

**NEVADA EXPLORATION INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**FOR THE YEARS ENDED APRIL 30, 2018 AND 2017**



## INDEPENDENT AUDITORS' REPORT

### To the Shareholders of Nevada Exploration Inc.

We have audited the accompanying consolidated financial statements of Nevada Exploration Inc. and its subsidiary, which comprise the consolidated statements of financial position as at April 30, 2018 and April 30, 2017, the consolidated statements of loss and comprehensive loss, changes in equity 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 the 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, the consolidated financial statements present fairly, in all material respects, the financial position of Nevada Exploration Inc. and its subsidiary as at April 30, 2018 and April 30, 2017, 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 indicates the existence of material uncertainties that may cast significant doubt about Nevada Exploration Inc.'s ability to continue as a going concern.

*RSM Canada LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
August 27, 2018  
Toronto, Ontario

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**NEVADA EXPLORATION INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
AS AT

	April 30, 2018	April 30, 2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 197,094	\$ 288,627
Accounts receivable (Note 3)	20,869	50,637
Prepaid expenses (Note 4)	27,335	117,418
Short term investments (Note 5)	5,102	3,401
<b>Total current assets</b>	<b>250,400</b>	<b>460,083</b>
<b>Non-current assets</b>		
Equipment and intangible assets (Note 7)	334,236	417,732
Deposits and bonds (Note 9)	130,780	129,786
<b>Total non-current assets</b>	<b>465,016</b>	<b>547,518</b>
<b>Total assets</b>	<b>\$ 715,416</b>	<b>\$ 1,007,601</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Notes 6 and 10)	\$ 78,710	\$ 85,101
Current portion of finance lease obligations (Note 11)	7,013	12,739
<b>Total current liabilities</b>	<b>85,723</b>	<b>97,840</b>
<b>Non-current liabilities</b>		
Finance lease obligations (Note 11)	-	7,492
<b>Total liabilities</b>	<b>85,723</b>	<b>105,332</b>
<b>Equity</b>		
Capital stock (Note 12)	22,895,123	19,813,380
Reserves (Note 12)	1,638,278	2,188,765
Deficit	(23,903,708)	(21,099,876)
<b>Total equity</b>	<b>629,693</b>	<b>902,269</b>
<b>Total liabilities and equity</b>	<b>\$ 715,416</b>	<b>\$ 1,007,601</b>

**Nature of operations, continuance of operations and going concern** (Note 1)

**Commitments** (Note 15)

**Subsequent events** (Note 18)

**Approved and authorized on behalf of the Board on: August 27, 2018**

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*“Wade Hodges”* Director                      *“Dennis Higgs”* Director

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

**NEVADA EXPLORATION INC.**  
**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Year ended April 30, 2018	Year ended April 30, 2017
<b>EXPENSES</b>		
Amortization (Note 7)	\$ 116,359	\$ 66,834
Equipment and vehicles	104,526	46,846
Exploration and evaluation expenditures (Note 8)	1,138,627	946,767
Filing fees	61,498	74,611
Foreign exchange	10,003	10,747
General exploration costs	-	18,262
Interest and bank charges	3,960	2,951
Interest income	(1,693)	-
Investor relations	286,908	378,763
Net project management consulting revenue	-	(48,215)
Office expenses and other	114,206	104,219
Professional fees and consultants (Note 6)	150,177	135,695
Rent	103,446	55,602
Salaries (Note 14)	420,068	328,308
Share-based payments (Note 6, 12 and 14)	295,799	783,685
Unrealized loss (gain) on short term investments (Note 5)	(1,701)	5,102
Travel	64,237	45,127
<b>Net loss for the year</b>	<b>(2,866,420)</b>	<b>(2,955,304)</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Item that may be reclassified to profit or loss:		
Currency translation adjustment	(48,938)	23,847
<b>Total comprehensive loss for the year</b>	<b>\$ (2,915,358)</b>	<b>\$ (2,931,457)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ (0.06)</b>	<b>\$ (0.07)</b>
<b>Weighted average number of common shares outstanding</b>	<b>52,318,016</b>	<b>45,263,230</b>

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

**NEVADA EXPLORATION INC.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(Expressed in Canadian Dollars)

	Capital Stock		Reserves					Total Equity
	Shares (Note 12)	Amount (Note 12)	Options (Note 12)	Warrants (Note 12)	Currency Translation	Total Reserves	Deficit	
Balance, May 1, 2016	34,086,751	\$ 17,364,355	\$ 507,647	\$ 393,376	\$ (34,551)	\$ 866,472	\$ (18,190,385)	\$ 40,442
Private placements	7,000,000	2,455,000	-	-	-	-	-	2,455,000
Relative fair value of unit warrants issued	-	(650,270)	-	650,270	-	650,270	-	-
Finder's unit shares	147,600	51,660	-	-	-	-	-	51,660
Finder's unit warrants	-	(23,890)	-	23,890	-	23,890	-	-
Share issuance costs	-	(111,062)	-	-	-	-	-	(111,062)
Share-based payments	-	-	783,686	-	-	783,686	-	783,686
Warrants exercised	6,132,000	727,587	-	(113,587)	-	(113,587)	-	614,000
Options expired (forfeited)	-	-	(45,813)	-	-	(45,813)	45,813	-
Currency translation adjustment	-	-	-	-	23,847	23,847	-	23,847
Net loss for the year	-	-	-	-	-	-	(2,955,304)	(2,955,304)
<b>Balance, April 30, 2017</b>	<b>47,366,351</b>	<b>\$ 19,813,380</b>	<b>\$ 1,245,520</b>	<b>\$ 953,949</b>	<b>\$ (10,704)</b>	<b>\$ 2,188,765</b>	<b>\$ (21,099,876)</b>	<b>\$ 902,269</b>
Balance, May 1, 2017	47,366,351	\$ 19,813,380	\$ 1,245,520	\$ 953,949	\$ (10,704)	\$ 2,188,765	\$ (21,099,876)	\$ 902,269
Private placements	6,560,600	2,246,930	-	-	-	-	-	2,246,930
Relative fair value of unit warrants issued	-	(98,140)	-	98,140	-	98,140	-	-
Finder's unit shares	347,117	117,510	-	-	-	-	-	117,510
Finder's unit warrants	-	(6,542)	-	6,542	-	6,542	-	-
Share issuance costs	-	(132,457)	-	-	-	-	-	(132,457)
Share-based payments	-	-	295,799	-	-	295,799	-	295,799
Warrants exercised	1,150,000	136,235	-	(21,235)	-	(21,235)	-	115,000
Options expired	-	-	(62,588)	-	-	(62,588)	62,588	-
Warrants expired	-	818,207	-	(818,207)	-	(818,207)	-	-
Currency translation adjustment	-	-	-	-	(48,938)	(48,938)	-	(48,938)
Net loss for the year	-	-	-	-	-	-	(2,866,420)	(2,866,420)
<b>Balance, April 30, 2018</b>	<b>55,424,068</b>	<b>\$ 22,895,123</b>	<b>\$ 1,478,731</b>	<b>\$ 219,189</b>	<b>\$ (59,642)</b>	<b>\$ 1,638,278</b>	<b>\$ (23,903,708)</b>	<b>\$ 629,693</b>

