

ASHBURTON VENTURES INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

(Expressed in Canadian Dollars)

Registered Head Office

1240 – 789 West Pender Street

Vancouver, BC

V6C 1H2

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Ashburton Ventures Inc.

We have audited the accompanying consolidated financial statements of Ashburton Ventures Inc., which comprise the consolidated statements of financial position as at April 30, 2017 and 2016 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity (deficiency), and cash flows for the years 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 audits 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 Ashburton Ventures Inc. as at April 30, 2017 and 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

August 25, 2017

ASHBURTON VENTURES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)
AS AT APRIL 30,

	2017	2016
ASSETS		
Current		
Cash	\$ 271,698	\$ 843
Commodity tax recoverable	35,038	8,152
Prepaid expenses	45,723	3,524
	<u>352,459</u>	<u>12,519</u>
Equipment (Note 3)	10,844	-
Exploration advances	25,463	2,000
Exploration and evaluation assets (Note 4)	<u>1,847,977</u>	<u>409,137</u>
	<u>\$ 2,236,743</u>	<u>\$ 423,656</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 281,024	\$ 782,400
Loan payable (Note 6)	-	32,987
	<u>281,024</u>	<u>815,387</u>
Shareholders' equity (deficiency)		
Share capital (Note 7)	12,406,204	9,162,649
Share-based payment reserve (Note 7)	1,624,246	1,212,901
Deficit	<u>(12,074,731)</u>	<u>(10,767,281)</u>
	<u>1,955,719</u>	<u>(391,731)</u>
	<u>\$ 2,236,743</u>	<u>\$ 423,656</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 13)

On behalf of the Board:

"Michael England"

Director

"David Gdanski"

Director

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

ASHBURTON VENTURES INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30,

	2017	2016
EXPENSES		
Accretion (Note 4)	\$ -	\$ 3,396
Advertising and promotion	18,242	100
Consulting fees (Note 8)	253,068	82,850
Depreciation (Note 3)	1,205	-
Foreign exchange loss (gain)	516	(5,242)
Gain on forgiveness of accounts payable (Note 5)	(26,473)	(52,607)
Management fees (Note 8)	102,000	102,000
Office and administration (Note 8)	121,632	115,821
Professional fees	103,919	72,763
Property investigation	2,444	-
Realized loss on sale of marketable securities	-	6,550
Recovery of decommissioning liability (Note 4)	-	(7,648)
Reversal of flow-through premium (Note 7)	(29,250)	(27,000)
Share-based compensation (Note 7 and 8)	289,800	122,600
Transfer agent and filing fees	59,833	23,295
Travel and entertainment	18,015	8,075
Unrealized gain on marketable securities	-	(6,000)
Write-off of accounts payable (Note 5)	(20,693)	-
Write-off of exploration and evaluation assets (Note 4)	413,192	173,100
Loss and comprehensive loss of the year	\$ (1,307,450)	\$ (612,053)
Basic and diluted loss per common share	\$ (0.09)	\$ (0.09)
Weighted average number of common shares – basic and diluted	14,753,652	6,769,763

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

ASHBURTON VENTURES INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

	Number of shares	Share capital	Share-based payment reserve	Deficit	Total equity (deficiency)
April 30, 2015	5,472,782	\$ 8,635,678	\$ 1,088,466	\$ (10,155,228)	\$ (431,084)
Private placement	2,143,367	321,505	-	-	321,505
Share issue costs	-	(35,772)	-	-	(35,772)
Share issue costs - warrants	-	(10,700)	10,700	-	-
Shares issued upon exercised warrants	5,000	2,500	-	-	2,500
Share issued for debt settlement	175,360	35,072	-	-	35,072
Stock options exercised	65,000	41,366	(8,865)	-	32,501
Share-based compensation	-	-	122,600	-	122,600
Shares issued for property payments	1,260,000	173,000	-	-	173,000
Loss for the year	-	-	-	(612,053)	(612,053)
April 30, 2016	9,121,509	9,162,649	1,212,901	(10,767,281)	(391,731)
Private placements	14,375,000	2,341,500	46,000	-	2,387,500
Share issue costs	-	(158,175)	-	-	(158,175)
Share issue costs - shares	77,750	38,875	-	-	38,875
Share issue costs - warrants	-	(112,300)	112,300	-	-
Shares issued upon exercised options	265,000	99,255	(36,755)	-	62,500
Shares issued upon exercised warrants	164,800	82,400	-	-	82,400
Share-based compensation	-	-	289,800	-	289,800
Flow-through share premium	-	(29,250)	-	-	(29,250)
Shares issued for property payments	4,075,000	981,250	-	-	981,250
Loss for the year	-	-	-	(1,307,450)	(1,307,450)
April 30, 2017	28,079,059	\$ 12,406,204	\$ 1,624,246	\$ (12,074,731)	\$ 1,955,719

