

UNITY ENERGY CORP.

Financial Statements

For the years ended, March 31, 2018 and 2017

Independent Auditors' Report

To the Shareholders of Unity Energy Corp.:

We have audited the accompanying financial statements of Unity Energy Corp., which comprise the statement of financial position as at March 31, 2018 and March 31, 2017, and the statements of loss and other 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 Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Unity Energy Corp. as at March 31, 2018 and March 31, 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 of these financial statements, which states that Unity Energy Corp. incurred significant losses from operations, negative cash flows from operating activities and has an accumulated deficit. This, along with other matters described in Note 1, indicates the existence of a material uncertainty which may cast significant doubt about the ability of Unity Energy Corp. to continue as a going concern.

Vancouver, British Columbia

July 30, 2018


Chartered Professional Accountants

UNITY ENERGY CORP.
Statements of Financial Position
As at March 31
(Expressed in Canadian Dollars)

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,017	\$ 30,062
Marketable securities (Note 4)	13,830	-
Receivables	9,886	8,009
Total current assets	26,733	38,071
Long-Term Investment (Note 4)	-	98,608
Exploration and evaluation assets (Note 5)	85,492	4,044
TOTAL ASSETS	\$ 112,225	\$ 140,723
LIABILITIES		
Current liabilities		
Trade and other payables (Note 7)	\$ 66,029	\$ 35,211
TOTAL LIABILITIES	66,029	35,211
EQUITY		
Share capital (Note 6)	9,739,106	9,266,256
Share subscription advanced (receivable) (Note 6)	-	(21,000)
Reserves (Note 6)	693,602	693,602
Accumulated Other Comprehensive Income	-	25,954
Deficit	(10,386,512)	(9,859,300)
TOTAL EQUITY	46,196	105,512
TOTAL LIABILITIES AND EQUITY	\$ 112,225	\$ 140,723

Nature and continuance of operations (Note 1)

These accompanying notes are an integral part of these financial statements

Approved on behalf of the Board

Director	<u>"Anita Algie"</u> Anita Algie
Director	<u>"Richard Ko"</u> Richard Ko

Statements of Loss and Comprehensive Loss

As at March 31

(Expressed in Canadian Dollars)

	Year ended March 31, 2018	Year ended March 31, 2017
Expenses		
Amortization	\$ -	\$ -
Consulting and management fees (Note 8)	343,000	291,100
Office and general	138,354	87,045
Professional fees	14,942	14,638
Regulatory and filing fees	20,875	31,305
Share based compensation (Note 6)	-	16,811
Loss from operations for the year	(517,171)	(440,899)
Other items		
Gain (loss) on marketable securities (Note 4)	(2,131)	18,776
Gain on settlement of debt	-	3,840
Gain on sale of mineral interest (Note 5)	-	50,000
Write-off of exploration and evaluation assets (Note 5)	(4,032)	(913,721)
Loss for the year before income tax	(523,334)	(1,282,004)
Deferred tax recovery	(3,878)	3,878
Loss for the year	(527,212)	(1,278,126)
Other Comprehensive Income		
Gain (loss) on fair value of available for sale securities, net of tax (Note 4)	(25,954)	25,954
Total Comprehensive Loss	\$ (553,166)	\$ (1,252,172)
Loss per share – basic and diluted	\$ (0.06)	\$ (0.28)
Weighted average number of common shares outstanding – basic and diluted	8,633,859	4,629,332

The accompanying notes are an integral part of these financial statements

**Statements of Changes in
Shareholders' Equity
As at March 31
(Expressed in Canadian Dollars)**

	Note	Number of Shares	Share Capital	Share subscriptions Advanced / (Receivable)	Reserves	Accumulated Other Comprehensive Income	Deficit	Total Equity
Balance at March 31, 2016		3,612,916	\$ 8,421,256	\$ 50,000	\$ 676,792	\$ -	\$ (8,581,174)	\$ 566,874
Shares issued on private placement	6	2,741,665	745,000	(71,000)	-	-	-	674,000
Shares issued to acquire exploration and evaluation assets	6	666,667	100,000	-	-	-	-	100,000
Unrealized gain on Available for Sale marketable securities	4	-	-	-	-	25,954	-	25,954
Share based compensation	6	-	-	-	16,810	-	-	16,810
Net Loss		-	-	-	-	-	(1,278,126)	(1,278,126)
Balance at March 31, 2017		7,021,248	\$ 9,266,256	\$ (21,000)	\$ 693,602	\$ 25,954	\$ (9,859,300)	\$ 105,512
Shares issued on private placement	6	4,739,550	472,850	21,000	-	-	-	493,850
Unrealized gain on Available for Sale marketable securities	4	-	-	-	-	(25,954)	-	(25,954)
Net Loss		-	-	-	-	-	(527,212)	(527,212)
Balance at March 31, 2018		11,760,798	\$ 9,739,106	\$ -	\$ 693,602	\$ -	\$ (10,386,512)	\$ 46,196