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

**NEVADA EXPLORATION INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Year ended April 30, 2018	Year ended April 30, 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (2,866,420)	\$ (2,955,304)
Items not affecting cash:		
Amortization	116,359	66,834
Share-based payments	295,799	783,685
Unrealized loss (gain) on short term investments	(1,701)	5,102
Changes in non-cash working capital items:		
Accounts receivable	29,768	(34,131)
Prepaid expenses	90,083	(105,823)
Deposits and bonds	-	(82,672)
Accounts payable and accrued liabilities	(6,391)	(47,341)
<b>Net cash used in operating activities</b>	<u>(2,342,503)</u>	<u>(2,369,650)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment and intangible assets	<u>(58,639)</u>	<u>(431,334)</u>
<b>Net cash used in investing activities</b>	<u>(58,639)</u>	<u>(431,334)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from private placement	2,246,930	2,455,000
Share issuance costs	(14,947)	(59,402)
Proceeds from warrants exercised	115,000	614,000
Repayment of finance lease obligations	(12,324)	(12,491)
<b>Net cash provided by financing activities</b>	<u>2,334,659</u>	<u>2,997,107</u>
<b>Effect of foreign exchange</b>	<u>(25,050)</u>	<u>17,684</u>
<b>Change in cash and cash equivalents for the year</b>	<u>(91,533)</u>	<u>213,807</u>
<b>Cash and equivalents, beginning of year</b>	<u>288,627</u>	<u>74,820</u>
<b>Cash and equivalents, end of year</b>	<u>\$ 197,094</u>	<u>\$ 288,627</u>
<b>Cash and cash equivalents includes the following:</b>		
Cash	\$ 77,094	\$ 288,627
GIC	120,000	-
	<u>\$ 197,094</u>	<u>\$ 288,627</u>
<b>Supplemental cash flow information</b>		
Issuance of shares for settlement of finder's fees	<u>\$ 117,510</u>	<u>\$ 51,660</u>

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

**1. NATURE OF OPERATIONS, CONTINUANCE OF OPERATIONS AND GOING CONCERN**

Nevada Exploration Inc. (the “Company” or “NGE”) was incorporated on April 6, 2006 under the Canada Business Corporations Act and is in the business of acquiring and exploring mineral properties.

The Company is listed on the TSX Venture Exchange (“TSX-V”) under the trading symbol “NGE” and on the OTCQB marketplace under the trading symbol “NVDEF”. The Company’s head office is located at Suite 1500 - 885 West Georgia Street, Vancouver, BC V6C 3E8. The Company’s registered and records office is located at 25th Floor, 700 West Georgia St., Vancouver, BC V7Y 1B3.

These consolidated financial statements are authorized for issue on behalf of the Board of Directors on August 27, 2018.

Continuance of operations and going concern

These consolidated financial statements have been prepared on a going-concern basis which presumes the realization of assets and discharge of liabilities in the normal course of business. 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 business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The Company’s continued existence is dependent upon the preservation of its interests in the underlying properties, the discovery of economically and recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, or alternatively upon the Company’s ability to dispose of its interests on an advantageous basis. The Company has not produced revenues from its exploration activities and does not have a regular source of cash flow. The Company will periodically have to raise funds to continue operations and, although it has been successful thus far in doing so there is no assurance it will be able to do so in the future. The Company estimates that it will need additional capital to operate for the upcoming year. These material uncertainties cast significant doubt on the Company’s ability to continue as a going concern. During the year ended April 30, 2018, the Company received gross proceeds of \$2,246,930 from private placements and \$115,000 from the exercise of warrants.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company’s title. Property title may be subject to unregistered prior agreements, unregistered claims and noncompliance with regulatory and environmental requirements.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of compliance**

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

The significant accounting policies below have been applied consistently to all periods. These periods are based on IFRS effective as of April 30, 2018.

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

**Basis of consolidation**

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary Pediment Gold LLC. The financial statements of the Company's subsidiary have been consolidated from the date that control commenced. All inter-company balances and transactions, and income and expenses have been eliminated upon consolidation.

The consolidated financial statements include the financial statements of Nevada Exploration Inc. and its subsidiary listed in the following table:

Name of Subsidiary	Country of Incorporation	Functional Currency	Ownership Interest	Principal Activity
Pediment Gold LLC	USA	US dollar	100%	Exploration company

**Use of judgments and estimates**

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period.

