



SOLIDUS GOLD INC.

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
MARCH 31, 2018 AND 2017**



INDEPENDENT AUDITORS' REPORT

To the Shareholders of
SolidusGold Inc.

We have audited the accompanying consolidated financial statements of SolidusGold Inc. which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of comprehensive loss, cash flows and changes in equity (deficiency) for the years then ended, and the related notes comprising 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 as issued by the International Accounting Standards Board, 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 audits 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 our 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, we consider 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, the consolidated financial statements present fairly, in all material respects, the financial position of SolidusGold Inc. as at March 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt on the ability of SolidusGold Inc. to continue as a going concern.

Manning Elliott LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, British Columbia
June 27, 2018

SOLIDUSGOLD INC.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****AS AT MARCH 31, 2018 AND 2017**(Expressed in Canadian Dollars)

	2018	2017
ASSETS		
Current		
Cash	\$ 205,565	\$ 113,435
Short-term investment	5,150	5,100
Amounts receivable	32,033	12,501
Prepaid expenses	9,490	8,604
Due from related parties (Note 9)	-	638
	<hr/> 252,238	<hr/> 140,278
Exploration and evaluation assets (Note 6)	41,854	41,854
	<hr/> \$ 294,092	<hr/> \$ 182,132

LIABILITIES

Current		
Accounts payable and accrued liabilities (Note 9)	\$ 86,775	\$ 260,309

EQUITY

Share capital (Note 7)	3,099,678	2,572,015
Share-based payment reserves	271,605	271,605
Deficit	(3,163,966)	(2,921,797)
	<hr/> 207,317	<hr/> (78,177)
	<hr/> \$ 294,092	<hr/> \$ 182,132

CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS (Note 1)

Approved by the Board of Directors on June 27, 2018

"Raj Chowdhry"
Raj Chowdhry, Director

"Steven Khan"
Steven Khan, Director

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

SOLIDUSGOLD INC.**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**(Expressed in Canadian Dollars)

	2018	2017
EXPENSES		
Professional and consulting fees (Note 9)	\$ 77,676	\$ 99,017
Management fees (Note 9)	60,000	60,000
Office, administration and miscellaneous	22,460	87,216
Exploration and evaluation costs (Note 6)	18,954	27,700
Regulatory and transfer agent fees	18,257	18,395
Interest and bank charges	500	816
Property investigation costs	-	173,911
Share-based payments (Note 8)	-	7,764
Foreign exchange (gain) loss	(2,108)	363
LOSS FROM OPERATIONS	(195,739)	(475,182)
OTHER ITEMS		
Write-off of Northumberland (Note 10)	-	(356,237)
Loss on debt settlement (Notes 7 and 9)	(46,430)	(14,547)
	(46,430)	(370,784)
COMPREHENSIVE LOSS FOR THE YEAR	\$ (242,169)	\$ (845,966)
LOSS PER SHARE – BASIC AND DILUTED	\$ (0.00)	\$ (0.02)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	51,735,000	48,375,764

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

SOLIDUSGOLD INC.**CONSOLIDATED STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**(Expressed in Canadian Dollars)

	2018	2017
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	\$ (242,169)	\$ (845,966)
Items not involving cash:		
Share-based payments	-	7,764
Loss on debt settlement	46,430	14,547
	(195,739)	(823,655)
Changes in non-cash working capital balances:		
Amounts receivable	(19,532)	(5,952)
Prepaid expenses	(886)	(8,604)
Accounts payable and accrued liabilities	(51,483)	184,277
Due from related parties	638	4,319
Cash used in operating activities	(267,002)	(649,615)
INVESTING ACTIVITIES		
Exploration and evaluation acquisition costs	-	(13,641)
Short-term investment	(50)	(50)
Cash used in investing activities	(50)	(13,691)
FINANCING ACTIVITIES		
Proceeds from private placements, net of issuance costs	359,182	597,601
Proceeds from warrants exercised, net of issuance costs	-	84,649
Cash provided by financing activities	359,182	682,250
CHANGE IN CASH DURING THE YEAR	92,130	18,944
CASH, BEGINNING OF YEAR	113,435	94,491
CASH, END OF YEAR	\$ 205,565	\$ 113,435
SUPPLEMENTAL CASH DISCLOSURES		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
SIGNIFICANT NON-CASH TRANSACTIONS		
Common shares issued for debt settlement (Note 7)	\$ 168,481	\$ -

