



MegumaGold Corp.
(Formerly Coronet Metals Inc.)

Consolidated Financial Statements

For the Years Ended March 31, 2018 and 2017



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MegumaGold Corp. (Formerly Coronet Metals Inc.):

We have audited the accompanying consolidated financial statements of MegumaGold Corp., which comprise the consolidated statements of financial position as at March 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in shareholders' 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 auditor's 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 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 MegumaGold Corp. as at March 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

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

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

July 18, 2018
Vancouver, B.C.

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2018 AND 2017
EXPRESSED IN CANADIAN DOLLARS

	March 31, 2018	March 31, 2017
	\$	\$
Assets		
Current assets		
Cash	2,681,156	335,686
Other receivable	16,393	15,310
Prepaid expenses	228,936	29,838
	2,926,485	380,834
Non-current assets		
Exploration and evaluation assets <i>(note 5)</i>	55,300	1,462,994
Total assets	2,981,785	1,843,828
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities <i>(notes 7 and 11)</i>	478,925	424,456
Total liabilities	478,925	424,456
Shareholders' Equity		
Share capital <i>(note 8)</i>	21,235,717	18,083,875
Subscriptions received in advance <i>(note 8)</i>	50,000	-
Share-based payment reserve <i>(note 8)</i>	3,077,680	2,608,238
Deficit	(21,860,537)	(19,272,741)
	2,502,860	1,419,372
Total liabilities and shareholders' equity	2,981,785	1,843,828

-See Accompanying Notes-

Nature of operations and going concern *(note 1)*
Subsequent events *(note 16)*

Approved on behalf of the Board on July 18, 2018:

"Steve Stine"

Director

"Fred Tejada"

Director

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
EXPRESSED IN CANADIAN DOLLARS

	March 31, 2018	March 31, 2017
	\$	\$
EXPENSES (INCOME)		
Professional fees	73,183	42,609
General and administrative <i>(note 9)</i>	73,462	29,968
Regulatory, transfer agent and filing fees	50,052	28,084
Management, consulting and director's fees <i>(note 11)</i>	497,690	198,930
Stock-based compensation <i>(note 8)</i>	405,392	30,900
Interest income	-	(18)
Foreign exchange gain	(3,660)	(160,106)
Impairment of exploration and evaluation assets <i>(note 5)</i>	1,491,677	-
Loss on disposal of equipment <i>(note 6)</i>	-	578,372
Net loss and comprehensive loss for the year	(2,587,796)	(748,739)
Loss per share		
Basic and diluted loss per share	(0.11)	(0.05)
Weighted average number of shares outstanding	23,307,057	15,591,935

-See Accompanying Notes-

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
EXPRESSED IN CANADIAN DOLLARS

	Attributable to equity shareholders of the Company					
	Share capital #	Share capital \$	Subscriptions received in advance \$	Share-based payment reserve \$	Deficit \$	Total equity \$
Balance – March 31, 2017	16,405,102	18,083,875	-	2,608,238	(19,272,741)	1,419,372
Net loss	-	-	-	-	(2,587,796)	(2,587,796)
Stock based compensation (note 8)	-	-	-	405,392	-	405,392
Private placement (note 8)	23,025,000	3,285,000	-	-	-	3,285,000
Subscription received in advance	-	-	50,000	-	-	50,000
Asset acquisition	187,500	35,625	-	-	-	35,625
Share issuance costs (note 8)	-	(168,783)	-	64,050	-	(104,733)
Balance – March 31, 2018	39,617,602	21,235,717	50,000	3,077,680	(21,860,537)	2,502,860
Balance – March 31, 2016	14,589,102	17,609,985	-	2,584,637	(18,524,002)	1,670,620
Net loss	-	-	-	-	(748,739)	(748,739)
Stock based compensation (note 8)	-	-	-	30,900	-	30,900
Private placement (note 8)	1,616,000	468,640	-	-	-	468,640
Options exercised (note 8)	200,000	20,000	-	-	-	20,000
Fair value of options exercised (note 8)	-	14,000	-	(14,000)	-	-
Share issuance costs (note 8)	-	(28,750)	-	6,701	-	(22,049)
Balance – March 31, 2017	16,405,102	18,083,875	-	2,608,238	(19,272,741)	1,419,372

-See Accompanying Notes-

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
EXPRESSED IN CANADIAN DOLLARS