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

- i) the estimated useful lives of equipment and intangible assets and the related amortization;
- ii) impairment of equipment;
- iii) valuation of share-based payments and warrants;
- iv) estimated amounts for environmental rehabilitation provisions;
- v) going concern; and
- vi) capitalization of intangible assets.

**Functional and presentation currency**

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of the Company's wholly-owned subsidiary Pediment Gold LLC is the US dollar.

**Share issuance costs**

Professional fees, consulting fees and other costs that are directly attributable to financing transactions are charged to capital stock when the related shares are issued. If the financing is not completed share issue costs are charged to profit or loss.

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

**Cash and cash equivalents**

Cash and cash equivalents consist of cash held with banks and highly liquid short-term investments in high interest saving accounts which can be withdrawn at any time, which, in the opinion of management, is subject to an insignificant risk of changes in value. As at April 30, 2018, the Company held cash and GIC.

**Equipment and intangible asset**

Equipment is recorded at historical cost less accumulated amortization and impairment charges. Equipment and intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Exploration equipment	5 to 7 years
Vehicles	5 years
Computer equipment	3 years
Software Database	3 years

The cost of replacing a piece of equipment is recognized in the carrying amount of the equipment if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of the equipment are recognized in profit or loss as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise, they are expensed as incurred. During the year ended April 30, 2017, the Company capitalized expenditures incurred relating to the development of a software database.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

**Resource properties – exploration and evaluation expenditures**

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition cost of mineral properties, property option payments and evaluation activities. Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

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

**Impairment**

At the end of each reporting date, the carrying amounts of the Company's long-lived 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.

Impairment is determined for an individual asset unless the asset does not generate cash inflows that are independent of those generated from other assets or group of assets, in which case, the individual assets are grouped together into cash generating units ("CGU's") for impairment purposes. The recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 and loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**Income taxes**

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

Deferred taxes are recorded using the liability method, providing for temporary differences, between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for relating to goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that do not affect either accounting or taxable loss, or 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 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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, it does not recognize that excess.

**Provision for environmental rehabilitation**

The Company recognizes the fair value of a liability for the provision for environmental rehabilitation in the year in which it is incurred when a reliable estimate of fair value can be made.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the consolidated statement of comprehensive loss. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease to the carrying amount of the liability. As at April 30, 2018 and 2017, the Company has not recorded any provision for environmental rehabilitation.

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

**Warrants**

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The relative fair value of the share component is credited to capital stock and the relative fair value of the warrant component is credited to warrants reserve. Upon exercise of warrants, consideration paid by the warrant holder together with the amount previously recognized in warrants reserve is recorded as an increase to capital stock. Upon expiration of warrants, the amount applicable to warrants expired is recorded as an increase to capital stock.

**Share-based payments**

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 employee stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. 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 reliably measured, they are measured at the fair value of the share-based payment consideration. Consideration paid for the shares on the exercise of stock options together with the fair value of the stock options previously recognized is credited to capital stock. When vested options are not exercised by the expiry date, the amount previously recognized in share-based payment is transferred to deficit. The Company estimates a forfeiture rate and adjusts the corresponding expense each period based on an updated forfeiture estimate.

**Basic and diluted loss per common share**

Basic loss per share is calculated by dividing the loss for the period by the weighted average number of common shares outstanding during the period.

Diluted loss per share is determined by adjusting the loss attributable to common shareholders by the weighted average number of common shares outstanding for the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. As at April 30, 2018 and 2017, warrants and options outstanding are anti-dilutive.

**Receivables**

Receivables are recorded at face value less any provisions for uncollectible amounts considered necessary.

**Revenue recognition**

Project management and consulting revenue is recognized at the time the service is provided and collection is reasonably assured.

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

**Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities, at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at different rates from those at which they are translated on initial recognition during the period or in previous consolidated financial statements are recognized in profit or loss.

For the purpose of presenting consolidated financial statements, the assets and liabilities of Pediment Gold LLC are expressed in Canadian dollars using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case exchange rates at the dates of the transactions are used. Exchange differences are recognized in other comprehensive income and reported as currency translation reserve in equity.

Foreign exchange gains and losses arising from a monetary item receivable or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form a part of the net investment in the foreign operation, are recognized in foreign currency translation in the currency translation reserve.

**Financial instruments**

Financial assets

Financial assets are classified as into one of the following categories based 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 ("FVTPL")* – This category comprises derivatives, or assets acquired or incurred principally for the purpose of selling or repurchasing 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.

*Loans and receivables ("LAR")* - Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

*Held-to-maturity ("HTM")* - 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 asset 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 HTM financial assets, including impairment losses, are recognized in profit or loss.

*Available-for-sale ("AFS")* - 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. Investments in equity instruments classified as available-for-sale that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment and at disposal, the amount of the cumulative loss is removed from equity and recognized in profit or loss.

Financial liabilities

Financial liabilities are classified into one of two categories, based on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

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

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

**Financial instruments (cont'd...)**

Financial liabilities (cont'd...)

*Other financial liabilities ("OFL")* - This category includes accounts payable and accrued liabilities, finance lease obligations, and short term demand loan all of which are recognized at amortized cost.

<u>Financial Instrument</u>	<u>Classification</u>
Cash and cash equivalents	LAR
Accounts receivable (other receivables)	LAR
Short term investments	FVTPL
Deposits and bonds	LAR
Accounts payable and accrued liabilities	OFL
Finance lease obligations	OFL

Impairment

All financial assets except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that the estimated cash flows of a financial asset or group of financial assets are negatively impacted. The carrying amount of the financial asset is directly reduced by any impairment loss. Evidence of impairment could include:

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

**Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

**Leases**

Leases that transfer substantially all of the benefits and risks of ownership of the assets to the Company are accounted for as finance lease obligations. At the time the finance lease obligation is entered into, an asset is recorded together with the related obligation. Assets under finance lease obligations are depreciated over their estimated useful lives.