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

SOLIDUSGOLD INC.**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)****FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**(Expressed in Canadian Dollars)

	Common Shares		Share-based payment reserves	Deficit	Total
	Number (Note 7)	Amount			
Balances as at April 1, 2016	44,799,395	\$ 1,889,765	\$ 263,841	\$ (2,075,831)	\$ 77,775
Private placements, net of issuance costs	4,594,111	597,601	-	-	597,601
Warrants exercised, net of issuance costs	1,700,000	84,649	-	-	84,649
Share-based payments	-	-	7,764	-	7,764
Net loss and comprehensive loss	-	-	-	(845,966)	(845,966)
Balances as at March 31, 2017	51,093,506	\$ 2,572,015	\$ 271,605	\$ (2,921,797)	\$ (78,177)
Private placements, net of issuance costs	3,571,429	\$ 359,182	\$ -	\$ -	\$ 359,182
Shares issued for debt settlement	1,066,930	168,481	-	-	168,481
Net loss and comprehensive loss	-	-	-	(242,169)	(242,169)
Balances as at March 31, 2018	55,731,865	\$ 3,099,678	\$ 271,605	\$ (3,163,966)	\$ 207,317

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**(Expressed in Canadian Dollars)

1. CORPORATE INFORMATION AND CONTINUANCE OF OPERATIONS

SolidusGold Inc. (the “Company”) was incorporated on April 13, 2011 under the laws of British Columbia under the name of “Mantra Capital Inc.”. On September 4, 2014 the Company changed its name to SolidusGold Inc. and commenced trading on the TSX Venture Exchange (“TSX-V”) under the new symbol of “SDC”. The address of the Company’s corporate office and its principal place of business is 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, Canada.

At March 31, 2018, the Company had not yet determined whether its property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the resource property. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES**a) Statement of compliance**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

b) Basis of presentation

These consolidated financial statements include the assets and operations of the Company and its wholly owned subsidiaries, Mantra Mining Inc. (“Mantra”) and SolidusGold US Inc. (“Solidus US”). Mantra was incorporated on October 30, 2014 under the British Columbia Business Corporations Act. Solidus US was incorporated on July 15, 2014 in Nevada, USA. All significant inter-company balances and transactions have been eliminated upon consolidation.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

c) Going Concern

These consolidated financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of \$3,163,966 at March 31, 2018. Management has determined that the Company will be able to continue as a going concern for a reasonable period of time, and realize its assets and discharge its liabilities and commitments in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**d) Cash and cash equivalents**

Cash in the statements of financial position is comprised of cash in banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

e) Exploration and evaluation assets

Exploration expenditures are expensed as incurred and direct costs of exploration and evaluation assets, such as property acquisition costs and leases, are capitalized. Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. British Columbia (B.C.) mining exploration tax credits for certain exploration expenditures incurred in B.C. are treated as a reduction of the exploration and development expenditure and costs of the respective mineral property.

Development costs incurred on a mineral property are deferred once management has determined, based on a feasibility study, that, a property is capable of economical commercial production as a result of having established proven and probable reserves. Development costs are carried at cost less accumulated depletion and accumulated impairment charges. Exploration expenditures incurred prior to determining that a property has economically recoverable resources are expensed as incurred.

The Company reviews the carrying values of mineral properties and development costs regularly with a view to assessing whether there has been any impairment in value, or whenever events or changes in circumstances that indicate the carrying value may not be recoverable. In the event the estimated discounted cash flows expected from its use or eventual disposition is determined to be insufficient to recover the carrying value of the property, the carrying value is written down to the estimated recoverable amount.