The accompanying notes are an integral part of these financial statements

Statements of Cash Flows

As at March 31

(Expressed in Canadian Dollars)

Cash provided by (used for):	2018	2017
Operating activities		
Net loss	\$ (527,212)	\$ (1,278,126)
Adjustments for non-cash items:		
Write-off of exploration and evaluation asset	4,032	913,721
Gain on settlement of debt	-	3,840
Gain on sale of mineral interest	-	(50,000)
Share based compensation	-	16,811
(Loss) gain on marketable securities	2,131	(18,776)
Deferred tax recovery	3,878	(3,878)
Changes in non-cash working capital items:		
Receivables	(1,876)	(3,912)
Prepays	-	48,000
Trade and other payables	453,967	234,963
Net cash flows used in operating activities	(65,080)	(137,357)
Investing activities		
Purchase of (proceeds from) long-term investment	-	(50,000)
Additions to Exploration and evaluation assets	(32,665)	(230,424)
Net cash flows used in investing activities	(32,665)	(280,424)
Financing activities		
Proceeds from issuance of shares	70,700	398,000
Subscription receivable	-	50,000
Net cash flows from financing activities	70,700	448,000
Change in cash and cash equivalents	(27,045)	30,219
Cash and cash equivalents, beginning	30,062	(157)
Cash and cash equivalents, ending	\$ 3,017	\$ 30,062

The accompanying notes are an integral part of these financial statements

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

1. Nature and continuance of operations

Unity Energy Corp. (the “Company”) is in the business of the acquisition and exploration of its exploration and evaluation assets. The Company is currently in the exploration stage of developing its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The Company is listed on the TSX Venture Exchange (“TSX-V”).

The Company’s head office, principal address and registered and records office is 313 – 515 West Pender Street, Vancouver, B.C., V6B 6H5.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. As at March 31, 2018 the Company had not advanced its exploration and evaluation assets to commercial production and is not able to finance day to day activities through operations. These uncertainties cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s continuation as a going concern is dependent upon the successful results from its mineral property exploration activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months from proceeds of private placements of its common shares.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. Significant accounting policies and basis of presentation

Basis of presentation

These financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”). These financial statements have been prepared on a historical cost basis, except for financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

These financial statements were approved by the board of directors for issue on July 30, 2018.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

The following are critical judgments and areas involving estimates, that management have made in the process of applying the Company’s accounting policies that have the most significant effect on the amount recognized in the financial statements.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (cont'd)
Critical accounting judgments and key sources of estimation uncertainty (cont'd)

a) Critical judgments in applying accounting policies

Going concern evaluation

As discussed in note 1, these financial statements have been prepared under the assumptions applicable to a going concern. If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the statement of financial position classifications used and such adjustments could be material.

The Company reviews the going concern assessment at the end of each reporting period. There were no material changes to the assessment as at March 31, 2018.

Review of asset carrying value and impairment assessment

In accordance with our policy, each asset or cash generating unit is evaluated every reporting period to determine whether there are any indications of impairment. If such an indication exists, which is often judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying value exceeds the recoverable amount. The recoverable amount of an asset or cash generating unit is measured at the higher of fair value less costs to sell or value in use.

b) Key sources of estimation uncertainty

Income taxes

Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax assets and unused tax losses can be utilized. In addition, the valuation of tax credits receivable requires management to make judgments on the amount and timing of recovery.

Share-based payments

Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The fair value of options is determined using the Black Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (cont'd)

Exploration and evaluation expenditures

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the fair value (at acquisition date) of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in comprehensive loss.

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.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mining property and development assets within property, plant and equipment.

Recoverability of the carrying amount of any exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future restoration cost estimates is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

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

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

The costs of restoration projects included in the provision are recorded against the provision as incurred. The costs to prevent and control environmental impacts at specific properties are capitalized in accordance with the Company's accounting policy for exploration and evaluation assets.