	March 31, 2018 \$	March 31, 2017 \$
Cash flows used for operating activities		
Net loss for the years	(2,587,796)	(748,739)
Adjustments for items not involving cash:		
Loss on disposal of equipment	-	578,372
Unrealized foreign exchange gain	(2,201)	(163,435)
Stock-based compensation	405,392	30,900
Impairment of exploration and evaluation assets	1,491,677	-
	(692,928)	(302,902)
Changes in non-cash working capital items:		
Increase in other receivable	(1,083)	(14,088)
Decrease in prepaid expenses	(199,098)	(18,208)
Increase in accounts payable and accrued liabilities	56,670	69,336
Net cash used in operating activities	(836,439)	(265,862)
Investing activities		
Acquisition of exploration and evaluation assets	(20,000)	-
Proceeds from disposition of equipment	-	85,758
Exploration and evaluation expenditures	(35,483)	(87,272)
Net cash provided used in investing activities	(55,483)	(1,514)
Financing activities		
Proceeds from issuance of common shares	3,205,000	468,640
Proceeds from exercise of options	-	20,000
Subscription received in advance	50,000	-
Share issuance costs	(17,608)	(22,049)
Net cash provided by financing activities	3,237,392	466,591
Change in cash	2,345,470	199,215
Cash, beginning	335,686	136,471
Cash, ending	2,681,156	335,686

Supplemental disclosure with respect to cash flows (note 14)

-See Accompanying Notes-

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

1. Nature of operations and going concern

MegumaGold Corp. (*formerly* Coronet Metals Inc.) (“the Company” or “MegumaGold”) was incorporated pursuant to the Business Corporation Act (British Columbia). The Company is a listed issuer on the Canadian Securities Exchange (“CSE”) under the symbol “NSAU”, the Frankfurt Stock Exchange under the symbol FWB: 2CM and on the United States OTC stock market’s OTC Pink, under the symbol NSAUF. The Company’s registered office is at 789 West Pender Street, Suite 810, Vancouver, British Columbia, V6C 1H2, Canada and its head office is located at Suite 2630-1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9, Canada.

The Company is engaged in the business of acquiring, exploring and developing natural resource properties, with a focus on precious metal properties located in Canada.

These consolidated financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. Several material uncertainties lend significant doubt on the validity of this assumption. The Company has incurred losses since inception and has no current source of revenue. Continuing operations, as intended, are dependent on management’s ability to raise required funding through future equity issuances, its ability to acquire resource property or business interests and develop profitable operations or a combination thereof, which is not assured given the volatile and uncertain financial markets. These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. At March 31, 2018, the Company had a deficit of \$21,860,537 and working capital of \$2,447,560. There can be no assurance that the Company will be able to continue to raise funds, in which case the Company may be unable to meet its obligations. Should the Company be unable to continue as a going concern, the net realizable values of its assets may be materially less than the amounts recorded on the consolidated statements of financial position.

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) as set out in the Chartered Professional Accountants of Canada Handbook – Accounting – Part 1 (“CPA Handbook”). The accounting policies presented in Note 3 were consistently applied to all years presented.

The Board of Directors approved these consolidated financial statements on July 18, 2018.

Basis of measurement

These consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. In addition, these consolidated financial statements have been prepared on the historical-cost basis, except for the revaluation of certain financial assets and financial liabilities to fair value.

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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2. Basis of presentation (continued)

Significant Subsidiary (Consolidated) – Ownership

	Country of Incorporation	March 31, 2018	March 31, 2017
White Caps Gold Mining Company Inc. ("WCGM")	United States	100%	100%

Functional and presentation currency

Items included in the consolidated financial statements of the Company and its subsidiary are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The consolidated financial statements are presented in Canadian dollars, which is the Functional Currency of the Company and its subsidiary.

3. Significant accounting policies

3.1. Cash and cash equivalents

Cash and cash equivalents include cash on hand readily convertible into a known amount of cash and can be redeemed at any time without penalties.

3.2. Property and Equipment

Items of property and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment. Cost includes expenditures that are directly attributable to the acquisition, the development and construction of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Items of property and equipment that are not available for use are not being depreciated.

The carrying amount of a replaced asset is derecognized when replaced. Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included net as part of other income in the consolidated statements of loss and comprehensive loss during the period in which they are incurred.

Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Repairs and maintenance costs are charged to the consolidated statements of loss and comprehensive loss during the period in which they are incurred.

The major categories of property and equipment are depreciated as follows:

Office furniture and other equipment	Straight line 10%
Communication and computer equipment	Straight line 25%

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3. Significant accounting policies (continued)

3.3. Exploration and evaluation assets

The Company capitalizes the direct costs of acquiring mineral property interests. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Exploration and evaluation costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration and development costs are capitalized. Exploration and evaluation costs include the related value-added taxes because the recoverability of these amounts is uncertain.

