisfactory to Great Harvest and (ii) the then capital requirements of the Company as determined at the relevant time by the board of directors of the Company, to provide or arrange for the provision to the Company of loan facilities (the "Facilities") in an aggregate amount of up to \$50,000,000 to be used for the commercial development of the Property, on such terms and conditions as may be agreed upon between the Company and the relevant financier(s). If an aggregate minimum of \$10 million of the Facilities are made available to be drawn down by the Company within 180 days of the delivery to Great Harvest of the report of the results of the Feasibility Study, Great Harvest will have the right (the "Share Purchase Right") to purchase, within 40 days of the Facilities being available to be drawn down by the Company, 1.2 common shares for each dollar of the facilities made available to be drawn down by the Company within one year of the completion of the Feasibility Study. The exercise price per common share pursuant to the Share Purchase Right will be equal to the volume weighted average trading price of the common shares on the TSX Venture Exchange (the "TSXV") for the five trading days ending the day immediately prior to the Facilities being available to be drawn down by the Company less the maximum discount there from permitted by the TSXV. The maximum number of common shares issuable pursuant to the Share Purchase Right is 60,000,000. The issuance of common shares pursuant to the exercise of the Share Purchase Right will be subject to further approval of the TSXV to be obtained following the Share Purchase Right becoming exercisable.

In connection with the above Private Placement, the agent to the transaction will be paid by the Company an additional cash finder's fee equal to 1.5% of the principal amount of each loan made available by Great Harvest or a third party financier arranged for by Great Harvest to be drawn down by the Company, to a maximum of \$750,000.

- (b) On February 11, 2015, the Company successfully completed its \$5,000,000 offering of rights to acquire common shares of the Company in each of the Provinces of British Columbia, Alberta, Ontario, Nova Scotia and New Brunswick. As a result of the exercise of Rights and subscriptions for Common Shares, the Company has issued 500,000,000 new Common Shares at a price of \$0.01 per common share to raise aggregate gross proceeds of \$5,000,000 and total share issue cost of \$279,753. Great Harvest controls approximately 81.88% of the issued and outstanding common shares of the Company.

Contributed Surplus

	Amount \$
Balance, December 31, 2017 and March 31, 2018	2,879,322

Stock options

On April 26, 2007, the shareholders approved a rolling stock option plan (the "Stock Option Plan") for the Company. The Stock Option Plan has been re-approved annually.

The Stock Option Plan allows the Company to issue options to a maximum of 10% of the issued and outstanding common shares of the Company. Options will be exercisable over periods of up to ten years as determined by the Board. Options are required to have an exercise price of no less than the closing market price of the common shares of the Company on the last trading day immediately preceding the date of the grant of the stock option less any discounts from the market price allowed by the TSXV.

The following summary sets out the activity in outstanding common share stock options for the three months ended March 31, 2018:

	Options #	Weighted- average exercise price \$
Outstanding, January 1, 2017	4,700,000	0.05
Outstanding, December 31, 2017	4,700,000	0.05
Outstanding, March 31, 2018	4,700,000	0.05
Options exercisable at March 31, 2018	4,700,000	0.05

The details of stock options outstanding at March 31, 2018 are as follows:

Number of stock options	Number exercisable	Remaining contractual life	Exercise price per share	Expiry date
4,700,000	4,700,000	0.75 year	\$0.05	December 31, 2018

Options that have been issued and remain outstanding vest over one year from the date of grant, in equal quarterly installments commencing three months following the date of grant.

The weighted average fair value of the options outstanding is \$0.05 per option.

8. ADMINISTRATIVE AND GENERAL EXPENSES

The following table illustrates spending activity related to administrative and general expenses for the three months ended March 31, 2018:

	For the three months ended March 31	
	2018	2017
	\$	\$
Wages, benefits and consulting (note 9)	9,450	65,250
Professional fees (legal & audit)	20,110	7,103
Directors fees (note 9)	23,494	35,794
Office rent	629	2,854
Shareholder communications & promotion	1,822	2,176
Office costs	2,316	7,993
Regulatory and filing fees	5,500	5,900
Insurance	6,468	6,780
	69,789	133,850

9. RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel remuneration

Key management personnel remuneration is comprised of the Company's President and Chief Executive Officer and Chief Financial Officer.