Once a mine has achieved commercial production, mineral properties and development costs are depleted on a units-of-production basis over the life of the mine.

f) Share-based payments

Employees receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions, for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**f) Share-based payments (continued)**

When the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

g) Flow-through shares

The resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian tax legislation. On issuance, the premium recorded on the flow-through share, being the difference in price over a common share with no tax attributes, is recognized as a liability. As expenditures are incurred, the liability associated with the renounced tax deductions is recognized through profit and loss with a pro-rata portion of the deferred premium.

h) Foreign currency

The Company's consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency. The functional currency of the Company's subsidiaries, Mantra and Solidus US, is also the Canadian dollar.

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates ("the functional currency"), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the consolidated statement of comprehensive loss.

i) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Provisions (continued)

At each financial position reporting date presented, the Company has not incurred any decommissioning costs related to the exploration and evaluation of its mineral properties and accordingly no provision has been recorded for such site reclamation or abandonment.

j) Loss per share

The Company presents basic and diluted loss per share data 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 period. 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.

k) Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and short-term investment are classified as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are measured at amortized cost. The Company's due from related parties is classified as loans and receivables. At March 31, 2018, the Company has not classified any financial assets as held to maturity.

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income and loss except for losses in value that are considered other than temporary which are recognized in earnings. At March 31, 2018, the Company has not classified any financial assets as available for sale.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

(Expressed in Canadian Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized costs using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's accounts payable are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. At March 31, 2018, the Company has not classified any financial liabilities as FVTPL.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Significant accounts that require estimates as the basis for determining the stated amounts include recognition of deferred income tax assets, assessment of decommissioning provision, valuation of share-based payments and assessment of impairment of exploration and evaluation assets.

(i) Impairment

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any 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 profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(i) Impairment (continued)

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and 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.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective or assessments with a significant risk of material adjustment in the next year.

(ii) Going Concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Management monitors future cash requirements to assess the Company's ability to meet these future funding requirements. Further information regarding going concern is outlined in Notes 1 and 2(c).

4. ADOPTION OF NEW OR AMENDED ACCOUNTING STANDARDS

There were no new or revised accounting standards scheduled for mandatory adoption on April 1, 2017, and thus no new accounting standards were adopted in 2018.

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued, but not yet effective, up to the date of issuance of the Company's consolidated financial statements are listed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

New accounting standards effective for annual periods on or after April 1, 2018:

IFRS 9 – Financial Instruments

In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities. In November 2013, new general hedge requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)**New accounting standards effective for annual periods on or after April 1, 2018: (continued)***IFRS 15 – Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions Involving Advertising Services. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition.

New accounting standards effective for annual periods on or after April 1, 2019:*IFRS 16 – Leases*

In June 2016, the IASB issued IFRS 16, Leases which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17.

IFRIC 23 – Uncertainty over Income Tax Treatments

IFRIC 23, Uncertainty over Income Tax Treatments, provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation requires: (a) an entity to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; (b) an entity to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The adoption of these standards and interpretations is not expected to have a material effect on the Company's future results and financial position.

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS

Expenditures for the years ended March 31, 2018 and March 31, 2017 are as follows:

	April 1, 2017	Acquisition Costs	Impairment	March 31, 2018
Honeymoon	\$ 41,854	\$ -	\$ -	\$ 41,854
Total	\$ 41,854	\$ -	\$ -	\$ 41,854

	April 1, 2016	Acquisition Costs	Impairment	March 31, 2017
Honeymoon	\$ 28,213	\$ 13,641	\$ -	\$ 41,854
Total	\$ 28,213	\$ 13,641	\$ -	\$ 41,854

Exploration and evaluation costs for the year ended
March 31,

	2018	2017
Honeymoon	\$ 29,945	\$ 27,700
Mining exploration tax credits received	(10,991)	-
Total costs	\$ 18,954	\$ 27,700

Honeymoon Property

The Honeymoon Property is an early stage gold-silver-copper property located on the west side of Adams Lake, British Columbia and is comprised of 43 claim blocks for a total of 19,772.31 hectares.