Ownership in mineral properties involves certain inherent risks due to the difficulties of determining and obtaining clear title to claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristics of many mineral properties. The Company has investigated ownership of its mineral properties and, to the best of its knowledge, ownership of its interests is in good standing.

3.4 Impairment of non-financial assets

The Company's non-financial assets, such as property and equipment and exploration and evaluation assets, are reviewed for impairment whenever facts and circumstances indicate that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGUs"). The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized in the consolidated statement of loss and comprehensive loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

Non-financial assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of an impairment loss is recognized in the consolidated statements of loss and comprehensive loss.

3.5. Financial instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of cash and is included in current assets.

Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payables & accrued liabilities and long-term payables. Accounts payable & accrued liabilities and long-term payables are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payable and accrued liabilities and long-term payables are measured at amortized cost using the effective interest method. Contingent consideration is recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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3. Significant accounting policies (continued)

3.5. Financial instruments (continued)

Financial liabilities at amortized cost (continued)

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

3.6. Provisions

Provisions for environmental restoration and legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation as per management's best estimate using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as a finance cost.

At each reporting date, the liability is increased to reflect the interest element or accretion reflected in its initial measurement, and will also be adjusted for changes in the estimate of the amount, timing, change in discount rate and cost of the work to be carried out.

3.7. Stock-based compensation

The Company records stock-based compensation expense for share options granted to directors, officers and consultants using the fair value method. Option terms and vesting conditions are at the discretion of the Board of Directors. The fair value of each installment of share options granted is determined using the Black-Scholes Option Pricing Model. Share-based compensation expense is calculated for each installment over the vesting period based on the number of stock options expected to vest. Share-based compensation expense is recorded in the consolidated statements of loss and comprehensive loss with a corresponding increase to share-based payment reserve. Forfeiture estimates are based on historic information and reviewed at each reporting date, with any impact being recognized immediately in the consolidated statements of loss and comprehensive loss. When stock options are exercised the consideration received and the amount previously recognized in share based payment reserve is recorded as an increase to share capital.

3.8. Warrants

The Company makes certain estimates and assumptions when calculating the estimated fair value of warrants issued. The significant assumptions used include the estimate of expected volatility, expected life, expected dividend rate and expected risk-free rate of return. Changes in these assumptions may result in a material change to the value of the warrants issued.

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3. Significant accounting policies (continued)

3.9. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognized as a finance lease obligation within long-term debt. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3.10. Income taxes

Tax is recognized in the consolidated statements of loss and comprehensive loss, except to the extent that it relates to items recognized in other comprehensive loss or directly in equity. In this case, tax is also recognized in other comprehensive loss or directly in equity, respectively.

i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted at the reporting date, in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset if, and only if, the taxable entity has a legally enforceable right to set off the recognized amounts, the income taxes relate to the same taxable entity and the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the date of the consolidated statements of financial position between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred tax assets and liabilities are recognized for all temporary differences, except in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets and deferred tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity, and the Company intends to settle its current tax assets and liabilities on a net basis.

3.11. Loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company.

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
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3. Significant accounting policies (continued)

3.11. Loss per share (continued)

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. In calculating the diluted loss per share, the weighted average number of common shares outstanding 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. For the periods presented, this calculation proved to be anti-dilutive.

3.12. Foreign currency translation of transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transactions. Monetary assets and liabilities of the Company's operations denominated in a currency other than the Canadian dollar are translated using exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates on the dates of the initial transactions. Revenue and expense items are translated at the exchange rates in effect at the date of the underlying transaction, except for amortization related to non-monetary assets, which are translated at historical exchange rates. Exchange differences are recognized in the consolidated statements of loss and comprehensive loss in the period in which they arise.

3.13. Segmented Information

The Company's business consists of a single reportable segment being mineral exploration and development. As the operations comprise a single reporting segment, amounts disclosed in the consolidated statements of loss and comprehensive loss for the period also represent segment amounts. At March 31, 2018, the Company's mineral properties are located in the United States and Canada (2017 - United States).

3.14. Related party transactions

All transactions with related parties are measured at the exchange amount (note 11).

3.15. Recent accounting pronouncements

New standards and interpretations not yet adopted

The following new standard and amendments to the standard is not yet effective and has not been applied in preparing these consolidated financial statements. Accordingly, the Company expects to adopt this standard in the future as set forth below.