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

ASHBURTON VENTURES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,307,450)	\$ (612,053)
Items not involving cash:		
Accretion	-	3,396
Accrued interest on loan payable	2,587	1,987
Reversal of flow-through premium	(29,250)	(27,000)
Depreciation	1,205	-
Gain on forgiveness of accounts payable	(26,473)	(52,607)
Write-off of accounts payable	(20,693)	-
Share-based compensation	289,800	122,600
Realized loss on sale of marketable securities	-	8,550
Unrealized/realized foreign exchange	-	(5,750)
Unrealized gain on marketable securities	-	(8,000)
Gain on derecognition of decommissioning and restoration provision	-	(7,648)
Write-off of exploration and evaluation assets	413,192	173,100
Change in non-cash operating working capital:		
Commodity tax recoverable	(26,886)	(2,980)
Prepaid expenses	(42,199)	-
Accounts payable and accrued liabilities	(261,925)	404,107
Net cash used in operating activities	(1,008,092)	(2,298)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets acquisition and expenditures	(946,530)	(282,110)
Purchase of equipment	(12,049)	-
Proceeds from sale of marketable securities	-	10,700
Net cash used in investing activities	(958,579)	(271,410)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	-	31,000
Repayment of loan payable	(35,574)	-
Proceeds from share issuances	2,247,500	244,006
Proceeds from stock options exercised	62,500	32,500
Proceeds from warrants exercised	82,400	2,500
Share issue costs	(119,300)	(35,772)
Net cash provided by financing activities	2,237,526	274,234
Change in cash during the year	270,855	526
Cash, beginning of year	843	317
Cash, end of year	\$ 271,698	\$ 843
SUPPLEMENTAL INFORMATION		
Exploration advance applied to exploration and evaluation assets	\$ 23,463	\$ 49,445
Exploration and evaluation assets in accounts payable	\$ 88,873	\$ 36,588
Shares issued for exploration and evaluation assets	\$ 981,250	\$ 173,000
Shares issued for settlement of accounts payable	\$ 140,000	\$ 112,572
Finders' warrants	\$ 112,300	\$ 10,700
Fair value of options exercised	\$ 36,755	\$ 20,068
Fair value of warrants included in unit offering exercised	\$ 46,000	\$ -
Reclamation bonds assigned	\$ -	\$ 41,191

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

ASHBURTON VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

1. NATURE OF OPERATIONS AND GOING CONCERN

Ashburton Ventures Inc. (the “Company”) was incorporated under the laws of British Columbia, Canada on November 10, 2006. The Company is a junior exploration company primarily engaged in the acquisition and exploration of exploration and evaluation assets located in Canada and the USA.

Effective January 26, 2017, the Company consolidated its common shares on a 10:1 basis. These consolidated financial statements (the “financial statements”) have been retrospectively adjusted to reflect the share consolidation.

The consolidated statement of financial position has been prepared assuming the Company will continue on a going-concern basis. The Company has incurred losses since its inception and the ability of the Company to continue as a going-concern depends upon its ability to raise adequate financing and to develop profitable operations. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company is in the business of exploring for minerals that by its nature involves a high degree of risk. There can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of the exploration and evaluation assets and the Company’s continued existence is dependent upon the preservation of its interest in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, the ability of the Company to obtain financing or, alternatively, upon the Company’s ability to dispose of its interest on an advantageous basis. Additionally the Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The financial statements are presented in Canadian dollars which is the functional currency of the Company and its subsidiary. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The policies applied in the financial statements are presented below and are based on IFRS’ issued and outstanding as of August 25, 2017, the date the Board of Directors approved the financial statements.

Basis of consolidation

These financial statements include the accounts of the Company and its wholly-owned inactive subsidiary, 20090914 Nevada, Inc., which was incorporated in under the laws of Nevada, USA. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All inter-company balances have been eliminated upon consolidation.

ASHBURTON VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Estimates and judgments

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting year, that could result in a material adjustment of the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the consolidated statement of financial position.
- ii) The inputs in the Black-Scholes Option Pricing Model to value stock options and broker warrants.

Critical judgements exercised in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

- i) Economic recoverability and probability of future benefits of exploration and evaluation costs

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, geologic and other technical information, history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, scoping and feasibility studies, accessible facilities and existing permits.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

- ii) Valuation of share-based compensation

The Company uses the Black-Scholes Option Pricing Model for valuation of share-based compensation. The Model requires the input of subjective assumptions including expected price volatility, interest rates, and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity settled benefits.

Foreign exchange

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency for the Company and its subsidiary is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the consolidated statement of financial position date while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are reflected in profit or loss for the year.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Exploration and evaluation assets

Upon acquiring the legal right to explore a property, costs related to the acquisition, exploration and evaluation are capitalized by property. If commercially profitable ore reserves are developed, capitalized costs of the related exploration and evaluation assets are reclassified as mining assets and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the exploration and evaluation assets, or the exploration and evaluation assets are abandoned, or management deems there to be an impairment in value, the exploration and evaluation assets are written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation assets. If payments received exceed the capitalized cost of the exploration and evaluation assets, the excess is recognized as income in the year received. The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

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 year. 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.

Decommissioning and restoration provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of exploration and evaluation assets 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 year 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 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 or loss for the year.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Equipment

ASHBURTON VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

Equipment is recorded at cost and depreciated using the declining balance method at the following rates per annum.