Impairment of assets

The carrying amount of the Company's assets (which include exploration and evaluation assets) is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (cont'd)

Impairment of assets (cont'd)

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

c) Accounting Policies

Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period.

Cash and Cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

Financial instruments

The Company classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale and other financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition. All financial instruments must be recognized, initially, at fair value on the statement of financial position. Subsequent measurement of the financial instruments is based on their respective classification.

Financial assets are classified at fair value through profit or loss when they are either held for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (cont'd)
Financial instruments (cont'd)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value.

Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses.

Non-derivative financial liabilities are subsequently measured at amortized cost.

Regular purchases and sales of financial assets are recognized on the trade-date, the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

The Company had made the following classification of its financial instruments:

Financial assets or liabilities	Measurement category under IAS 39
Cash	Fair Value
Receivables	Loans and receivables
Marketable securities	Available for sale
Derivatives	Fair Value
Trade and other payables	Other liabilities

Financial instruments measured at fair value are classified into one of the 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
- Level 3 – Inputs that are not based on observable market data.

The carrying value of accounts receivable and trade and other payables approximates its fair value due to their short-term maturity. The Company's cash has been assessed on the fair value hierarchy described above and classified as Level 1. Marketable securities have been classified as level 1 as their fair value is based on a quoted market price in an active market. The Company's derivatives consist of warrants to purchase common shares of a public company. Warrants have been classified as a level 3 financial instrument and their fair value has been estimated using the Black-Scholes pricing model (note 4).

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

2. Significant accounting policies and basis of presentation (cont'd)

Share purchase warrants

The Company may enter into a financing arrangement requiring the issuance of warrants to holders as part of the transaction. Warrants may also be issued to brokers or finders as consideration for services provided. Warrants issued for services provided are measured at the fair value of services received. Only if the fair value of the services cannot be measured reliably would the fair value of the equity instruments granted be used. Warrants not issued in exchange for goods or services can be classified as a derivative financial liability or an equity instrument depending on the terms and conditions of the warrants. Consideration received on the sale of a share and share purchase warrant classified as equity is allocated, within equity, to their respective equity accounts on a reasonable basis. The allocation method the Company uses is residual method.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized 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. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. 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 reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

Marketable Securities and Derivatives

Investments in units of another company consisting of a common share and a share purchase warrant are compound financial instruments which are initially measured using a relative fair value method. The value of the warrants and the common shares are first measured separately at their respective fair values. The fair value of the unit is then allocated to each component on a pro-rata basis.

Marketable securities are accounted for as available for sale investments and measured at their fair value at each reporting period. Subsequent changes in fair value are recorded in other comprehensive income.

Warrants are classified as derivative instruments as they are based on the fair value of the investment entity's quoted share price. Warrants are valued by using the Black-Scholes valuation technique. Derivatives are measured at fair value through profit and loss at each reporting period. Subsequent changes in the fair value of the warrants are recorded through profit and loss.

At each reporting period, the Company assesses the investment for indicators of impairment. Any impairment charges are removed from other comprehensive income and/or the value of the asset and recorded as part of profit and loss.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

3. Recently adopted accounting standards and accounting standards issued but not yet effective

IFRS 2 – Share-based Payment

On June 30, 2016, the IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments apply for annual periods beginning on or after January 1, 2018. The Company intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on April 1, 2018. The Company has evaluated the amendment and does not anticipate any material impact on the financial statements.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (“IFRS 9”) replaces IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”) and is effective for annual periods beginning on or after January 1, 2018. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. The Company has evaluated the new standard and does not anticipate any material changes to financial assets and liabilities. The Company anticipates a reclassification of \$35,954 (2017 – \$25,954) from accumulated other comprehensive income to deficit on the statement of changes in equity as a result of adoption.

IFRS 15 Revenue from Contracts with Customers

The Company adopted all of the requirements of IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) as of January 1, 2018. IFRS 15 utilizes a methodical framework for entities to follow in order to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Company is still in the exploration stage and has not yet generated any revenues and the adoption of this standard did not impact the any assets or liabilities on the transition date.

New accounting standards issued but not yet effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

IFRS 16 - Leases

This new standard was issued with the objective to recognize all leases on the balance sheet. IFRS 16 requires lessees to recognize a “right of use” asset and a lease liability calculated using a prescribed methodology. The mandatory effective date of IFRS 16 is for annual periods beginning on or after January 1, 2019. Early adoption is permitted provided that IFRS 15, Revenue from Contracts with Customers, is also adopted. The Company has not yet evaluated the impact of adoption of this standard on its financial statements.