**New Accounting Standards and Amendments to Existing Standards**

New or revised standards and amendments to existing standards not yet effective

The Company has not applied the following new or revised standards and amendments that have been issued but are not yet effective:

- New standard IFRS 9, *Financial Instruments*, was issued in final form in July 2014 and will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets. This standard is effective for years beginning on or after January 1, 2018. The adoption of this amendment is not expected to have a significant impact.

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

**New Accounting Standards and Amendments to Existing Standards (cont'd...)**

- New standard 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. This standard is effective for reporting periods beginning on or after January 1, 2019. The impact of this amendment is to be determined.
- New standard IFRS 15, *Revenue from contracts with customers*, provides guidance on how and when revenue from contracts with customers to be recognized, along with new disclosure requirements in order to provide financial statement users with more information and relevant information. This standard is effective for reporting periods on or after January 1, 2018. The adoption of this amendment is not expected to have a significant impact.

The Company plans to adopt these standards as soon as they become effective for the Company's reporting period.

**3. ACCOUNTS RECEIVABLE**

The accounts receivable for the Company are as follows:

	April 30, 2018	April 30, 2017
GST receivable	\$ 19,511	\$ 18,808
Other receivables	1,358	31,829
<b>Total</b>	<b>\$ 20,869</b>	<b>\$ 50,637</b>

**4. PREPAID EXPENSES**

The prepaid expenses for the Company are as follows:

	April 30, 2018	April 30, 2017
Security deposit for rental of premises	\$ 12,426	\$ 8,025
Prepaid services	14,909	109,393
	<b>\$ 27,335</b>	<b>\$ 117,418</b>

**5. SHORT TERM INVESTMENTS**

	April 30, 2018		April 30, 2017	
	Number	Cost	Carrying Value	Carrying Value
Spruce Ridge Resources Ltd. - Shares	170,068	\$ 25,000	\$ 5,102	\$ 3,401

During the year ended April 30, 2018, the Company revalued the shares based on the market price at April 30, 2018, resulting in an unrealized gain of \$1,701 (2017 – loss of \$5,102).

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**6. RELATED PARTY TRANSACTIONS**

During the year ended April 30, 2018, the Company:

- i) paid or accrued \$44,750 in professional fees to a corporation owned by the Chief Financial Officer of the Company.
- ii) recorded share-based payments of \$135,721 related to the fair value of stock options vesting through the period to an officer and directors.

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

- i) paid or accrued \$43,300 in professional fees to a firm in which the Chief Financial Officer of the Company is a partner.
- ii) paid or accrued \$13,200 in professional fees to a corporation owned by the Chief Financial Officer of the Company.
- iii) granted 1,020,000 stock options to directors and officers of the Company, resulting in share-based payment expense of \$321,384.

The amounts included in accounts payable and accrued liabilities which are due to related parties are as follows:

	April 30, 2018	April 30, 2017
Due to a firm of which the Chief Financial Officer is a partner	\$ -	\$ 13,860
Due to a corporation owned by the Chief Financial Officer	29,850	11,000
	<u>\$ 29,850</u>	<u>\$ 24,860</u>

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**7. EQUIPMENT AND INTANGIBLE ASSETS**

	<b>Vehicles</b>	<b>Exploration Equipment</b>	<b>Computer Equipment</b>	<b>Software Database</b>	<b>Total</b>
<b>Cost</b>					
Balance – April 30, 2016	\$ 63,094	\$ 187,104	\$ 163,359	\$ -	\$ 413,557
Acquisition	-	321,780	3,459	106,095	431,334
Disposal / write-off	-	-	(157,319)	-	(157,319)
Effect of translation	5,513	32,551	5,976	5,023	49,063
Balance – April 30, 2017	\$ 68,607	\$ 541,435	\$ 15,475	\$ 111,118	\$ 736,635
Acquisition	-	58,639	-	-	58,639
Effect of translation	(4,119)	(32,751)	(929)	(6,671)	(44,470)
Balance – April 30, 2018	\$ 64,488	\$ 567,323	\$ 14,546	\$ 104,447	\$ 750,804
<b>Accumulated amortization</b>					
Balance – April 30, 2016	\$ 34,996	\$ 184,736	\$ 53,912	\$ -	\$ 273,644
Amortization	11,800	35,491	1,459	18,084	66,834
Disposal / write-off	-	-	(63,598)	-	(63,598)
Effect of translation	3,479	17,024	21,083	437	42,023
Balance – April 30, 2017	\$ 50,275	\$ 237,251	\$ 12,856	\$ 18,521	\$ 318,903
Amortization	11,446	69,096	1,127	34,690	116,359
Effect of translation	(2,978)	(13,960)	(768)	(988)	(18,694)
Balance – April 30, 2018	\$ 58,743	\$ 292,387	\$ 13,215	\$ 52,223	\$ 416,568
<b>Impairment</b>					
Balance – April 30, 2016	\$ -	\$ -	\$ 93,721	\$ -	\$ 93,721
Disposal / write-off	-	-	(93,721)	-	(93,721)
Balance – April 30, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Disposal / write-off	-	-	-	-	-
Balance – April 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Carrying amounts</b>					
As at April 30, 2017	\$ 18,332	\$ 304,184	\$ 2,619	\$ 92,597	\$ 417,732
As at April 30, 2018	\$ 5,745	\$ 274,936	\$ 1,331	\$ 52,224	\$ 334,236

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

- i) completed construction of a drilling rig and purchased an air compressor. The assets were put in use beginning November 1, 2016 and are amortized on a straight line basis over 5 years.
- ii) completed construction of a software database. The software database was put in use beginning November 1, 2016 and is amortized on a straight line basis over 3 years.