Equipment	20% per annum
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Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off. The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options and compensatory warrants are measured on the date of grant, using the Black-Scholes Option Pricing Model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

Share issue costs

Costs directly identifiable with the raising of capital will be charged against the related share capital. Costs related to shares not yet issued are recorded as deferred financing costs. These costs will be deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Flow-through shares

Canadian Income Tax legislation permits an enterprise to issue securities referred to as flow-through shares, whereby the investor can claim the tax deductions arising from the renunciation of the related resource expenditures. The Company accounts for flow-through shares whereby the premium paid for the flow through shares in excess of the market value of the shares without flow-through features is credited as a liability and included in profit or loss at the same time the qualifying expenditures are made.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

ASHBURTON VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Financial instruments

Financial assets

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

Fair value through profit or loss - This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

All financial assets except for those at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described above.

The Company has classified its cash at fair value through profit or loss.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing it in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities: This category includes accounts payables and accrued liabilities which is recognized at amortized cost using the effective interest method.

Financial instruments that are measured at fair value use inputs, which are classified within a hierarchy that prioritizes their significance. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the consolidated statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Valuation of equity units issued in private placements

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

The fair value of the common shares issued in a private placement was determined to be the more easily measurable component and were valued at their fair value. The balance, if any, was allocated to the attached warrants. Any fair value attributed to the warrants is recorded as share-based payment reserve.

Future accounting pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

IFRS 9 *Financial Instruments* replaces the current standard IAS 39 *Financial Instruments: Recognition and Measurement*, replacing the current classification and measurement criteria for financial assets and liabilities with only two classification categories: amortized cost and fair value. This standard has an effective date of January 1, 2018.

IFRS 16 *Leases* specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 *Leases*. Applicable to annual periods beginning on or after January 1, 2019.

ASHBURTON VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

3. EQUIPMENT

Equipment is carried at cost less accumulated depreciation. Details are as follows:

	Equipment
Cost	
Balance, April 30, 2015 and April 30, 2016	\$ -
Additions	12,049
Balance, April 30, 2017	<u>\$ 12,049</u>
Accumulated depreciation	
Balance, April 30, 2015 and April 30, 2016	\$ -
Additions	1,205
Balance, April 30, 2017	<u>\$ 1,205</u>
Carrying amounts	
Balance, April 30, 2016	\$ -
Balance, April 30, 2017	<u>\$ 10,844</u>

ASHBURTON VENTURES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
FOR THE YEARS ENDED APRIL 30, 2017 AND 2016

4. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets interests involves certain inherent risks due to the difficulty of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation assets interests and, to the best of its knowledge, expects title to all of its interests to be in good standing.

Summary for the year ended April 30, 2017:

	Hackett, Claims, BC	Buckingham Property, Quebec	Thompson Bros. Lithium Property, Manitoba	Zeolite and Juniper Creek Chabazite Zeolite Properties, BC	Z1 Zeolite Property, BC	Elon Lithium Claims, Nevada	Whabouchi South Property, Quebec	Whabouchi West Property, Quebec	Total
Opening balance									
Acquisition costs	\$ 1,492	\$ 22,500	\$ -	\$ -	\$ -	\$ 102,500	\$ 5,000	\$ -	\$ 131,492
Exploration costs	12,710	258,778	-	-	-	6,157	-	-	277,645
Balance, April 30, 2016	14,202	281,278	-	-	-	108,657	5,000	-	409,137
Acquisition cost additions									
Cash	1,056	30,000	65,000	11,044	20,000	3,742	20,000	5,000	155,842
Shares	-	52,500	117,500	175,000	438,400	-	150,000	56,250	989,650
Total acquisition cost additions	1,056	82,500	182,500	186,044	458,400	3,742	170,000	61,250	1,145,492
Assay	-	62,224	-	-	-	-	1,943	-	64,167
Drilling	-	309,092	126,625	-	-	-	-	-	435,717
Field work	-	142,850	78,960	-	6,250	-	46,814	-	274,874
Geological consulting	-	63,283	93,128	25,000	16,500	-	528	-	198,439
Travel	-	4,172	3,021	-	-	-	-	-	7,193
Less: recovery	-	-	(273,850)	-	-	-	-	-	(273,850)
Total exploration cost additions	-	581,621	27,884	25,000	22,750	-	49,285	-	706,540
Write-off of exploration and evaluation assets	(15,258)	-	-	-	-	(112,399)	(224,285)	(61,250)	(413,192)
Balance, April 30, 2017	\$ -	\$ 945,399	\$ 210,384	\$ 211,044	\$ 481,150	\$ -	\$ -	\$ -	\$ 1,847,977

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4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Summary for the year ended April 30, 2016:

	Hackett, Claims, BC	Chapeau Prospect, BC	Boulder Property, BC	GC West Property, BC	Elon Lithium Claims, Nevada	Buckingham Property, Quebec	Area 51 Property, Nevada	Whabouchi South Property, Quebec	Total
Opening balance									
Acquisition costs	\$ 1,492	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,492
Exploration costs	12,710	-	-	-	-	-	-	-	12,710
Balance, April 30, 2015	14,202	80,000	-	-	-	-	-	-	94,202
Acquisition cost additions									
Cash	-	-	500	-	-	-	32,784	5,000	38,284
Shares	-	-	5,000	33,000	102,500	22,500	10,000	-	173,000
Total acquisition cost additions	-	-	5,500	33,000	102,500	22,500	42,784	5,000	211,284
Exploration cost additions									
Assay	-	-	-	-	-	18,649	-	-	18,649
Drilling	-	-	-	-	-	139,319	-	-	139,319
Field work	-	-	-	-	6,157	42,990	3,553	-	52,700
Geological consulting	-	-	-	-	-	57,820	3,303	-	61,123
Travel	-	-	-	-	-	-	4,960	-	4,960
Total exploration cost additions	-	-	-	-	6,157	258,778	11,816	-	276,751
Write-off of exploration and evaluation assets	-	(80,000)	(5,500)	(33,000)	-	-	(54,600)	-	(173,100)
Balance, April 30, 2016	\$ 14,202	\$ -	\$ -	\$ -	\$ 108,657	\$ 281,278	\$ -	\$ 5,000	\$ 409,137