4. Marketable securities

On February 16, 2017, the Company subscribed for 500,000 units of 92 Resource Corp. which consisted of 500,000 shares and 500,000 share purchase warrants for a total cash cost of \$50,000. The warrants are exercisable an exercise price of \$0.15 per share expiring February 16, 2019.

The common shares were classified as available-for-sale financial assets and the warrants as derivative financial assets. The initial fair value of the shares was based on a quoted market price and the fair value of the warrants was estimated using the Black-Scholes pricing model with the following assumptions: risk-free interest rate of 0.79%, dividend yield of 0%, stock price volatility of 144%, and an expected life of 2 years.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
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4. Marketable securities (cont'd)

For the year ended March 31, 2017, the Company recognized the subsequent unrealized gain on changes in fair value of marketable securities of \$29,832 in other comprehensive income and the unrealized gain on changes in fair value of the warrants of \$18,776 was recognized as part of the loss for the year.

For the year ended March 31, 2018, the Company recognized the subsequent unrealized loss on changes in fair value of the warrants of \$24,778 as part of the loss for the year.

The common shares with fair value at the disposition date of \$50,000 were disposed of during the year ended March 31, 2018 to settle accounts payable of \$52,815. The unrealized gains and losses previously recorded in other comprehensive income of \$19,832 and a gain of settlement of \$2,815 were recognized in profit and loss.

5. Exploration and evaluation assets

Thorburn Lake

On February 22, 2010, as amended on May 24, 2012, January 25, 2013, March 24, 2014 and as further amended on August 19, 2015, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "Thorburn Lake Property," located in the Province of Saskatchewan, Canada. Consideration for the acquisition consists of the following:

- a payment of \$10,000 (paid);
- the issuance of 20,833 common shares (issued with a fair value of \$82,500);
- complete \$100,000 in exploration expenditures within 1 year of the agreement (completed);
- a payment of \$10,000 on or before July 14, 2014 (paid);
- a further issuance of 183,333 common shares on or before August 31, 2015 (issued with a fair value of \$55,000);
- a payment of \$50,000 on or before December 22, 2016. Amount was forgiven during the year;
- a payment of \$100,000 on or before December 22, 2017;
- a payment of \$150,000 on or before December 22, 2018;
- a payment of \$290,000 on or before December 22, 2019; and
- completion of \$1,000,000 in exploration work on or before December 22, 2019.

On June 1, 2015, the Company allowed the reduction of the following claims for the Company's Thorburn Lake Property due to cash conservation purposes uncertainty with respect to resources on the property:

Old Claim Number	Old Claim Size (Ha)	New Claim Number	New Claim Size (Ha)
S-111206	4,966	S-113953	1,009

The Thorburn Lake Property is subject to a 1% NSR royalty, which may be purchased by the Company for \$1,000,000

During the year ended March 31, 2017, the Company incurred \$Nil in exploration expenditures and recorded an impairment on the Thorburn Lake Property of \$107,090, reducing its carrying value to \$1.

During the year ended March 31, 2018, the Company terminated the Thorburn Lake option agreement.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (cont'd)

Close Lake (other)

The Company controls 245 hectares located in the Province of Saskatchewan, Canada. The Close Lake Property is subject to a 1% NSR, which may be repurchased by the Company for \$1,500,000.

During the year ended March 31, 2015, the property was written down to a nominal value.

During the year ended March 31, 2019, the Company incurred \$Nil (2017 - \$Nil) in exploration expenditures on the Close Lake Property.

Hoppy Lake (other)

On July 30, 2010, the Company acquired certain mineral claims, referred to as the "Hoppy Lake Property," located in the Province of Saskatchewan, Canada. The Hoppy Lake Property is subject to a 1% NSR which may be purchased by the Company for \$1,500,000.

During the year ended March 31, 2015, the property was written down to a nominal value.

During the year ended March 31, 2018, the Company incurred \$Nil (2017 - \$Nil) in exploration expenditures on the Hoppy Lake Property.

Dickens Lake Property (other)

On May 26, 2011, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "Dickens Lake Property," located in the Province of Saskatchewan, Canada.

Consideration for the acquisition consists of the following:

- payment of \$30,000 (paid); and
- the issuance of 55,555 shares (issued with at fair value of \$1,420,000).

On June 1, 2011, final TSX Venture Exchange approval was received.