IFRS 9, Financial Instruments

IFRS 9, "Financial instruments" ("IFRS 9") introduces new requirements for the classification and measurement of financial assets. IFRS 9 required all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2018 AND 2017
EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

3. Significant accounting policies (continued)

3.15. Recent accounting pronouncements (continued)

IFRS 9, Financial Instruments (continued)

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013 to: (i) include guidance on hedge accounting; (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9; and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS 9 was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company determined the impact of the new standard on its consolidated financial statements to not be material.

IFRS 16, Leases

IFRS 16, "Leases" ("IFRS 16") a new standard on lease accounting, was issued on January 13, 2016 and replaces the current guidance in IAS 17. The new standard results in substantially all lessee leases being recorded on the consolidated statement of financial position. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact of this new standard on the Company's financial statement measurements and disclosures. The Company determined the impact of the new standard on its consolidated financial statements to not be material.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a material impact on the Company's consolidated financial statements. These include, but are not limited to, IFRS 15 Revenue from Contracts with Customers. IFRS 15 has an effective date for annual reporting periods beginning on or after January 1, 2018.

4. Critical accounting estimates and judgments

The preparation of the Company's 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 consolidated financial statements and the reported expenses during the period. Significant areas where judgment is applied include the carrying value and recoverability of mineral property costs and the valuations of the non-cash transactions. Actual results could differ from these estimates. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The estimates and assumptions that have a significant risk of causing material adjustments to the Company's consolidated financial statements are addressed below.

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. Critical accounting estimates and judgments (continued)

i) The impairment of exploration and evaluation assets. At the end of each reporting period, the Company reviews the carrying amounts of its assets for impairment whenever facts and circumstances indicate that the carrying amounts may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units; otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. The recoverable amount of an asset is the higher of fair value less costs 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 current market. Assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in the consolidated statements of loss and comprehensive loss.

- ii) The inputs used for share-based compensation calculation. The Company provides compensation benefits to its consultants, directors and officers through a stock option plan. The fair value of each option award is estimated on the date of the grant using the Black-Scholes Option Pricing Model. Expected volatility is based on historical volatility of the Company's share price. Historical data is utilized to estimate option exercises and forfeiture behavior with the valuation model. The risk-free rate for the expected term of the option is based on the Government of Canada yield curve in effect at the time of the grant.
- iii) The valuations of shares issued in non-cash transactions using the Company's quoted share price as the fair value based measurement on the date the shares become legally payable for the transaction.

5. Exploration and evaluation assets

	White Caps Gold Project \$	Tay-LP Gold Property \$	Total \$
Balance, March 31, 2016	1,375,722	-	1,375,722
Exploration expenditures	87,272	-	87,272
Balance, March 31, 2017	1,462,994	-	1,462,994
Acquisition costs	-	48,500	48,500
Exploration expenditures	28,683	6,800	35,483
Impairment	(1,491,677)	-	(1,491,677)
Balance, March 31, 2018	-	55,300	55,300

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5. Exploration and evaluation assets (continued)

White Caps Gold Project

On October 31, 2012, the Company acquired a 100% interest in White Caps Gold Mining Company, Inc., which holds the White Caps Gold Project in the Manhattan Mining District of south-central Nevada ("White Caps" or "The Project"). The Project currently comprises 121 patented and unpatented mining and mill site claims, and includes the Manhattan Mill.

On April 19, 2017 the Company entered into a Joint Venture agreement with Mineworkx Technologies Inc. ("Mineworkx"), a 100% wholly owned subsidiary of Iberian Minerals Ltd. (TSXV: IML) (OTCQB: SLDRF) ("Iberian") to process the estimated 250,000 tonnes gold bearing historic tails and mine dumps in the Project. Through the Company's wholly-owned subsidiary, "White Caps Mining Company" ("WCMC"), the Company controls the historic tails and mine dumps. Subsequent to the year ended March 31, 2018, the Joint Venture agreement was mutually terminated.

During the year ended March 31, 2018, indicators of impairment existed leading to a test of recoverable amounts for the White Caps Gold project. A value in use calculation is not applicable for the Project as the Company does not have any expected cash flows from the property at this stage of operations. In addition, the Company has changed its strategy to focus on its Canadian gold properties. In estimating the fair value less costs of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than \$nil. As such, the project was fully impaired resulting in impairment expense of \$1,491,677 during the year ended March 31, 2018.

Tay-LP Gold Property Mineral Option

Pursuant to a Mineral Property Option Agreement (the "Option Agreement"), the Company has the right to explore and develop the Tay-LP Gold Property ("Tay-LP") located approximately 47 kilometers southwest of Ross River, Yukon Territory and consists of 413 claims covering approximately 7,880 hectares.