On August 29, 2013, the Company entered into an option agreement ("Option Agreement 2") with the Optionor. Subsequently, the Company entered into an amending agreement with the Optionor. The Company has the right to acquire an undivided 100% interest in and to certain mineral claims in the property by paying the following cash sums and issuing the following shares to Optionor on or before the following dates:

a) Payments and shares issuance

	Cash	Common Shares
On or before the later of: November 12, 2013, and receipt of final Exchange acceptance;	\$10,000 (paid)	-
On or before November 12, 2014;	-	50,000 (issued)
On or before November 15, 2015; and	35,000	-
On or before November 12, 2016	30,000	-
	<u>\$75,000</u>	<u>50,000</u>

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

(Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)**Honeymoon Property (continued)**

Further, the Company extended the exploration expenditure date requirements and is required to incur total exploration expenditures of \$765,000 on or before April 30, 2018 as follows:

b) Expenditures

\$ 200,000	On or before April 30, 2016 (incurred);
250,000	On or before April 30, 2017; and
315,000	On or before April 30, 2018
<hr/>	
\$ 765,000	Total expenditures

The Optionor will retain a 0.5% Net Smelter Returns royalty on the property and the royalty may be purchased by the Company at any time for \$1,500,000.

On May 27, 2015 the Company and the Optionor mutually cancelled Option Agreement 2 and concurrently entered into a purchase and sale agreement for an undivided 100% right, title and interest in and to the Honeymoon Property. Pursuant to the terms of the sale and purchase agreement the Company agreed to pay \$3,500 (paid) and issue 70,000 common shares (issued) as consideration for the property.

On November 12, 2015, the Company renewed 2 of the mineral claims related to the Honeymoon Property and allowed the remaining 41 mineral claims to lapse and recorded a write-off of \$20,000 related to those claims. Of these lapsed claims, 2 claims were re-staked on November 16, 2015. The Company holds a total of 4 claims. During the year ended March 31, 2018, the Company completed an exploration program on the property which will keep these claims in good standing with the Province of British Columbia until October 14, 2018.

7. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding as at March 31, 2018: 55,731,865 (2017: 51,093,506) common shares.

c) Common shares held in escrow at March 31, 2018: Nil (2017: Nil):

d) On June 28, 2016 the Company completed a non-brokered private placement of 4,594,111 common shares at a price of \$0.135 per share, raising gross proceeds of \$620,205. The Company incurred share issuance costs of \$22,604 in connection with the private placement. All securities issued pursuant to the private placement were subject to a four month hold period from the date of issue which expired on October 29, 2016.

e) On March 9, 2017, the Company issued 1,700,000 common shares upon the exercise of warrants. The warrants were exercised at a price of \$0.05 per common share for gross proceeds of \$85,000. The Company incurred \$351 of share issuance costs on the transaction.

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**(Expressed in Canadian Dollars)

7. SHARE CAPITAL - continued

- f) On January 30, 2018, the Company issued 222,753 common shares with a fair value of \$33,413 at the time of issuance in satisfaction of \$33,413 (USD \$26,730) of outstanding debt owing to an arm's length party. All shares are subject to a four month hold which expired on May 31, 2018.
- g) On February 9, 2018, the Company issued 844,177 common shares with a fair value of \$135,068 at the time of issuance in satisfaction of \$88,638 of outstanding debt owing to an arm's length party. The Company recorded a loss on debt settlement of \$46,430 on the transaction. All shares are subject to a four month hold which expired on June 10, 2018.
- h) On February 9, 2018, the Company closed a non-brokered private placement of 3,571,429 units at a price of \$0.105 per unit, raising gross proceeds of \$375,000. Each unit is comprised of one common share of the Company and one transferable share purchase warrant. Each warrant is exercisable at a price of \$0.14 per share until February 9, 2020. All securities issued in connection with the private placement are subject to a hold period which will expire on June 10, 2018. The Company paid a total of \$9,450 in finder's fees and \$6,368 of other share issuance costs in connection with the private placement.