During the year ended April 30, 2016, the Company recorded an impairment charge on a database that was under construction with a carrying amount of \$102,524 as the Company expected it was unlikely to engage the supplier to complete the roll out of the software. During the year ended April 30, 2017, the Company wrote-off this database.

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**8. RESOURCE PROPERTIES**

Resource properties expenditures for the year ended April 30,	2018	2017
Grass Valley	\$ 91,241	\$ 141,768
South Grass Valley	375,197	186,066
Kelly Creek	670,911	610,961
Awakening	1,278	7,972
	<u>\$ 1,138,627</u>	<u>\$ 946,767</u>

**Grass Valley Project (GV)**

As at April 30, 2018, the Company's Grass Valley Project consists of unpatented mining claims held directly by the Company.

**South Grass Valley (SGV)**

As at April 30, 2018, the Company's South Grass Valley Project consists of unpatented mining claims held directly by the Company.

**Kelly Creek (KC)**

The Company has combined its former Hot Pot Project into its Kelly Creek Project, the combination of which is now together referred to as the Kelly Creek Project.

As of April 30, 2018, the Company's Kelly Creek Project consists of:

- unpatented mining claims held directly by the Company;
- unpatented mining claims leased by the Company from Genesis Gold Corporation through a Mining Lease and Option to Purchase Agreement (the "Genesis Agreement"); and
- private land leased by the Company under a Mining Lease Agreement (the "Hot Pot Lease").

The Company entered into the Genesis Agreement on October 1, 2009 and as amended on August 25, 2015, to acquire a 100% interest in the Genesis's Hot Pot claims. Under the Genesis Agreement, the Company is the Operator and has the option to purchase 100% of the Genesis claims for 100,000 common shares (issued) and USD\$1,500,000, subject to a 1.5% Net Smelter Return Royalty ("Royalty"), and the following advance royalty payments:

1 <sup>st</sup> anniversary (October 1, 2010)	\$ 5,000 USD	(paid)
2 <sup>nd</sup> anniversary (October 1, 2011)	10,000 USD	(paid)
3 <sup>rd</sup> anniversary (October 1, 2012)	10,000 USD	(paid)
4 <sup>th</sup> anniversary (October 1, 2013)	10,000 USD	(paid)
5 <sup>th</sup> and each subsequent anniversaries	10,000 USD	i) & ii)

- During the year ended April 30, 2015, the Company issued 80,000 Common shares, plus agreed to pay \$10,000 USD to satisfy the October 1, 2014 payment (paid).
- On August 25, 2015, the Company and Genesis Gold Corporation agreed to amend the terms of the Genesis Agreement to reduce the annual payments due on October 1, 2015 (paid); October 1, 2016 (paid); and October 1, 2017 (paid), from \$50,000 USD to \$10,000 USD, subject to each party's rights under the Genesis Agreement.

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**8. RESOURCE PROPERTIES (cont'd...)**

**Kelly Creek (KC) (cont'd...)**

The Company entered into the Hot Pot Lease on September 16, 2004, for an initial term of 10 years, as amended on September 2, 2011, February 25, 2016 and February 16, 2017. Any mineral production on the project is subject to a 3% Net Smelter Return Royalty (the "NSR") to the property owner, subject to the Company's right to reduce the Royalty from 2% to 1% for \$2,000,000 USD. Under the February 25, 2016, amendment, the term of the Hot Pot Lease was extended to 20 years, until September 16, 2024. Under the February 16, 2017, amendment, additional lands were added to the Hot Pot Lease, subject to the following payments:

Amendment Date (February 16, 2017)	\$	5,000 USD	(paid)
September 16, 2017	\$	25,000 USD	(paid)
Subsequent Anniversaries	\$	30,000 USD	

The majority of the Company's mineral interests at Kelly Creek are subject to a 1.25% NSR to Royal Gold, Inc.

**Awakening (AW)**

As at April 30, 2018, the Company's Awakening Project consists of unpatented mining claims held directly by the Company.

**9. DEPOSITS AND BONDS**

	April 30, 2018	April 30, 2017
Security deposits <sup>(1)</sup>	\$ 11,500	\$ 11,500
Reclamation bond deposits <sup>(2)</sup>	119,280	118,286
	<u>\$ 130,780</u>	<u>\$ 129,786</u>

<sup>(1)</sup> Security deposits consisted of \$11,500 guaranteed investment certificate ("GIC") and bearing interest at prime less 2%. The GIC was used to secure the credit limit on a credit card.

<sup>(2)</sup> Reclamation bond deposits are required by the U.S. Bureau of Land Management ("BLM") and the U.S. Forest Service ("USFS") to ensure that any reclamation and clean-up work required on the Company's properties will be completed to the satisfaction of the BLM and the USFS.

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities for the Company are as follows:

	April 30, 2018	April 30, 2017
Trade payables	\$ 28,860	\$ 43,241
Due to related parties (Note 6)	29,850	24,860
Accrued liabilities	20,000	17,000
Total	<u>\$ 78,710</u>	<u>\$ 85,101</u>

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**11. FINANCE LEASE OBLIGATIONS**

The Company has a finance lease obligation for a leased vehicle of \$7,013 (US - \$5,468), with blended monthly payments of principal and interest, bearing interest at a rate of 2.90% per annum.

	April 30, 2018	April 30, 2017
Finance lease obligations	\$ 7,090	\$ 20,729
Deduct: amount representing interest	(77)	(498)
Present value of minimum lease payments due	7,013	20,231
Less: current portion	(7,013)	(12,739)
Non-current portion	\$ -	\$ 7,492

The total of principal repayments of the finance lease obligations that are due within one year is \$7,013.