On November 6, 2017, the Company obtained an option to earn a 100% interest subject to a 2% NSR royalty. The Company issued 37,500 shares as a finder's fee with a fair value of \$7,125 for the Tay-LP Gold Property Mineral Option. To exercise the Option Agreement, the Company must pay a total of up to \$350,000 cash consideration, issue 150,000 shares and incur \$1,900,000 of exploration work as follows:

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5. Exploration and evaluation assets (continued)

Tay-LP Gold Property Mineral Option (continued)

Cash consideration:

- (i) \$10,000 paid within 5 days of the agreement (paid);
- (ii) a further \$10,000 to be paid on or before February 6, 2018 (paid);
- (iii) a further \$30,000 to be paid on or before December 30, 2018;
- (iv) a further \$60,000 to be paid on or before December 30, 2019;
- (v) a further \$80,000 to be paid on or before December 30, 2020; and
- (vi) a further \$160,000 to be paid on or before December 30, 2021.

Share consideration:

150,000 shares issued within five days of signing of the agreement (issued with a fair value of \$28,500);

Exploration expenditures:

- (i) \$150,000 work to be incurred on or before December 30, 2018;
- (ii) \$250,000 work to be incurred before December 30, 2019;
- (iii) \$500,000 work to be incurred before December 30, 2020; and
- (iv) \$1,000,000 to be incurred before December 30, 2021.

The Optionor will retain a 2% net smelter return upon completion of all terms to acquire 100% of the property, with a \$20,000 pre-production Royalty payable on or before December 30 of each year.

In the event the option is cancelled, at any time, the optionee must insure all claims will have at least one year's assessment work or will pay cash-in-lieu to the optionor.

6. Property and equipment

	Buildings and equipment related to mining operation
	\$
Year ended March 31, 2017	
Opening net book value	499,000
Disposals	(295,000)
Impairment	(204,000)
Closing net book value, March 31, 2018 and 2017	-

Impairment of assets

WCGM

During the year ended March 31, 2017, the Company disposed of all remaining equipment with a net book value of \$295,000 for \$85,758, resulting in a loss on disposal of \$209,242 in net book value. The Company assessed the value of the remaining property and recorded an impairment of \$204,000. The foreign exchange effect on the loss on disposal and impairment was \$165,130.

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7. Accounts payable and accrued liabilities

	March 31, 2018	March 31, 2017
	\$	\$
Accounts payable	158,049	235,933
Accrued liabilities (<i>Note 11</i>)	320,876	188,523
	478,925	424,456

All payables are unsecured, non-interest bearing, incurred in the normal course of the Company's business operations and are within the credit terms of each relevant supplier or service provider.

8. Share capital and reserves

Authorized share capital

Unlimited common shares without nominal or par value.

Issuance of shares and warrants

Shares Issued for the year ending March 31, 2018

The Company issued 150,000 common shares pursuant to its Tay-LP mineral property acquisition option agreement at a fair value of \$0.19 per share for a total fair value of \$28,500 (note 5).

The Company issued 37,500 common shares as a finder's fee pursuant to its Tay-LP mineral property agreement at a fair value of \$0.19 per share for a total fair value of \$7,125 (note 5).

On November 22, 2017, the Company closed a non-brokered private placement of 11,111,112 units at \$0.09 per unit for gross proceeds of \$1,000,000. Each unit consists of one common share of the Company and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share of the Company at an exercise price of \$0.13 for a period of two years.

In connection with this private placement, the Company paid a cash fee of \$5,833 and issued 888,888 finder's fee units. Each Finder's fee unit consists of one common share and one-half of a share purchase warrant, with one whole warrant exercisable into one common share at an exercise price of \$0.13 for a period of two years. The fair value of the finder's fee common shares was \$80,000 and the fair value of the finder's fee warrants was determined to be \$64,050 using the Black-Scholes Option Pricing Model using the following assumptions: dividend yield - 0%, risk-free rate - 1.52%, volatility - 191%, forfeiture rate - 0% and expected life - 2 years.

On January 3, 2018, the Company completed a non-brokered private placement of 11,025,000 flow-through shares at a subscription price of \$0.20 per Flow-Through share for gross proceeds of \$2,205,000. In connection with this private placement, the Company paid a regulatory cash filing fee of \$11,775. As the Company's share price exceeded the subscription price on issuance, no flow-through premium was recognized.

During the year ended March 31, 2018, the Company received \$50,000 in share subscriptions towards a private placement closed subsequent to the year ended March 31, 2018.