Warrants

The following table summarizes the continuity of the Company's warrants:

Exercise Price	April 1, 2017	Issued	Expired	March 31, 2018	Expiry Date
\$0.05/\$0.06	1,616,000	-	(1,616,000)	-	March 9, 2018
\$0.14	-	3,571,429	-	3,571,429	February 9, 2020
	1,616,000	3,571,429	(1,616,000)	3,571,429	

Exercise Price	April 1, 2016	Issued	Exercised	March 31, 2017	Expiry Date
\$0.05/\$0.06	3,316,000	-	1,700,000	1,616,000	March 9, 2018
	3,316,000	-	1,700,000	1,616,000	

As at March 31, 2018, the Company had 3,571,429 warrants outstanding (2017: 1,616,000) with an exercise price of \$0.14 and an expiry date of February 9, 2020.

8. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS

On July 8, 2011, the Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V regulations, grant to directors, officers, employees and consultants non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Such options will be exercisable for a period of up to ten years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

(Expressed in Canadian Dollars)

8. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS - continued

	Number of options	Weighted average exercise price
Balance, April 1, 2016 and March 31, 2017	3,580,000	\$ 0.09
Expired	(475,000)	\$ 0.21
Balance, March 31, 2018	3,105,000	\$ 0.07

The following table summarizes stock options outstanding and exercisable at March 31, 2018:

Exercise Price \$	Options Outstanding			Options Exercisable		
	Number of Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price \$	Number Exercisable	Weighted Average Exercise Price \$	
0.025	2,400,000	3.72	0.025	2,400,000	0.025	
0.20	200,000	0.85	0.20	200,000	0.20	
0.25	505,000	6.38	0.25	505,000	0.25	
	3,105,000	3.97	0.07	3,105,000	0.07	

Stock options outstanding at March 31, 2018 will expire between February 4, 2019 and August 15, 2024.

9. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had the following related party transactions:

	2018	2017
Due from Mantra Solar Systems Inc. ("Mantra")	\$ -	\$ 638
Total due from related parties	\$ -	\$ 638
Due to MA2 Capital Inc.	\$ 15,000	\$ 15,750
Due to Tintina Resources Inc. ("Tintina")	19,153	19,153
Due to Chief Financial Officer ("CFO")	4,594	3,049
Due to former Chief Executive Officer ("CEO")	15,000	15,000
Total due to related parties	\$ 53,747	\$ 52,952

Tintina was formerly related by common directors. Mantra is related by common directors and CFO. MA2 Capital Inc. is controlled by the current CEO.

The amounts due to related parties were incurred in the normal course of business and have been included in accounts payable. The balances are non-interest bearing, unsecured and are due on demand.

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

(Expressed in Canadian Dollars)

9. RELATED PARTY BALANCES AND TRANSACTIONS

On December 6, 2016, the Company entered into a debt settlement agreement (“the Agreement”) with AsiaBase to settle \$24,547 of amounts receivable owed by AsiaBase. Under the terms of the Agreement, AsiaBase made a cash payment of \$10,000 and the Company wrote-off the remaining balance of \$14,547 owed and recorded a loss on debt settlement of \$14,547.

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, and directors of the Company. The remuneration of key management is as follows:

		2018		2017
Management fees	\$	60,000	\$	60,000
Consulting fees		15,150		33,711
Share-based payments		-		6,093
Total remuneration	\$	75,150	\$	99,804

10. WRITE-OFF OF NORTHUMBERLAND

On September 15, 2016, the Company entered into a purchase agreement with Newmont USA Limited (“Newmont”) and other arms length parties to acquire the Northumberland Project (“the Agreement”). Under the terms of the Agreement, the Company was to pay to Newmont a total of US\$20,000,000 upon closing. In addition to the purchase price, the Company also agreed to replace Newmont’s existing surety arrangements with the United States Forest Service and other state and federal governmental authorities. Newmont will retain a preferential right of first offer to process sulfide materials mined from the Northumberland Project in certain circumstances. Concurrent with the Agreement, the Company announced a brokered private placement of up to \$46,000,000. The transaction was subject to TSX Venture Exchange approval. On September 19, 2016, the Company paid a \$267,080 (US\$200,000) non-refundable deposit on the Northumberland Project to Newmont.