**12. CAPITAL STOCK**

a) Authorized share capital:

As at April 30, 2018, the authorized share capital of the Company was:

Unlimited number of common shares without par value;  
Unlimited number of preferred shares without par value; and  
All issued shares are fully paid

b) Issued share capital:

During the year ended April 30, 2018, the Company:

- Issued 1,150,000 common shares as a result of warrants exercised for gross proceeds of \$115,000.
- Completed a private placement financing, issuing 3,773,100 units at a price of \$0.30 per unit, for total gross proceeds of \$1,131,930. Each unit consists of one common share and one half of one non-transferable common share purchase warrant with each whole warrant entitling the holder to purchase one common share at an exercise price of \$0.60 for a period of 18 months. The value allocated in connection to these warrants was \$52,770. In connection with the private placement, the Company issued 213,367 finder's units on the same terms as the units described above. The finder's shares granted were estimated to have a fair value of \$64,010. The finder's warrants granted were estimated to have a value of \$4,443 and were accounted for as share issuance cost. In connection with this private placement, the Company paid \$8,354 as share issuance cost.
- Completed a private placement financing, issuing 2,787,500 units at a price of \$0.40 per unit for total gross proceeds of \$1,115,000. Each unit consists of one common share and one non-transferable common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$0.65 for a period of 12 months. The value allocated in connection to these warrants was \$45,370. All securities issued are subject to a four month plus one-day hold period expiring March 28, 2018. In connection with the private placement, the Company issued 133,750 finder's units on the same terms as the units described above. The finder's shares granted were estimated to have a fair value of \$53,500. The finder's warrants granted were estimated to have a value of \$2,099 and were accounted for as share issuance cost. In connection with this private placement, the Company paid \$6,593 as share issuance cost.

**12. CAPITAL STOCK (cont'd...)**

b) Issued share capital (cont'd...):

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

- Completed a non-brokered private placement by issuing 2,000,000 units at a price of \$0.3525 per unit, for gross proceeds of \$705,000. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.60 for a period of 18 months. The value allocated in connection to these warrants was \$187,330. In connection with the private placement, the Company paid \$21,036 as share issuance costs.
- Completed a private placement by issuing 5,000,000 units at a price of \$0.35 per unit, for gross proceeds of \$1,750,000. Each unit consists of one common share and one-half of one non-transferable common share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$0.60 for a period of 18 months. The value allocated in connection to these warrants was \$462,940. In connection with the private placement, the Company paid \$38,366 as share issuance costs and issued 147,600 finder's units on the same terms as the units described above. The finder's shares granted were estimated to have a fair value of \$51,660. The finder's warrants granted were estimated to have a value of \$23,890 and were accounted for as share issuance cost.
- Issued 6,132,000 common shares as a result of warrants exercised for gross proceeds of \$614,000.

c) 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, minimum price or a discounted price of the Company's stock as calculated on the date of grant. The options can be granted for a maximum term of ten years.

In the absence of a reliable measurement of the services received from the consultants, the following stock option grants have been measured at the fair value of the stock options issued.

During the year ended April 30, 2018, the Company granted 350,000 options to a consultant of the Company expiring November 27, 2017. The options have an exercise price of \$0.40 and vest one third immediately, one third vest in 1 year and one third vest in 2 years. The options are valued at \$123,554 and the vested value recorded during the year ended April 30, 2018 is \$52,806. The total value recorded for options vesting throughout the period is \$295,799.

During the year ended April 30, 2017, the Company granted 2,220,000 options to officers, directors and consultants of the Company expiring August 3, 2026. The options have an exercise price of \$0.47 and vest one third after 6 months from the date of grant, one third vest in 1 year and one third vest in 2 years. These options are valued at \$994,092 and the vested value recorded during the year ended April 30, 2017 is \$699,484. The total value recorded for options vested during the year ended April 30, 2017 is \$783,686.

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**12. CAPITAL STOCK (cont'd...)**

c) Options (cont'd...)

A continuity of share purchase options for the year April 30, 2018 is as follows:

Expiry date	Exercise price	April 30, 2017	Granted	Expired/ Forfeited	April 30, 2018	Exercisable
September 25, 2017	\$ 1.10	10,000	-	(10,000)	-	-
December 4, 2017	1.20	50,000	-	(50,000)	-	-
March 2, 2019	1.00	280,000	-	-	280,000	280,000
October 19, 2020	0.185	1,625,000	-	-	1,625,000	1,625,000
December 31, 2020	0.315	125,000	-	-	125,000	125,000
April 20, 2021*	0.37	100,000	-	-	100,000	100,000
August 3, 2026**	0.47	2,120,000	-	-	2,120,000	1,413,334
November 27, 2027	0.40	-	350,000	-	350,000	116,667
<b>Total</b>		<b>4,310,000</b>	<b>350,000</b>	<b>(60,000)</b>	<b>4,600,000</b>	<b>3,660,001</b>
<b>Weighted average exercise price</b>	<b>\$ 0.40</b>	<b>\$ 0.40</b>	<b>\$ 1.18</b>	<b>\$ 0.39</b>	<b>\$ 0.37</b>	

\*100,000 options cancelled subsequently

\*\*400,000 options cancelled subsequently

A continuity of share purchase options for the year April 30, 2017 is as follows:

Expiry date	Exercise price	April 30, 2016	Granted	Expired/ Forfeited	April 30, 2017	Exercisable
August 9, 2016	\$ 1.00	20,000	-	(20,000)	-	-
September 25, 2017	1.10	10,000	-	-	10,000	10,000
December 4, 2017	1.20	50,000	-	-	50,000	50,000
March 2, 2019	1.00	280,000	-	-	280,000	280,000
October 19, 2020	0.185	1,625,000	-	-	1,625,000	1,083,333
December 31, 2020	0.315	125,000	-	-	125,000	83,333
April 20, 2021	0.37	100,000	-	-	100,000	100,000
August 3, 2026	0.47	-	2,220,000	(100,000)	2,120,000	706,667
<b>Total</b>		<b>2,210,000</b>	<b>2,220,000</b>	<b>(120,000)</b>	<b>4,310,000</b>	<b>2,313,333</b>
<b>Weighted average exercise price</b>	<b>\$ 0.34</b>	<b>\$ 0.47</b>	<b>\$ 0.56</b>	<b>\$ 0.40</b>	<b>\$ 0.41</b>	

The following weighted average inputs and assumptions were used for the Black-Scholes valuation of the options granted.