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8. Share capital and reserves (continued)

Issuance of shares and warrants (continued)

Shares Issued for the year ending March 31, 2017

In September 2016, the Company closed a private placement of 1,616,000 units at \$0.29 per unit for gross proceeds of \$468,640. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to acquire an additional common share at an exercise price of \$0.50 for one year. In relation to this private placement, the Company incurred \$22,049 share issuance costs in cash and issued 45,840 finders' warrants with a fair value of \$6,701 using the Black-Scholes Option Pricing Model using the following assumptions: dividend yield - 0%, risk-free rate - 0.57%, volatility - 173%, forfeiture rate - 0% and expected life - 1 year.

During the year ended March 31, 2017, 200,000 options were exercised at \$0.10 per share for gross proceeds of \$20,000. The fair value of the options exercised in the amount of \$14,000 was reallocated from share-based payment reserve to share capital.

Warrants

On September 13, 2017, the Company received TSX-V approval for the amendment of the terms of 1,616,000 common share purchase warrants as follows:

- The expiry date be extended by two years to September 19, 2019;
- The exercise price be lowered from \$0.50 to \$0.35 per common share.

Concurrent with the exercise price amendment, the term of these warrants is also being amended to include an accelerated expiry clause such that the exercise period of the warrants will be reduced to 30 days if, for any ten consecutive trading days during the unexpired term of the warrant (the "Premium Trading Days"), the closing price of the Company's common shares exceeds the exercise price of the Warrants by 25% and for more certainty, the reduced exercise period of 30 days will begin no more than 7 calendar days after the tenth Premium Trading Day.

Warrant transactions outstanding and exercisable for the period ended March 31, 2018 were as follows:

	Number of Warrants #	Weighted average exercise price \$
Balance, March 31, 2016	-	-
Issued	1,661,840	0.50*
Balance, March 31, 2017	1,661,840	0.35*
Issued	11,555,556	0.13
Expired	(45,840)	0.50*
Balance, March 31, 2018	13,171,556	0.16*

*See discussion above.

The remaining contractual life for the warrants outstanding was 1.63 years.

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8. Share capital and reserves (continued)

Stock options

The Company has an incentive stock option plan which provides that the Board of Directors of the Company may from time to time, in its discretion, grant to directors, officers, employees and technical consultants to the Company, non-transferable options to purchase common shares. The Company can grant up to 10% of the Company's issued and outstanding share capital on a rolling basis. Such options will be exercisable for a period of up to four years from the date of grant. Vesting terms are determined by the Board of Directors at the time of grant.

The following table summarizes the changes in the outstanding stock options:

	Number of options	Weighted average exercise price
Options outstanding and exercisable – March 31, 2016	94,444	\$ 3.60
Expired	(94,444)	3.60
Exercised	(200,000)	0.10
Issued	449,500	0.10
Options outstanding and exercisable – March 31, 2017	249,500	\$ 0.01
Expired	-	-
Exercised	-	-
Issued	2,500,000	0.165
Options outstanding and exercisable – March 31, 2018	2,749,500	\$ 0.165

During the year ended March 31, 2018, the Company granted 2,500,000 stock options to its officers and directors. The options vest immediately and are exercisable at \$0.165 per share for a period of five years. The fair value of the options granted was determined to be \$405,392 using the Black-Scholes Option Pricing Model with the following assumptions: dividend yield - 0%, risk-free rate - 2.08%, volatility - 211%, forfeiture rate - 0% and expected life - 5 years.

During the year ended March 31, 2017, the Company granted 449,500 stock options to its officers and directors. The options vest immediately and are exercisable at \$0.10 per share for a period of four years. The fair value of the options granted was determined to be \$30,900 using the Black-Scholes Option Pricing Model with the following assumptions: dividend yield - 0%, risk-free rate - 0.70%, volatility - 107%, forfeiture rate - 0% and expected life - 4 year.

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8. Share capital and reserves (continued)

Stock options (continued)

The range of exercise prices of stock options outstanding and exercisable as at March 31, 2018 is as follows:

Exercise prices	Outstanding options			Exercisable options	
	Number of options outstanding	Weighted average remaining term (years)	Weighted average exercise price	Number of options exercisable	Weighted average exercise price
\$0.10	249,500	0.20	\$0.01	249,500	\$0.01
\$0.165	2,500,000	4.49	\$0.165	2,500,000	\$0.15

The weighted average life of outstanding options is 4.69 years.

Share-based payment reserve

Share-based payment reserve records the stock-based compensation expenses and warrant payments for services. At the time that stock options and warrants are exercised, the corresponding amount will be transferred to share capital.