For the three months ended March 31, 2018 the Company incurred related party expenses of \$9,450 (\$65,250 during the three months ended March 31, 2017). These expenses related to the payment of wages, benefits and consulting fees to the Company's senior officers. As at March 31, 2018, the Company owed \$375,000 to the President and Chief Executive Officer for unpaid consulting fees.

Related party transactions

During the three months ended March 31, 2018, the Company incurred directors' fees of \$23,494 (directors' fees of \$35,794 during the three months ended March 31, 2017). These amounts were expensed in the period incurred as administrative and general expenses.

Great Harvest, the Company's largest shareholder with 81.88% of the Company's common shares, is controlled by two of the Company's directors, one of whom also acts as the President and Chief Executive Officer. During the three months ended March 31, 2018 and 2017, the Company did not incur expenses from Great Harvest for travel, administrative and project expenses.

All trade balances due to related parties, except for loans from Great Harvest, bear no interest and have no fixed terms of repayment.

All trade transactions with related parties are in the normal course of business and recorded at fair value.

On July 8, 2016, Great Harvest and the Company entered into a loan agreement whereby Great Harvest extended a loan to the Company in the amount of US\$1,000,000. The loan could be advanced in one or more instalments. The first instalment of US\$200,000 was received on July 29, 2016; the second instalment of US\$200,000 was received on October 11, 2016; the third instalment of US\$200,000 was received on February 27, 2017; the fourth instalment of US\$150,000 was received on May 17, 2017, the fifth instalment of US\$100,000 was received on September 5, 2017 and the sixth instalment was received on November 14, 2017.

The loan is unsecured and bears interest at the rate of 8% per annum. The loan and interest, which became due and payable on July 10, 2017, was extended to December 31, 2017 and then to December 31, 2018.

On January 18, 2018, Great Harvest Canadian Investment Company Limited ("Great Harvest"), the controlling shareholder of the Company, and the Company entered into a loan agreement whereby Great Harvest agreed to provide a new loan to the Company in the amount of up to US\$600,000. The loan could be advanced in one or more instalments. The first instalment of US\$150,000 was received on January 26, 2018; the second instalment of US\$150,000 was received on March 28, 2018. The loan is unsecured and bears interest at the rate of 8% per annum. The loan and interest will become due and payable on January 19, 2019.

During the three months ended March 31, 2018, the Company accrued \$27,723 for interest on the outstanding loans (During the three months ended March 31, 2017- \$12,285). As at March 31, 2018, the Company accrued a total of \$113,950 for interest on the outstanding loans.

10. ACCOUNTS PAYABLE AND ACCRUALS AND COMMITMENTS AND CONTINGENCIES

As at	March 31 2018	December 31 2017
	\$	\$
Accounts payable	464,732	626,753
Accrued liabilities	204,761	189,342
Income tax payable	-	-
Loan payable	1,676,220	1,254,500
	2,345,713	2,070,595

At December 31, 2017, the Company had an outstanding claim regarding outstanding invoice amounts to Samuel Engineering Inc of US\$105,000. In January 2018, the claim was settled between the parties and the Company paid the balance in full. On February 7, 2018, Samuel Engineering signed full and final release and the litigation was dismissed.

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets and liabilities

The Company's financial instruments are classified into the following categories: loans and receivables, held to maturity and other financial liabilities. The carrying values of the Company's financial instruments are classified into the following categories:

	March 31, 2018		December 31, 2017	
	Carrying value \$	Carrying value \$	Carrying value \$	Fair Value \$
<u>Assets</u>				
Loans and receivables ⁽¹⁾	1,139,811	1,139,811	1,124,997	1,124,997
<u>Liabilities</u>				
Other financial liabilities ⁽²⁾	2,345,713	2,345,713	2,070,595	2,070,595

(1) Consists of cash, funds held by the Province of New Brunswick and interest receivable.