	April 30, 2018	April 30, 2017
Share price	\$0.37	\$0.47
Risk-free interest rate	1.86%	1.10%
Expected life of options	9 years	8.8 years
Annualized volatility based on historical volatility	140.61%	132.3%
Forfeiture rate	0.00%	0.00%
Dividend rate	0.00%	0.00%
Fair value per options	\$0.35	\$0.45

d) Warrants

During the year ended April 30, 2018, the Company:

- i) Granted 4,914,483 common share purchase warrants in connection to private placements;
- ii) Had a total of 1,150,000 warrants exercised; and
- iii) Had a total of 4,448,809 warrants expired.

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**12. CAPITAL STOCK (cont'd...)**

d) Warrants (cont'd...)

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

- i) Granted 3,573,799 common share purchase warrants in connection to private placements;
- ii) Had a total of 6,132,000 warrants exercised; and
- iii) Cancelled 71,500 warrants.

A continuity of share purchase warrants for the year ended April 30, 2018 is as follows:

Expiry date	Exercise price	April 30, 2017	Granted	Exercised	Expired/ Forfeited	April 30, 2018	Exercisable	
August 19, 2017	\$ 0.50	285,010	-	-	(285,010)	-	-	
August 28, 2018*	0.10	6,359,150	-	(1,150,000)	-	5,209,150	5,209,150	
September 23, 2018	0.10	700,000	-	-	-	700,000	700,000	
December 29, 2017	0.50	661,500 <sup>a</sup>	-	-	(661,500)	-	-	
January 12, 2018	0.60	2,502,299	-	-	(2,502,299)	-	-	
February 10, 2018	0.60	1,000,000	-	-	(1,000,000)	-	-	
November 27, 2018	0.65	-	2,921,250	-	-	2,921,250	2,921,250	
February 17, 2019	0.60	-	1,993,233	-	-	1,993,233	1,993,233	
<b>Total</b>		<b>11,507,959</b>	<b>4,914,483</b>	<b>(1,150,000)</b>	<b>(4,448,809)</b>	<b>10,823,633</b>	<b>10,823,633</b>	
<b>Weighted average exercise price</b>	<b>\$</b>	<b>0.29</b>	<b>\$</b>	<b>0.63</b>	<b>\$</b>	<b>0.10<sup>b</sup></b>	<b>\$</b>	<b>0.44</b>
		<b>\$</b>	<b>0.34</b>	<b>\$</b>	<b>0.34</b>	<b>\$</b>	<b>0.34</b>	

\*800,000 warrants exercised subsequently

- a) Warrants entitles the holder to purchase one common share at an exercise price of \$0.50 for a period of two years, subject to an accelerated expiry provision of 30 days if on any 20 consecutive trading days after issuance, the closing price of the common shares of the Company is greater than \$0.75 per share.
- b) The weighted average share price on the date of exercise was \$0.33.

A continuity of share purchase warrants for the year ended April 30, 2017 is as follows:

Expiry date	Exercise price	April 30, 2016	Granted	Exercised	Cancelled	April 30, 2017	Exercisable	
August 19, 2017	\$ 0.50	287,010	-	(2,000)	-	285,010	285,010	
August 28, 2018	0.10	12,489,150	-	(6,130,000)	-	6,359,150	6,359,150	
September 23, 2018	0.10	700,000	-	-	-	700,000	700,000	
December 29, 2017	0.50	661,500 <sup>a</sup>	-	-	-	661,500	661,500	
January 12, 2018	0.60	-	2,573,799	-	(71,500)	2,502,299	2,502,299	
February 10, 2018	0.60	-	1,000,000	-	-	1,000,000	1,000,000	
<b>Total</b>		<b>14,137,660</b>	<b>3,573,799</b>	<b>(6,132,000)</b>	<b>(71,500)</b>	<b>11,507,959</b>	<b>11,507,959</b>	
<b>Weighted average exercise price</b>	<b>\$</b>	<b>0.13</b>	<b>\$</b>	<b>0.60</b>	<b>\$</b>	<b>0.10<sup>b</sup></b>	<b>\$</b>	<b>0.60</b>
		<b>\$</b>	<b>0.29</b>	<b>\$</b>	<b>0.29</b>	<b>\$</b>	<b>0.29</b>	

- a) Warrants entitles the holder to purchase one common share at an exercise price of \$0.50 for a period of two years, subject to an accelerated expiry provision of 30 days if on any 20 consecutive trading days after issuance, the closing price of the common shares of the Company is greater than \$0.75 per share.
- b) The weighted average share price on the date of exercise was \$0.55.

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**12. CAPITAL STOCK (cont'd...)**

d) Warrants (cont'd...)

The following weighted average inputs and assumptions were used for the Black-Scholes valuation of the warrants granted.

	April 30, 2018	April 30, 2017
Share price	\$0.33	\$0.47
Risk-free interest rate	1.36%	0.50%
Expected life of warrants	1.22 years	1.5 years
Annualized volatility based on historical volatility	55.35%	186.74%
Dividend rate	0.00%	0.00%
Fair value per warrant	\$0.02	\$0.35

**13. SEGMENTED INFORMATION**

The Company operates in one industry segment, being the acquisition, exploration, and development of resource properties. Geographic information is as follows:

	April 30, 2018	April 30, 2017
Non-current assets:		
United States		
Equipment and intangible assets	\$ 334,236	\$ 417,732
Deposits and bonds	119,280	118,286
Canada		
Deposits and bonds	11,500	11,500
	<u>\$ 465,016</u>	<u>\$ 547,518</u>

	Year Ended April 30, 2018	Year Ended April 30, 2017
Income:		
United States		
Project management and consulting gross revenue	\$ -	\$ 50,818

**14. KEY MANAGEMENT COMPENSATION**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's President, Chief Executive Officer and Chief Operating Officer.