On October 2, 2012, the Company received final TSX Venture Exchange approval and executed a Plan of Arrangement Agreement with First Cobalt Corp. (formerly Aurgent Resources Corp.), under which the Company paid \$200,000 (paid); and received 2,121,833 shares of First Cobalt Corp. (with a carrying value of \$1,466,749).

On October 2, 2012, as per the Farm-out Agreement, the Company has received a 10% interest in the property from First Cobalt Corp. in exchange for a cash payment of \$205,000 to be expended on the property.

On June 2, 2015, the Company allowed the reduction of the following claims for the Company's Dickens Lake Property for cash conservation purposes:

Old Claim Number	Old Claim Size (Ha)	New Claim Number	New Claim Size (Ha)
S-111354	1,181	S-113948	227
S-112212	2,164		
S-112210	1,464		
S-112211	1,250		

This reduction did not have any adverse effect on the agreement with First Cobalt Corp.

During the year ended March 31, 2015 the Company recorded an impairment on the carrying value of the Dickens Lake Property of \$197,320 reducing its carrying value to \$7,680.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (cont'd)

During the year ended March 31, 2017, the Company recorded an impairment on the Dickens Lake Property of \$7,679, reducing its carrying value to \$1.

During the year ended March 31, 2018, the Company incurred \$Nil (2017 - \$Nil) in exploration expenditures on the Dickens Lake Property.

Milliken Lake Property (other)

On September 27, 2011, the Company acquired certain mineral claims, referred to as the "Milliken Lake Property," in the Province of Saskatchewan, Canada. The Milliken Lake Property is subject to a 1.5% NSR, which may be purchased by the Company for \$1,500,000.

During the year ended March 31, 2015, the property was written down to a nominal value.

During the year ended March 31, 2018, the Company incurred \$Nil (2017 - \$Nil) in exploration expenditures on the Milliken Lake Property.

North Shea Property (Part of West Carswell Property)

On October 24, 2012, as amended on April 15, 2014, the Company entered in an option agreement to earn a 100% interest in certain mineral claims, referred to as the "North Shea Property," located in the Province of Saskatchewan. The amended terms are as follows;

- \$10,000 (paid) and 55,555 Common shares within 5 days of regulatory approval (Issued with fair value of \$110,000);
- A further cash consideration of \$10,000 within 18 months of the signing of the agreement (paid);
- A further cash consideration of \$100,000 within 22 months of the signing of the agreement (due, \$17,500 paid);
- A further cash consideration of \$100,000 within 30 months of the signing of the agreement;
- A further cash consideration of \$190,000 within 42 months of the signing of the agreement; and
- Completion of \$3,000,000 in exploration expenditures on the Mineral Claims within 4 years of the signing of the agreement.

On June 1, 2015, the Company allowed the reduction of the following claims for the Company's North Shea Property for cash conservation purposes:

Old Claim Number	Old Claim Size (Ha)	New Claim Number	New Claim Size (Ha)
S-111174	971	S-113954	636
S-111203	1,130	S-113955	384

The North Shea Property is subject to a 1% NSR, which may be purchased by the Company for \$1,500,000. During the year ended March 31, 2016, the Company recorded an impairment on the carrying value of the North Shea Property of \$67,724 reducing its carrying value to \$1.

During the year ended March 31, 2018, the Company terminated the North Shea option agreement.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (cont'd)

Douglas River Property (Part of West Carswell Property)

On March 7, 2013, the Company acquired the "Douglas River Property" located in the Province of Saskatchewan in Canada. Consideration for this acquisition consists of the following:

- 5,000 (Paid) and 55,555 Common shares within 5 days of regulatory approval of this agreement (issued with a fair value of \$100,000);
- A further cash consideration of \$150,000 within 18 months of the signing of the agreement;
- A further cash consideration of \$150,000 within 30 months of the signing of the agreement;
- A further cash consideration of \$200,000 within 42 months of the signing of the agreement; and
- Completion of \$3,000,000 exploration expenditures on the Mineral Claim(s) within 4 years of the signing of this agreement.

On February 16, 2016, the above mentioned terms were amended as follows:

Consideration for the acquisition consists of the following:

- \$5,000 (Paid) and 55,555 Common shares within 5 days of regulatory approval of this agreement (issued with a fair value of \$100,000);
- A further cash consideration of \$150,000 on or before October 31, 2016;
- A further cash consideration of \$150,000 on or before October 31, 2017;
- A further cash consideration of \$200,000 on or before October 31, 2018; and
- Completion of \$1,000,000 exploration expenditures on the Mineral Claim(s) within 6 years of the signing of this agreement.