(2) Includes accounts payable and accruals and loan payable.

The fair values of the Company's financial instruments are not materially different from their carrying value.

Risks arising from financial instruments and risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks.

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk is minimal. A change in interest rates would have minimal effect on the value of, and/or the proceeds from, the Company's funds held by the Province of New Brunswick.

(ii) Sensitivity analysis

IFRS requires disclosure of a sensitivity analysis that is intended to illustrate the sensitivity of the Company's financial position, performance and fair value of cash flows associated with the Company's financial instruments to changes in market variables. The sensitivity analysis discloses the possibility of an effect on the reported loss at March 31, 2018 assuming that a reasonably possible change in the relevant risk variable has occurred at March 31, 2018 and has been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes. The reasonably possible changes in market variables used in the sensitivity analysis were determined based on implied volatilities (where available) or historical data.

The Company holds investments in cash and funds held by the Province of New Brunswick which are subject to variable interest rates. Any changes in interest rates will not give rise to significant changes to the net loss.

At March 31, 2018, a change in the value of tungsten, molybdenum, tin, indium or zinc would not change the recognized value of any of the Company's financial instruments.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables. The Company endeavours to mitigate credit risk by holding its cash and cash equivalents with major commercial banks with strong credit ratings. The carrying amounts of financial assets recorded in the unaudited condensed consolidated interim financial statements represent the Company's maximum exposure to credit risk.

The Company maintains a cash balance on deposit with the Province of New Brunswick (see Note 4) and does not consider this as a significant credit risk.

(c) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient funds to meet liabilities as they come due and to execute on its business plan. The Company manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows. At March 31, 2018, the Company had a cash balance of \$106,817 (December 31, 2017 – \$94,936).

The Company has forecasted cash flows for its 2018 fiscal year. The forecast is based on management's best estimates of operating conditions in the context of current economic conditions and today's capital market climate.

The Company is currently focused on exploring and developing its Mount Pleasant Property and has not generated revenue or cash flow from this project. The Company's sole source of funding to this point has been the issuance of equity and related party debt securities. The Company has limited financial resources and no current source of recurring revenue and continues to rely on the issuance of shares or other sources of financing to generate the funds required to complete the re-development, commissioning and commencement of production of the Mount Pleasant property and corporate expenditures. Should additional funding be required to complete the construction, commissioning or operations of the Mount Pleasant property there is no assurance that such additional funding will be available to the Company. Should such funding be required, failure to obtain funding could result in delay or indefinite postponement of the development of the Mount Pleasant property.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

(e) Commodity price and exchange rate fluctuations

The feasibility of mineral exploration is significantly affected by changes in the market price of the minerals expected to be produced. Mineral prices fluctuate widely and are affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply of minerals and stability of exchange rates can all cause significant fluctuations in mineral prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments.

12. MANAGEMENT OF CAPITAL

The Company's objective when managing capital is to maintain adequate levels of funding to support evaluation and development projects, to expand regional exploration activities within the Property and to maintain corporate and administrative functions.

At March 31, 2018 the Company's capital consists of a deficit in the amount of \$326,716 (December 31, 2017 - \$81,431).

The Company manages its capital structure in a manner that provides sufficient funding for project evaluation and development and operational activities. Funds are primarily secured through the issue and sale of common shares. There can be no assurances that the Company will be able to continue to provide adequate funds in this manner.

The Company maintains minimal surplus capital and therefore does not have significant non-cash investments. All working capital for immediate needs is invested in liquid and highly rated financial instruments, such as money market funds with major Canadian financial institutions. At March 31, 2018, the Company had cash of \$106,817 (at December 31, 2017 the balance of cash was \$94,936).