Remuneration of key management of the Company is as follows:

	Year Ended April 30, 2018	Year Ended April 30, 2017
Salaries	\$ 361,880	\$ 286,185
Share-based payments	86,361	364,101
	<u>\$ 448,241</u>	<u>\$ 650,286</u>

**15. COMMITMENTS**

The Company has the following commitments:

- a) Total office lease payments of \$73,222 ending June 30, 2019.
- b) Finance lease (Note 11).

**16. FINANCIAL RISK MANAGEMENT**

**Fair value**

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. 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.

Short term investments are measured at level 1 of the fair value hierarchy. The fair value of short term investments is measured at the market price of the common shares held at the measurement date. The carrying value of cash and cash equivalents, other receivables, deposits and bonds, finance lease obligations, accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

**Financial risk factors**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

*Credit risk*

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and deposits and bonds. Management believes that the credit risk concentration with respect to cash and cash equivalents, deposits and bonds is remote as it maintains accounts with highly-rated financial institutions.

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**16. FINANCIAL RISK MANAGEMENT (cont'd...)**

**Financial risk factors (cont'd...)**

*Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage. It also manages liquidity risk by continuously monitoring actual and projected cash flows. The Board of Directors reviews and approves the Company's operating and capital budgets, as well as any material transactions out of the normal course of business.

As at April 30, 2018, the Company had a cash and cash equivalent balance of \$197,094 (2017 - \$288,627) to settle current liabilities of \$85,723 (2017 - \$97,840). The Company believes that there is minimal liquidity risk as at April 30, 2018 and 2017.

*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 equity prices.

(a) Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash and cash equivalents maintained at the financial institutions is subject to floating rate of interest. The interest rate risks on cash and cash equivalents, deposits and bonds and on the Company's finance lease obligations are not considered significant.

(b) Foreign currency risk

The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. A significant portion of the Company's expenses is denominated in US dollars. Consequently, certain assets, liabilities and operating expenses are exposed to currency fluctuations. The Company does not use derivative instruments to reduce its exposure to foreign currency risk. Net assets denominated in foreign currency and the Canadian dollar equivalents as at April 30, 2018 are as follows:

	USD	CDN
Current assets	\$ 65,186	\$ 83,603
Non-current assets	353,611	453,516
Current liabilities	(26,330)	(33,769)
	\$ 392,467	\$ 503,350

Based on the above net exposures as at April 30, 2018, and assuming all other variables remain constant, a 10% change in the value of the US dollar against the Canadian dollar would result in an increase/decrease of \$39,247 in comprehensive loss.

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**17. CAPITAL MANAGEMENT**

In order to maintain its capital structure, the Company, is dependent on equity funding and when necessary, raises capital through the issuance of equity instruments, primarily comprised of common shares and incentive stock options. In the management of capital, the Company includes the components of equity as well as cash and cash equivalents.

The Company prepares annual estimates of exploration expenditures and monitors actual expenditures compared to the estimates to ensure that there is sufficient capital on hand to meet ongoing obligations. The Company's investment policy is to invest any excess cash in highly liquid short-term deposits with terms of one year or less and which can be liquidated after thirty days without interest penalty. The Company currently has insufficient capital to fund its exploration programs and is reliant on completing equity financings to fund further exploration. The Company is not subject to any externally imposed capital requirements.

There were no changes in the Company's approach to capital management during the year ended April 30, 2018.

**17. INCOME TAXES**

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

	2018	2017
Loss before income taxes	\$ (2,866,420)	\$ (2,955,304)
Expected income tax recovery at average statutory rate of 26.00% for 2018 (2017 – 26.00%)	\$ (745,000)	\$ (768,000)
Share-based payment and other non-deductible expenses	79,000	206,000
Share issuance cost incurred	(35,000)	(35,000)
Difference in statutory rates and other	238,000	(97,000)
Effect of foreign exchange differences	260,000	(332,000)
Tax benefits not recognized	<u>203,000</u>	<u>1,026,000</u>
	\$ -	\$ -

The deferred income tax balance comprise the following temporary differences:

	2018	2017
Deferred tax assets:		
Non-capital loss carry-forwards	\$ 4,395,000	\$ 4,153,000
Share issue costs and other	127,000	72,000
Resource properties	1,643,000	1,737,000
Deferred tax assets not recognized	<u>(6,165,000)</u>	<u>(5,962,000)</u>
Net deferred tax assets	\$ -	\$ -

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**17. INCOME TAXES (cont'd...)**

The Company has available for deduction against future taxable income non-capital losses of approximately \$6,056,000 and US net operating losses of approximately \$8,255,000 (expressed in Canadian dollars) expiring as follows:

	CDN	US
2025	\$ 2,000	\$ -
2026	203,000	-
2027	858,000	-
2028	569,000	-
2029	549,000	-
2030	81,000	-
2031	357,000	699,000
2032	591,000	362,000
2033	391,000	465,000
2034	331,000	3,696,000
2035	224,000	1,822,000
2036	658,000	1,000
2037	472,000	599,000
2038	<u>770,000</u>	<u>611,000</u>
	<u>\$ 6,056,000</u>	<u>\$ 8,255,000</u>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available against which the Company can utilize the benefits.

**18. SUBSEQUENT EVENTS**

Subsequent to the year ended April 30, 2018, the Company:

- i) issued 800,000 common shares as a result of warrants exercised for gross proceeds of \$80,000.
- ii) granted 300,000 stock options to a consultant of the Company. The options are exercisable at \$0.15 per share for a period of ten years from the date of grant.