Deep Creek, Nevada

Decommissioning and restoration liability

During the year ended April 30, 2016, the Company met its decommissioning and restoration obligation related to the clean-up of Deep Creek which resulted in a recovery of decommissioning liability of \$7,648 being recorded. The undiscounted amount of the estimated cash flows required to settle the obligation is approximately \$Nil (2015 - \$50,000). The discounted liability at April 30, 2015 of \$45,443 was determined using a discount rate of 10%, an inflation rate of 1.4% and an expected term of 29 months ending on June 30, 2016. During the year ended April 30, 2016, the Company accreted \$3,396 of the discount.

Hackett Claims, British Columbia

In 2013, the Company staked mineral tenures located in the Stikine district of northwestern British Columbia.

During the year ended April 30, 2017, the Company abandoned the Hackett Claims and wrote off exploration and evaluation assets of \$15,258.

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4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Buckingham Property, Quebec

On December 4, 2015, the Company entered into an option agreement to acquire a 60% interest in the Buckingham Graphite Property for the following consideration:

- i) Share issuances
 - a) 150,000 common shares on or before closing (issued with a value of \$22,500).
 - b) 150,000 common shares on or before October 8, 2016 (issued with a value of \$52,500).
- ii) Cash payment
 - a) \$25,000 on or before October 8, 2016 (paid).
- iii) Exploration expenditure
 - a) incur \$200,000 in exploration on or before October 8, 2016 (incurred).
 - b) incur cumulative exploration expenditures of \$400,000 on or before October 8, 2017.

On September 15, 2016, the Company announced that it has signed an agreement to increase its stake in the Buckingham Property from an option to acquire 60% now up to 80%. To earn the additional 20% the Company has fulfilled the existing option terms to earn its 60% interest, will pay an additional \$5,000 cash (paid) to the optionor plus incur an additional \$200,000 (incurred) in expenditures.

Thompson Bros. Lithium Property, Manitoba

On April 21, 2016, the Company entered into a property option agreement for the Thompson Bros. Lithium Property. In return for a 100% interest in the Property, the Company must make the following payments to the optionor:

- i) Cash payment of \$25,000 (paid) and issue to the optionor 50,000 common shares of the Company (issued at a value of \$25,000)
- ii) Cash payment of \$50,000 and 500,000 common shares of the Company (issued at a value of \$117,500) on or before April 21, 2017.
- iii) Cash payment of \$100,000 and 500,000 common shares of the Company on or before April 21, 2018.
- iv) Cash payment of \$100,000 and 500,000 common shares of the Company on or before April 21, 2019.
- v) Cash payment of \$100,000 and 500,000 common shares of the Company on or before April 21, 2020.
- vi) Cash payment of \$125,000 and 500,000 common shares of the Company on or before April 21, 2021

The Company must also incur \$1,500,000 of expenditures relating to the property on or before the 60-month anniversary of the effective date.

The property is subject to a 2% net smelter return (“NSR”) royalty, of which 1% may be repurchased by the Company, by making a cash payment of \$1,000,000.

On April 25, 2016, the Company entered into an agreement with Manitoba Minerals Pty Ltd (“MMPL”), a company incorporated under the laws of the Commonwealth of Australia whereby MMPL has the right to back-in to an 80% ownership of the Thompson Bros. Lithium Property by satisfying the following terms:

- i) Funding all of the Company’s cash obligations relating to the April 21, 2016 option agreement up to \$500,000;
- ii) Fund the work program expenditures required in the April 21, 2016 option agreement for a minimum of \$1,500,000 over 60 months, and
- iii) MMPL will acquire 300,000 common shares of the Company for \$150,000 (issued and received) and use such shares to meet the share obligation relating to the April 21, 2016 option agreement.

Subsequent to earning the 80%, but prior to completion of a Pre-Feasibility Study, MMPL has the right to acquire a further 15% interest holding in the Thompson Bros. Lithium Property from the Company for \$1,000,000. On April 12, 2017, the Company amended the option agreement to eliminate this option to acquire additional interest.

4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

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Zeolite and Juniper Creek Chabazite Zeolite Properties, British Columbia

On March 2, 2017, the Company entered into a property option agreement for the Zeolite and the Juniper Creek Chabazite Zeolite Properties for the following consideration:

- i) A cash payment of \$10,000 (paid);
- ii) 1,000,000 common shares (issued at a value of \$175,000); and
- iii) incur \$250,000 exploration expenditure within the first 12 months.