This property is subject to a 1% NSR, which may be purchased for \$1,500,000, less all amounts received by the Owner as NSR payments.

During the year ended March 31, 2016, the Company incurred \$4,031 in exploration expenditures on the Carswell property. During the year ended March 31, 2018, the Company terminated the Douglas River option agreement and recorded an impairment of \$4,032.

Dinty Lake Property

On June 3, 2013, the Company entered into an option agreement to acquire a 100% interest in certain mineral claims, referred to as the "Dinty Lake Property," located in the Province of Saskatchewan. Consideration for the acquisition consists of the following:

- the issuance of 69,444 common shares of the Company within 5 days of approval by the TSX-V (issued with a fair value of \$37,500);
- a payment of \$100,000 within 18 months of signing of the agreement (paid April 7, 2016);
- a payment of \$300,000 within 30 months of signing of the agreement (due, not paid);
- a payment of \$1,600,000 within 42 months of signing the agreement; and
- completion of \$3,500,000 in exploration work within 36 months of the signing of the agreement (due, not completed).

The Dinty Lake Property is subject to a 1% NSR, which may be purchased by the Company for \$1,500,000.

During the year ended March 31, 2016, the Company recorded an impairment on the carrying value of the Dinty Lake Property of \$132,737 reducing its carrying value to \$1.

During the year ended March 31, 2017, the Company incurred acquisition costs of \$100,000 and recorded an impairment on the Mitchell Lake Property of \$100,000, reducing the carrying value to \$1. During the year ended March 31, 2018, the Company terminated the Dirty Lake option agreement.

UNITY ENERGY CORP.

Notes to the financial statements

As at and for the years ended March 31, 2018 and 2017

(Expressed in Canadian Dollars)

5. Exploration and evaluation assets (cont'd)

Margurete Gold Property

On September 5, 2017, the Company entered into an agreement to earn 100% interest in certain mineral claims, referred to as the "Margurete Gold Property" by paying the following:

- \$50,000 in cash;
- A further \$90,000 in 18 months;
- A further \$200,000 in 36 months;
- The Company must complete \$300,000 exploration expenditures within 5 years of the signing of the agreement.

The purchaser has the right to accelerate any of the payments completed under this agreement.

A 1% GORR has been granted to the vendor, of which ½% can be purchased by the Company for \$1,000,000.

During the year ended March 31, 2018, the Company incurred \$50,000 in acquisition expenditures and \$35,480 in exploration expenditures on the Margurete Gold Property.

On June 6, 2018, the Company amended its Option Agreement for the Margurete Property, originally dated September 5, 2018. Under the amended terms, the previous GORR ("Gross Overriding Royalty") will be replaced with a NSR ("Net Smelter Return"). The arms length Vendor shall retain a one percent (1%) NSR, with a buyback provision of one-half percent (1/2%) to the Company for \$1,000,000.

All other terms and conditions of the original Option Agreement shall remain in full force and effect.

A summary of the Company's exploration and evaluation assets is shown below:

	Thorburn Lake	Carswell Property	Mitchell Lake	Miller Crossing	Carter Lake	Margurete Gold	Other	Total
Acquisition Costs								
Balance, March 31, 2017	1	4,031	1	1	1	-	1	4,036
Additions	-	-	-	-	-	50,000	-	50,000
Disposition	-	-	-	-	-	-	-	-
Impairment	-	(4,031)	-	(1)	-	-	-	(4,032)
Balance, Mar 31, 2018	1	-	1	-	1	50,000	1	50,004
Exploration Costs								
Balance, March 31, 2017	-	-	-	-	-	-	8	8
Additions	-	-	-	-	-	35,480	-	35,480
Disposition	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Balance, Mar 31, 2018	-	-	-	-	-	35,480	8	35,488
Total March 31, 2017	1	4,031	1	1	1	-	9	4,044
Total Mar 31, 2018	1	-	1	-	1	85,480	9	85,492

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

6. Share capital

Authorized share capital

Unlimited number of common shares without par value

Issued share capital

2017

On April 15, 2016, the Company issued 741,667 units for total gross proceeds of \$445,000. Of the amount subscribed, \$97,000 was offset against existing accounts payable and \$348,000 was received in cash. Each unit consists of one common share and one-half transferrable share purchase warrant exercisable at a price of \$0.30 per share for a period of 2 years.