9. Expenses by nature

General and administrative expenses by nature consist of the following:

<i>For the year ended</i>	March 31, 2018	March 31, 2017
	\$	\$
Office expenses	43,390	4,157
Travel and promotion	24,357	20,241
Insurance	7,650	9,470
Other administrative expenses (recovery)	(1,935)	(3,900)
	73,462	29,968

10. Financial instruments and risks

The Company's financial instruments consist of cash, other receivable, and accounts payable. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

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

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10. Financial instruments and risks (continued)

Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's exposure to credit risk includes cash and other receivable. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. Other receivable represents GST/HST due from the Canadian government. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets. The Company has assessed credit risk as low.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient liquidity to meet its financial obligations as they come 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 cautions that there are no cash flows from operations and its holdings of cash may be inadequate to meet its anticipated short-term obligations.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding. As at March 31, 2018, the Company had a cash balance of \$2,681,156 (2017 - \$335,686) to settle current liabilities of \$478,925 (2017 - \$424,456). The Company does not have sufficient working capital to carry out all budgeted programs in fiscal 2018 and must secure additional financing during fiscal 2019 to avoid disruption in planned expenditures (see note 1). The Company has assessed liquidity risk as moderate.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign currency and price risk.

a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Company has no material exposure at March 31, 2018 to interest rate risk through its financial instruments.

b) Foreign currency risk

The operations of the Company in the USA are subject to currency fluctuations where exploration and administrative expenses are being incurred in the local currency, USD. The Company's ability to advance funds to the USA is subject to changes in the valuation of the US Dollar as well as rules and regulations of the USA government. Fluctuations in the value of the US Dollar may have an adverse effect on the operations and operating costs of the Company. The appreciation of non- Canadian Dollar currencies against the Canadian Dollar can increase the cost of exploration and potential production in Canadian Dollar terms. The Company does not use derivatives to mitigate its exposure to foreign currency risk. The Company's consolidated statement of financial position contains balances of cash, accounts payable in currencies other than its functional currency. The Company is thus exposed to foreign exchange risk. A +/- 5% change on the USD:CAD rate relating to US\$10,236 in assets (cash and prepaid expenses held in USD) could have an approximate impact of \$650. The impact on US Dollar denominated current liabilities of US\$121,582 is approximately \$8,000. Foreign currency risk is assessed as low.

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10. Financial instruments and risks (continued)

Market risk

c) Price risk

The Company's exposure to price risk with respect to commodity and equity prices is minimal due to the fact that the Company is still in the exploration stage with no earnings. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitor commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company when warranted. The Company has assessed price risk as low.

11. Related party transactions

The Company incurred the following related party transactions, with associated persons or corporations, which were measured at the exchange amount as follows:

- a) Key management includes directors, executive officers and officers which constitutes the management team. The Company paid or accrued compensation in form of consulting fees to companies controlled by directors, executive officers and officers as follows:

<i>Year-ended</i>	March 31, 2018	March 31, 2017
	\$	\$
Consulting fees	90,000	122,672
Rent	34,600	-

- b) On March 31, 2018, total amounts payable to directors and companies owned thereby in accrued liabilities were \$214,668 (2017 - \$145,938) (note 7).
- c) On June 07, 2016, Mr. Joel Dumaresq resigned as a Director of the Company. Other than consulting fees incurred up to his resignation, there were no further transactions or other amounts accrued to Pashleth Investment Ltd., a company owned by Joel Dumaresq. As of March 31, 2018, \$54,318 was payable to him and recorded in accounts payable and accrued liabilities.

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12. Segmented information

The Company operates in one segment, being mineral exploration and development. Loss for the year and total assets by geographic location are as follows:

<i>For the year ending</i>	March 31, 2018	March 31, 2017
	\$	\$
Loss		
Canada	1,092,952	270,461
United States	1,494,844	478,278
Total loss	2,587,796	748,739
	March 31, 2018	March 31, 2017
	\$	\$
Total assets		
Canada	2,970,716	369,164
United States	11,069	1,474,664
Total assets	2,981,785	1,843,828

13. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue suitable business opportunities and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage and has not achieved commercial operations from its projects, its principal source of funds is from the issuance of common shares. Further information relating to liquidity risk is disclosed in note 10.

In the management of capital, the Company includes the components of Shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and investments.

In order to facilitate the management of its capital requirements, the Company prepares monthly and annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors. The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of three months or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. The Company is uncertain as to whether its current capital resources will be sufficient to carry its exploration and development plans and operations through its current operating period and, accordingly, management is reviewing the timing and scope of current exploration plans and is also pursuing other financing alternatives to fund the Company's operations.