Z-1 Zeolite Property, British Columbia

On January 23, 2017, the Company entered into a property option agreement for the Z-1 Zeolite Property for the following consideration:

- i) Cash payment of \$20,000 (paid);
- ii) 2,000,000 common shares (issued at a value of \$430,000);
- iii) 2,000,000 common shares on or before that day which is 12 months from the closing date, and
- iv) incur \$500,000 of exploration expenditures within the first 12 months.

The Property is subject to a 2% NSR, 1% of which the Company may repurchase for cash consideration of \$1,000,000.

On February 8, 2017, the Company entered into a joint operating agreement for certain mineral interests located in the province of British Columbia. In consideration of its services as operator, the Company shall pay a monthly fee of \$5,500, until the later of the acquisition date or the end of any renewal term thereafter.

Elon Lithium Claims, Nevada

In September 2015, the Company acquired claims in Esmeralda County in the State of Nevada by issuing 500,000 common shares (issued at a value of \$50,000).

On February 26, 2016, the Company entered into an agreement to acquire additional claims in Esmeralda County in the State of Nevada for 350,000 common shares (issued at a value of \$52,500).

During the year ended April 30, 2017, the Company abandoned the Elon Lithium Claims and wrote off exploration and evaluation assets of \$112,399.

Whabouchi South Property, Quebec

On April 15, 2016, the Company entered into an option agreement to acquire a 100% interest in the Whabouchi South property for the following consideration:

- i) 300,000 common shares (issued at a value of \$150,000);
- ii) \$5,000 upon announcing the transaction (paid);
- iii) \$20,000 (paid);
- iv) 200,000 common shares and \$40,000 on or before April 15, 2017 (not issued or paid);
- v) 200,000 common shares and \$50,000 on or before April 15, 2018;
- vi) 150,000 common shares and \$75,000 on or before April 15, 2019, and
- vii) \$135,000 on or before April 15, 2020.

The agreement is subject to a 2% NSR, 1% of which the Company may repurchase for cash consideration of \$1,000,000.

During the year ended April 30, 2017, the Company terminated the option agreement to acquire the Whabouchi South Property and wrote off exploration and evaluation assets of \$224,285.

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4. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Whabouchi West Property, Quebec

On May 17, 2016, the Company entered into an option agreement to acquire a 100% interest in the Whabouchi West Property for the following consideration:

- i) 125,000 common shares (issued at a value of \$56,250);
- ii) \$5,000 (paid), and
- iii) 125,000 common shares on or before May 17, 2017.

The property is subject to a 2% NSR, 1% of which the Company may repurchase for cash consideration of \$1,000,000.

During the year ended April 30, 2017, the Company terminated the option agreement to acquire the Whabouchi West Property and wrote off exploration and evaluation assets of \$61,250.

Chapeau Prospect, British Columbia

During the year ended April 30, 2015, the Company acquired Chapeau Prospect property claims, located in northern British Columbia by issuing 400,000 common shares (issued at a value \$80,000).

During the year ended April 30, 2016, the Company abandoned the Chapeau Prospect and wrote-off exploration and evaluation assets of \$80,000.

Boulder Property, British Columbia

In August 2015, the Company entered into an option agreement to acquire the Boulder Property, located in British Columbia. To acquire the property, the Company will pay \$15,500 and issue 270,000 shares (issued 20,000 shares at a value of \$5,000) over 24 months.

During the year ended April 30, 2016, the Company abandoned the Boulder Property and wrote-off exploration and evaluation assets of \$5,500.

GC West Property, British Columbia

In August 2015, the Company acquired the GC West property, located in British Columbia by issuing 220,000 common shares (issued at a value of \$33,000).

During the year ended April 30, 2016, the Company abandoned the GC West property and wrote-off exploration and evaluation assets of \$33,000.

Area 51 Property, Nevada

On February 1, 2016, the Company acquired the Area 51 Lithium Brine prospect, located in Nye County, Nevada, from an arm's length vendor. Terms of the deal call for the issuance 20,000 common shares (issued at a value of \$10,000) and a cash payment of \$US20,000 payable on the first anniversary of the acquisition. In addition, the Company will grant the vendor a 0.5% NSR on mineral production from the Property, 0.25% of which can be purchased back for \$US500,000 at any time prior to the commencement of commercial production.

During the year ended April 30, 2016, the Company abandoned the Area 51 Property and wrote-off exploration and evaluation assets of \$54,600.

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Company's accounts payable and accrued liabilities consist of:

	April 30, 2017	April 30, 2016
Trade payables	\$ 255,524	\$ 756,900
Accrued liabilities	25,500	25,500
	<u>\$ 281,024</u>	<u>\$ 782,400</u>

During the year ended April 30, 2017, the Company wrote off outstanding accounts payable in the amount of \$20,693.

During the year ended April 30, 2017, the Company recognized a gain in the amount of \$26,473 (2016 - \$52,607) through the settlement of certain accounts payable.

6. LOAN PAYABLE

During the year ended April 30, 2016, the Company obtained a short-term loan in the principal amount of \$31,000 and recorded \$1,987 in interest expense. The loan was interest bearing at a rate of 10% per annum. The loan was unsecured and matured on August 31, 2016.

During the year ended April 30, 2017, the Company recorded \$2,587 in interest expense and repaid the loan.

7. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE

Authorized: unlimited common shares without par value

During the year ended April 30, 2017, the Company:

- i) issued 300,000 common shares at a value of \$150,000, pursuant to the acquisition of Whabouchi South property (Note 4).
- ii) completed the first tranche of a non-brokered flow-through private placement of 1,030,000 units at a price of \$0.50 per unit for gross proceeds of \$515,000. Each unit consists of one flow-through common share and one non-flow-through warrant of the Company. Each warrant will entitle the holder to acquire one non-flow-through share of the Company at a price of \$0.75 per share for a period of 12 months from the date of issuance. The Company paid a cash commission to the finders totalling \$38,800, issued 48,500 finder's shares (valued at \$24,250) and issued 48,500 finder's warrants (valued at \$17,600) exercisable for 12 months at \$0.75.
- iii) completed a non-brokered private placement of 50,000 common shares at a price of \$0.50 per share for gross proceeds of \$25,000 in relation to the Thompson Bros. Lithium Property acquisition (Note 4). The shares issued pursuant to the private placement were subject to four-month resale restriction that expired on September 28, 2016.

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7. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

- iv) completed the second and final tranche of a non-brokered flow-through private placement of 585,000 units at a price of \$0.50 per unit for gross proceeds of \$292,500. Each unit consists of one flow-through common share and one non-flow-through share purchase warrant of the Company. Each warrant will entitle the holder to acquire one non-flow-through share of the Company at a price of \$0.75 per share for a period of 12 months from the date of issuance. The Company paid a cash commission to the finders totalling \$24,600, issued 29,250 finder's shares (valued at \$14,625) and issued 29,250 finder's warrants (valued at \$7,300) exercisable for 12 months at \$0.75. A value of \$29,250 was attributed to the flow-through premium liability in connection with the second tranche of the financing. The Company expended the flow-through proceeds and accordingly, recorded \$29,250 as other income during the year ended April 30, 2017.
- v) issued 265,000 common shares upon exercise of options for gross proceeds of \$62,500.
- vi) issued 164,800 common shares upon exercise of warrants for gross proceeds of \$82,400.
- vii) issued 125,000 common shares at a value of \$56,250, pursuant to the acquisition of Whabouchi West Property (Note 4).
- viii) completed a non-brokered private placement of 250,000 common shares at a price of \$0.50 per share for aggregate gross proceeds of \$125,000 in relation to the Thompson Bros. Lithium Property acquisition (Note 4).
- ix) completed a non-brokered private placement of 460,000 units at a price of \$0.50 per unit for gross proceeds of \$230,000 of which \$140,000 was for settlement of various debts. Each unit consisted of a common share and a share purchase warrant of the Company. The warrants are exercisable at \$0.60 until August 23, 2017. The Company paid share issuance costs of \$1,650 in cash.
- x) issued 150,000 common shares at a value of \$52,500, pursuant to the option agreement for the Buckingham Graphite Property (Note 4).
- xi) completed a non-brokered private placement of 12,000,000 units at a price of \$0.10 per unit for an aggregate gross proceeds of \$1,200,000. Each unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one share at a price of \$0.15 per warrant share until February 20, 2019. Share issuance costs of \$54,250 in cash and 536,000 finder's warrants with a value of \$87,400 were incurred. The finder's warrants are exercisable at \$0.10 for a period of 12 months from the closing date.
- xii) issued 2,000,000 common shares at a value of \$430,000, pursuant to the option agreement for the Z-1 Zeolite Property (Note 4).
- xiii) issued 1,000,000 common shares at a value of \$175,000, pursuant to for the option agreement for Zeolite and Juniper Creek Chabazite Zeolite Properties (Note 4).
- ix) issued 500,000 common shares at a value of \$117,500, pursuant to for the option agreement for Thompson Bros. Lithium Property (Note 4).

During the year ended April 30, 2016, the Company:

- i) issued a total of 20,000 common shares at a value of \$5,000, pursuant to the acquisition of Boulder Property in British Columbia, Canada (Note 4).
- ii) issued a total of 220,000 common shares, valued at \$33,000, pursuant to the acquisition of GC West Property in British Columbia, Canada (Note 4).

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7. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

- iii) issued a total of 500,000 common shares, valued at \$50,000, pursuant to the acquisition of the Elon Lithium Claims in the Clayton Valley lithium district of Nevada, USA (Note 4).
- iv) completed a non-brokered private placement of 1,476,700 flow-through units and 666,667 non-flow through units at a price of \$0.15 per unit for gross proceeds of \$321,505 of which \$77,500 was for settlement of accounts payable. Each flow-through unit and non-flow through unit is comprised of one common share and one share purchase warrant of the Company. Each warrant will entitle the holder to purchase one non-flow-through share at a price of \$0.50 until December 11, 2016.
- v) issued a total of 150,000 common shares, valued at \$22,500, pursuant to the acquisition of Buckingham Property in Quebec, Canada (Note 4).
- vi) acquired additional claims in the Clayton Valley, Nevada. The Company issued 350,000 common shares, valued at \$52,500, for the additional Elon Lithium Claims (Note 4).
- vii) entered into an agreement to issue shares to settle outstanding debt of \$87,680 by issuing 175,360 common shares, valued at \$35,072.
- viii) issued a total of 20,000 common shares, valued at \$10,000, pursuant to the acquisition of Area 51 Property claims in Nye County, Nevada, USA (Note 4).
- ix) issued 5,000 common shares pursuant to the exercise of warrants for gross proceeds of \$2,500.
- x) issued 65,000 common shares pursuant to the exercise of options for gross proceeds of \$32,500.