On November 17, 2016, the Company issued 666,667 shares with a fair value of \$100,000 pursuant to the Waterbury Lake and Lampin Lake Property option agreements (Note 5).

On February 16, 2017, the Company closed the 1st tranche of a private placement issuing 833,333 common shares for total gross proceeds of \$125,000. The Company received \$75,000 in cash proceeds and issued 1,000,000 common shares to settle accounts payable of \$50,000. Of the amount subscribed, \$21,000 was received in cash subsequent to March 31, 2017. On February 24, 2017, the Company closed the 2nd tranche of the private placement issuing 1,166,667 common shares for total gross proceeds of \$175,000. The Company received \$25,000 in cash proceeds and issued 1,000,000 shares to settle \$125,000 in accounts payable.

On March 21, 2017, the Company completed a share consolidation of three (3) old common shares for one (1) new common share. All share amounts are stated on a post-consolidation basis.

2018

On September 27, 2017, the Company issued 1,414,550 common shares for total gross proceeds of \$155,601. Of the amount subscribed, \$106,101 was offset against existing accounts payable and \$49,500 was offset against short term loans.

On November 22, 2017, the Company issued 1,800,000 common shares for total gross proceeds of \$180,000. Of the amount subscribed, \$160,000 was offset against existing accounts payable.

On January 31, 2018, the Company issued 1,525,000 common shares for total gross proceeds of \$137,250. Of the amount subscribed, \$107,550 was offset against existing accounts payable.

Share-based payment reserve

Share-based payment reserve records the fair value of warrants and options issued for services until such time that the options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

6. Share capital (cont'd)

Stock options

The Company has a Stock Option Plan (the "Plan"), which follows the policies of the TSX-V regarding stock option awards granted to employees, directors and consultants. The stock option plan allows a maximum of 10% of the issued shares to be reserved for issuance under the plan.

	Number of options outstanding	Number of options exercisable
Balance, March 31, 2016	333,333	333,333
Granted	-	-
Expired	(195,000)	(195,000)
Balance, March 31, 2017	138,333	138,333
Granted	-	-
Expired	(138,333)	(138,333)
Balance, March 31, 2018	-	-

On December 15, 2016, the outstanding options were re-priced at \$0.05. The Company recorded stock based compensation expense of \$16,811 related to the modification of the options. On April 25, 2017, all remaining outstanding options expired unexercised.

Warrants

At March 31, 2018, the details of warrants outstanding are as follows:

	Number of warrants outstanding
Balance, March 31, 2017	370,833
Expired	-
Issued	-
Balance, March 31, 2018	370,833

The weighted average contractual life and weighted average exercise price of the warrants outstanding are 0.04 years and \$0.30, respectively. The warrants expired unexercised on April 15, 2018.

7. Trade and other payables

	March 31, 2018	March 31, 2017
Trade and other payables	\$ 35,329	\$ 22,911
Accrued liabilities	30,700	12,300
	\$ 66,029	\$ 35,211

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

8. Related party transactions

During the year ended March 31, 2018, the Company:

- a) Incurred management fees of \$124,600 (2017 - \$115,000) to a director of the Company;
- b) Issued share-based compensation of \$Nil (2017 - \$16,811) to directors and a consultant of the company;
- c) Incurred consulting fees of \$93,100 (2017 - \$33,100), of which \$36,100 (2017 - \$3,600) was to a director of the Company and \$57,000 (2017 - \$29,500) was to a company controlled by a common director.
- d) Incurred management and consulting fees of \$Nil (2017 - \$14,500) to a company controlled by a former officer of the Company.
- e) The Company issued 1,634,550 common shares with fair value of \$158,801 to settle accounts payable with directors and officers of the Company.

As at March 31, 2018, \$17,802 (2017 - \$2,290) was owed to directors.

The Company had the following transactions with key management personnel:

	March 31, 2018	March 31, 2017
Management and consulting fees	\$ 217,700	\$ 162,600
Share based compensation	-	16,811
Total	\$ 217,700	\$ 179,411

The Company's earn-in agreement on the Carter Lake Property constitutes a related party transaction as Aldever Resource Inc. is related through common directors and officers. The Company terminated the Carter Lake option agreement during the year ended March 31, 2017.