The Company is not subject to externally imposed capital requirements. There are no changes in the Company's approach to capital management.

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14. Supplemental disclosures with respect to cash flows

The significant non cash investing and financing activities for the year ended March 31, 2018 included:

- The issuance of 444,444 finder's warrants with a fair value of \$64,050 (note 8);
- The issuance of 150,000 common shares with a fair value of \$28,500 towards property acquisition (note 5); and
- The issuance of 888,888 common shares with a fair value of \$80,000 as finder's fee related to a private placement (note 8).

The significant non cash investing and financing activities for the year ended March 31, 2017 included:

- The issuance of 45,840 finder's warrants with a fair value of \$6,701 (note 8).

15. Income taxes

A reconciliation of income tax recoveries at the statutory rate of 26% (2017 - 26%) with the reported taxes is as follows:

	March 31, 2018	March 31, 2017
	\$	\$
Loss before income taxes	(2,587,796)	(748,739)
Expected income tax recovery	(673,000)	(195,000)
Non-deductible expenditures and non-taxable income	72,000	(195,000)
Change in unrecognized deductible temporary differences	601,000	390,000
Income tax recovery	-	-

The significant components of the Company's deferred tax assets and liabilities are as follows:

	March 31, 2018	March 31, 2017
	\$	\$
Deferred Tax Assets (liabilities):		
Resource pool	1,221,000	833,000
Property and equipment	130,000	130,000
Share issuance costs	24,000	5,000
Capital losses available for future period	919,000	919,000
Non-capital losses available for future period	1,607,000	1,413,000
	3,901,000	3,300,000
Unrecognized deferred tax assets	(3,901,000)	(3,300,000)
Net deferred tax assets	-	-

The non-capital losses expire from 2018 through 2038. The resource pool and capital losses have no expiry.

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16. Subsequent events

On April 20, 2018, the Company closed the first tranche of a private placement (the “Offering”) by issuing 10,082,500 units (“the Units”) at a subscription price of \$0.20 per Unit for gross proceeds to the Company of \$2,016,500. Each Unit consists of one common share (“Share”) and one warrant (“Warrant”) exercisable into one common share (“Warrant Share”) at \$0.50 per share for a period of two years.

The Warrants will be subject to a fourteen day forced exercise provision should the Company’s closing share price meet or exceed \$0.70 for ten consecutive trading days. The Shares and the underlying Warrant Shares issued in connection with this Offering will be subject to a statutory four month hold period expiring on August 20, 2018. A finder’s fee of \$15,390 cash and 76,950 broker warrants was paid in connection with the first tranche closing of the Offering. Each broker warrant is exercisable into a common share at a price of \$0.20 for a period of two years.

On May 2, 2018 the Company closed the second and final tranche of the private placement Offering by issuing 11,884,700 flow-through shares at a subscription price of \$0.30 per flow-through share for gross proceeds to the Company of \$3,565,410. Finders’ fees of \$231,735 cash and 705,835 common shares was paid in connection with the second and final tranche closing of the Offering. All securities issued will be subject to a statutory four month hold period expiring on September 2, 2018.

On May 16, 2018, the Company closed the acquisition of 1161097 B.C. Ltd. (“116”) by way of a three-corner amalgamation. Under the terms of the definitive acquisition agreement (the “116 Agreement”), the Company acquired 100% of 116 and assumed all of its existing assets and underlying agreements at present, including:

- 100% ownership of the Cariboo Gold Project totaling more than 4,500 hectares;
- 100% ownership of the Lac La Hache Gold Project comprised of approximately 180 hectares; and
- 100% ownership of the Pinto Gold Project comprised of approximately 80.9 hectares.

The Company issued 17.5 million shares and paid a total of CAD\$25,000 to the shareholders of 116 to satisfy the terms of the 116 Agreement. No finder’s fees were paid on this transaction.

On May 30, 2018, the Company closed the acquisition of 1156222 B.C. Ltd. (“115”) by way of a three-corner amalgamation. Under the terms of the definitive acquisition agreement (the “115 Agreement”), the Company acquired 100% of 115 and assumed all of its existing assets and underlying agreements at present, including 3,888 mineral claims totaling over 62,000 hectares of land in Nova Scotia.

The Company issued 15.5 million shares to the shareholders of 115 to satisfy the terms of the 115 Agreement. The Company also issued 1.24 million shares and paid CAD\$200,000 to an arm’s length finder in connection with the transactions contemplated in the 115 Agreement.

Effective June 4, 2018, the Company changed its name to MegumaGold Corp. and its trading symbol to “NSAU”.