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years. Vesting is determined by the Board of Directors.

During the year ended April 30, 2017, the Company

- i) granted 325,000 stock options to directors and consultants of the Company, exercisable at a price of \$0.50 per share for a period of six months from the date of grant. The estimated fair value of the options is \$37,100 or \$0.11 per option.
- ii) granted 750,000 stock options to directors and consultants of the Company, exercisable at a price of \$0.15 per share for a period of two years from the date of grant. The estimated fair value of the options is \$74,300 or \$0.10 per option.
- iii) granted 730,000 stock options to directors and consultants of the Company, exercisable at a price of \$0.21 per share for a period of six months from the date of grant. The estimated fair value of the options is \$68,900 or \$0.09 per option.
- iv) granted 455,000 stock options to directors and consultants of the Company, exercisable at a price of \$0.17 per share for a period of two years from the date of grant. The estimated fair value of the options is \$58,200 or \$0.13 per option.
- v) granted 350,000 stock options to directors and consultants of the Company, exercisable at a price of \$0.21 per share for a period of one year from the date of grant. The estimated fair value of the options is \$51,300 or \$0.15 per option.

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7. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

Stock options (cont'd...)

During the year ended April 30, 2016, the Company:

- i) granted 140,000 stock options to directors and consultants of the Company, exercisable at a price of \$0.50 for a period of two years from the date of grant. The estimated fair value of the options was \$15,900 or \$0.10 per option.
- ii) granted 150,000 stock options, exercisable at a price of \$0.50 for a period of two years from the date of grant. The estimated fair value of the options was \$17,100 or \$0.10 per option.
- iii) granted 100,000 stock options, exercisable at a price of \$0.50 for a period of one year from the date of grant. The estimated fair value of the options was \$16,300 or \$0.20 per option.
- iv) granted 225,000 stock options, exercisable at a price of \$0.50 for a period of one year from the date of grant. The estimated fair value of the options was \$73,300 or \$0.30 per option.

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

	Options	Weighted Average Exercise Price
Balance, April 30, 2015	319,000	\$ 0.70
Granted	615,000	0.50
Exercised	(65,000)	0.50
Expired	<u>(2,500)</u>	1.00
Balance, April 30, 2016	866,500	0.59
Granted	2,610,000	0.22
Exercised	(265,000)	0.24
Expired	<u>(856,000)</u>	0.57
Balance, April 30, 2017	2,355,500	\$ 0.23
Exercisable, April 30, 2017	2,355,500	\$ 0.23

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7. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

Stock options (cont'd...)

As at April 30, 2017, the Company had the following stock options outstanding:

Options Outstanding	Exercise Price	Expiry Date
730,000	\$0.21	21-Aug-17
95,000	0.50	2-Dec-17
100,000	0.50	4-Dec-17
22,500	1.00	12-Mar-18
350,000	0.21	21-Apr-18
33,000	0.70	29-Aug-18
5,000	0.50	22-Jan-19
15,000	0.60	26-Feb-19
550,000	0.15	1-Feb-19
455,000	0.17	28-Mar-19
2,355,500		

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the year ended April 30:

	2017	2016
Risk-free interest rate	0.72%	0.63
Expected life of options	1.26 years	1.47 years
Expected annualized volatility	166.74%	168.87%
Expected dividend rate	0.00%	0.00%

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7. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

Warrants

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

	Warrants	Weighted Average Exercise Price
Balance, April 30, 2015	2,663,000	\$ 0.70
Granted	2,263,707	0.50
Exercised	(5,000)	0.50
Expired	<u>(2,168,000)</u>	0.70
Balance, April 30, 2016	2,753,707	0.59
Granted	14,688,750	0.23
Exercised	(164,800)	0.50
Expired	<u>(2,093,907)</u>	0.50
Balance, April 30, 2017	15,183,750	\$ 0.26

Warrants (cont'd...)

As at April 30, 2017, the Company had the following warrants outstanding:

Warrants Outstanding	Exercise Price	Expiry Date
1,030,000	\$ 0.75	27-May-17*
48,500	0.75	27-May-17*
585,000	0.75	10-Jun-17*
29,250	0.75	10-Jun-17*
460,000	0.60	23-Aug-17
536,000**	0.10	20-Feb-18
495,000	1.00	25-Jul-18
<u>12,000,000***</u>	0.15	20-Feb-19
<u>15,183,750</u>		

* expired subsequently

** 408,500 warrants exercised subsequently

*** 600,000 warrants exercised subsequently

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7. SHARE CAPITAL AND SHARE-BASED PAYMENT RESERVE (cont'd...)

During the year ended April 30, 2017, the Company granted 613,750 (2016 – 120,340) agents' warrants. The estimated fair market value of the warrants is \$112,300 or \$0.18 per warrant (2016 - \$10,700 or \$0.09 per warrant).