On March 20, 2017, the Agreement with Newmont was mutually terminated and the Company wrote-off the deposit noted above and \$89,157 of financing and legal costs related to the transaction. The Company has no further financial or contractual obligations with respect to the Agreement as at March 31, 2017.

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**(Expressed in Canadian Dollars)

11. INCOME TAXES

The Company has non-capital losses carried forward of \$1,959,151 available to reduce income taxes in future years which expire between 2032 to 2038.

The Company has not recognized any deferred income tax assets. The Company recognizes deferred income tax assets based on the extent to which it is probable that sufficient taxable income will be realized during the carry forward periods to utilize all deferred tax assets.

The following table reconciles the amount of income tax recoverable on application of the statutory Canadian federal and provincial income tax rates:

	2018	2017
Canadian statutory income tax rate	26.25%	26.00%
Income tax recovery at statutory rate	\$ 63,569	\$ 219,951
Effect of income taxes of:		
Effect of change in tax rates	25,873	-
Permanent and other differences	(46,951)	2,935
Change in deferred tax assets not recognized	(42,491)	(222,886)
Deferred income tax recoverable	\$ -	\$ -

The temporary differences that give rise to significant portions of the deferred tax assets at March 31, 2018 not recognized are presented below:

	2018	2017
Non-capital loss carry-forwards	\$ 528,971	\$ 536,192
Capital loss carry-forwards	50,056	-
Exploration and evaluation assets	128,556	130,014
Share issuance costs	8,188	7,074
	715,771	673,280
Deferred tax assets not recognized	(715,771)	(673,280)
	\$ -	\$ -

12. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the sourcing and exploration of its resource properties. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its share capital, contributed surplus and deficit as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company's investment policy is to invest its cash and cash equivalents in investment instruments in large financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

SOLIDUSGOLD INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

Fair Value of Financial Instruments

The Company's financial assets include cash, short-term investment and due from related parties and are classified as Level 1. The carrying value of these instruments approximates their fair values due to the relatively short periods of maturity of these instruments.

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position are as follows:

	Fair Value Measurements Using				Total
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
March 31, 2018:					
Cash	\$ 205,565	\$ –	\$ –	\$	205,565
Short-term investment	5,150	–	–		5,150
March 31, 2017:					
Cash	\$ 113,435	\$ –	\$ –	\$	113,435
Short-term investment	5,100	–	–		5,100

Fair value

The fair value of the Company's financial instruments approximates their carrying value as at March 31, 2018 and 2017 because of the demand nature or short-term maturity of these instruments.

Financial risk management objectives and policies

The Company's financial instruments include cash, short-term investment, due from related parties and accounts payable. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Currency risk

The Company has operations in the United States which are transacted into U.S. dollars. Accordingly, the Company is exposed to foreign exchange risk with respect to these transactions. The Company has not undertaken hedging activities to mitigate this risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

(Expressed in Canadian Dollars)

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK – continued

The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The credit risk on cash is limited because the cash are composed of financial instruments issued by Canadian banks and companies with high credit ratings as assigned by international credit-rating agencies. Therefore, the Company is not exposed to significant credit risk.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at March 31, 2018, the Company had a working capital surplus of \$165,463. As at March 31, 2018, the Company had cash and short-term investment of \$210,715 to settle accounts payable and accrued liabilities of \$86,775 which falls due for payment within twelve months of the financial position date.

14. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the years ended March 31, 2018 and 2017 was based on the loss attributable to common shareholders of \$242,169 (2017 – \$845,966) and the weighted average number of common shares outstanding of 51,735,000 (2017 – 48,375,764). Stock options of 3,105,000 and warrants of 3,571,429 outstanding at March 31, 2018 were not included in the diluted loss per share calculation as the effect is anti-dilutive.