9. Capital management

The Company manages its capital structure, consists of working and share capital, and makes adjustments to it depending on the funds available to the Company for acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The exploration and evaluation assets in which the Company currently has interests are in the exploration stage. As such, the Company is dependent on external financing to fund its activities. In order to carry out its planned exploration and pay for on-going general and administrative expenses, the Company will use existing working capital and expects to raise additional amounts through related parties or private placements as needed. The Company will continue to assess new exploration and evaluation assets and seeks to acquire additional interests if sufficient geologic or economic potential is established and adequate financial resources are available.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

9. Capital management (cont'd)

Management reviews its capital management approach on an on-going basis and believes that this approach, given the small size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements and there were no significant changes in its approach to capital management during the year ended March 31, 2018.

10. Financial instruments and risk management

Financial instruments

Fair value

As at March 31, 2018, the Company's financial instruments consisted of cash and cash equivalents, receivables, investments and trade payables. The fair values of cash and cash equivalents, receivables and trade and other payables approximate their carrying values.

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 which are observable for the asset or liability either directly or indirectly;

Level 3: Inputs that are not based on observable market data

Cash and cash equivalents are classified as a level 1 input. The Company also classifies the share component of its investment as level 1 and the warrant component of the investment as level 3.

Risk management

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash held in bank accounts. The majority of cash is deposited in bank accounts held with one major bank in Canada so there is a concentration of credit risk. This risk is managed by using a major bank that is a high credit quality financial institution as determined by rating agencies. The Company's secondary exposure to risk on its sales tax receivable is minimal since it is recoverable from the Canadian government.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the Company's functional currency. The Company only operates in Canada and is therefore not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of a financial instrument will fluctuate because of changes in market interest rate. The Company's exposure to interest rate risk relates to its ability to earn interest income on cash and cash equivalents balances at variable rates. The risk is minimal.

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 has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company attempts to ensure there is sufficient access to funds to meet on-going business requirements, taking into account its current cash position and potential funding sources.

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

11. Income taxes

The following table reconciles the expected income tax expense (recovery) at the Canadian statutory rates to the amounts recognized in the statements of operations and comprehensive loss for the years ended March 31, 2018 and 2017:

	2018	2017
	\$	\$
Loss before taxes	(523,334)	(1,278,126)
Statutory tax rate	26.25%	26.00%
Expected tax recovery	(137,375)	(332,313)
Differences resulting from:		
Non-deductible items	10,897	2,265
Change in deferred tax asset not recognized	130,356	326,170
Total income tax expense (recovery)	3,878	(3,878)
Current tax expense (recovery)	-	-
Deferred tax expense (recovery)	3,878	(3,878)
	3,878	(3,878)

During the year ended March 31, 2017 the Canadian statutory tax rate increased due to an increase in the British Columbia provincial tax rate on January 1, 2018.

The deferred tax assets (liabilities) as at March 31, 2018 and 2017 are comprised of the following:

	2018	2017
	\$	\$
Deferred tax assets (liabilities)		
Non-capital losses	1,865	6,319
Long-term investments	(1,865)	(6,319)
Net deferred tax asset (liability)	-	-

The unrecognized deductible temporary differences as at March 31, 2018 and 2017 are comprised of the following:

	2018	2017
	\$	\$
Exploration and evaluation assets	3,534,739	3,811,131
Property and equipment	802	802
Financing costs	-	7,930
Non-capital losses	2,896,121	2,386,607
Total unrecognized deductible temporary differences	6,446,980	6,208,248

UNITY ENERGY CORP.
Notes to the financial statements
As at and for the years ended March 31, 2018 and 2017
(Expressed in Canadian Dollars)

As at March 31, 2018, the Company has not recognized a deferred tax asset in respect of non-capital loss carry-forwards of approximately \$2,896,121 (2017: \$2,386,607) which may be carried forward to apply against future income for Canadian income tax purposes, subject to the final determination by taxation authorities, expiring in the following years:

2027	\$ 26,818
2028	69,849
2029	143,164
2030	142,938
2031	235,120
2032	382,724
2033	203,815
2034	236,746
2035	366,086
2036	155,735
2037	418,102
2038	473,331
	<hr/>
	\$ 2,896,121

12. Subsequent Events

On June 6, 2018, the Company amended its Option Agreement for the Margurete Property, originally dated September 5, 2018. Under the amended terms, the previous GORR ("Gross Overriding Royalty") will be replaced with a NSR ("Net Smelter Return"). The arms length Vendor shall retain a one percent (1%) NSR, with a buyback provision of one-half percent (1/2%) to the Company for \$1,000,000. All other terms and conditions of the original Option Agreement shall remain in full force and effect.