The following weighted average assumptions were used for the Black-Scholes valuation of agents' warrants granted during the year ended April 30:

	2017	2016
Risk-free interest rate	0.73%	0.48%
Expected life of warrants	1.00 years	1.00 years
Expected annualized volatility	168.36%	177.05%
Expected dividend rate	0.00%	0.00%

8. RELATED PARTY TRANSACTIONS

The Company defines key management as officers and directors. For the year ended April 30, 2017, the Company had the following transactions with key management, being related parties:

- i) Paid or accrued management fees of \$102,000 (2016 - \$102,000) to a company owned by the Company's Chief Executive Officer ("CEO") for fees to directors and officers.
- ii) Paid or accrued administration costs, recorded as office expense, of \$81,522 (2016 - \$110,625) to a company owned by the Company's CEO.
- iii) Paid or accrued \$67,190 (2016 - \$Nil) to a director of the Company and a company in which the director is the CEO for consulting fees.
- iv) Granted a total of 975,000 stock options (2016 – 225,000) to officers, and directors of the Company, of which the fair market value was estimated at \$109,073 (2016 - \$43,647) and was included in share-based compensation expense.

During the year ended April 30, 2017, a company owned by the Company's CEO made advances to the Company of \$Nil (2016 - \$24,250). At April 30, 2017, \$Nil (April 30, 2016 - \$5,030) remained in accounts payable.

Included in prepaid expenses as at April 30, 2017 is \$3,524 (April 30, 2016 - \$3,524) paid to a company owned by the Company's CEO.

Included in accounts payable and accrued liabilities as at April 30, 2017 is \$117,827 (April 30, 2016 - \$452,926) owed to a company owned by the President, CEO and director.

9. CAPITAL MANAGEMENT

Capital is comprised of the Company's shareholders' equity. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels. The capital for the Company was mainly from the issuance of common shares and short-term demand loans. There was no change in the Company's capital management strategy during the current period. The Company is not exposed to any externally imposed capital restrictions.

10. FINANCIAL INSTRUMENTS AND RISKS

Fair values

The fair value of cash is measured under level 1 of the fair value hierarchy. The fair value of accounts payable and accrued liabilities approximate their book values because of the short-term nature of these instruments.

Financial instrument risk exposure

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of commodity taxes receivable due from a federal government agency.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity issuances. The Company manages its liquidity risk by forecasting cash flows from operating activities and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning and approval of significant expenditures and commitments.

Market risk

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

Interest rate risk

The Company has cash balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks.

Foreign currency risk

The Company is exposed to nominal foreign currency risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings (loss) due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations may be significant.

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11. SEGMENTED INFORMATION

The Company's primary business activity is the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

	April 30, 2017	April 30, 2016
Exploration and evaluation assets		
Canada	\$ 1,847,977	\$ 300,480
USA	-	108,657
	\$ 1,847,977	\$ 409,137
Equipment		
Canada	\$ 10,844	\$ -
USA	-	-
	\$ 10,844	\$ -

12. INCOME TAXES

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

	2017	2016
Loss for the year	\$ (1,307,450)	\$ (612,053)
Expected income tax (recovery)	\$ (340,000)	\$ (159,000)
Change in statutory rates and other	(6,000)	3,000
Permanent difference	69,000	26,000
Impact of flow through share	210,000	67,000
Share issue cost	(41,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	-	5,000
Change in unrecognized deductible temporary differences	108,000	58,000
	\$ -	\$ -

The significant components of the Company's deferred tax assets that have not been included on the consolidated statement of financial position are as follows:

	2017	2016
Deferred Tax Assets (liabilities)		
Exploration and evaluation assets	\$ 1,255,000	\$ 1,355,000
Equipment	1,000	-
Share issue costs	40,000	13,000
Allowable capital losses	8,000	8,000
Non-capital losses available for future periods	1,254,000	1,072,000
	2,558,000	2,448,000
Unrecognized deferred tax assets	(2,558,000)	(2,448,000)
Net deferred tax assets	\$ -	\$ -

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12. INCOME TAXES (cont'd...)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2017	Expiry Date Range	2016	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 4,825,000	No expiry date	\$ 5,213,000	No expiry date
Equipment	2,000	No expiry date	1,000	No expiry date
Share issue costs	154,000	2038 to 2041	49,000	2037 to 2040
Allowable capital losses	32,000	No expiry date	32,000	No expiry date
Non-capital losses available for future periods	4,823,000	2027 to 2037	4,124,000	2017 to 2036

13. SUBSEQUENT EVENTS

Subsequent to the year ended April 30, 2017, the Company:

- i) completed a non-brokered private placement of 1,315,789 flow-through units at a price of \$0.19 per unit for gross proceeds of \$250,000. Each flow-through unit is comprised of one flow-through common share and one half of one non-flow through share purchase warrant of the Company. Each warrant will entitle the holder to purchase one non-flow-through share at a price of \$0.25 per share until June 9, 2018. The Company paid issuance costs of \$20,000, issued 65,789 finder's shares and 65,789 finder's warrants. Each finder's warrant will entitle the holder to purchase one share at a price of \$0.25 until June 9, 2019.
- ii) granted 400,000 stock options to directors and consultants of the Company, exercisable at a price of \$0.15 for a period of two years from the date of grant.
- iii) granted 400,000 stock options to directors of the Company, exercisable at a price of \$0.10 for a period of one year from the date of grant.
- iv) issued 400,000 common shares upon exercise of options for gross proceeds of \$40,000.
- v) issued 1,008,500 common shares upon exercise of warrants for gross proceeds of \$130,850.