MegumaGold Corp.

(Formerly Coronet Metals Inc.)

Consolidated Financial Statements

For the Year Ended March 31, 2019 and 2018

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of MegumaGold Corp.,

Opinion

We have audited the consolidated financial statements of MegumaGold Corp., (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial statements, which indicates that the Company incurred a net loss of $314,795 during the year ended March 31, 2019 and has a deficit of $22,175,332 as at March 31, 2019. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Barry Hartley.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
July 29, 2019

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
EXPRESSED IN CANADIAN DOLLARS

AS AT	**March 31, 2019 $**	March 31, 2018 $
Assets		
Current assets		
Cash and cash equivalents	**4,293,704**	2,681,156
Other receivables	**180,683**	16,393
Prepaid expenses	**65,786**	228,936
	4,540,173	2,926,485
Non-current assets		
Exploration and evaluation assets *(note 4)*	**12,125,374**	55,300
Total assets	**16,665,547**	2,981,785
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(notes 7 and 11)*	**1,034,923**	478,925
Flow through liability *(notes 8 and 12)*	**743,601**	-
Total liabilities	**1,778,524**	478,925
Shareholders' Equity		
Share capital *(note 8)*	**33,974,141**	21,235,717
Subscriptions received in advance *(note 8)*	**-**	50,000
Share-based payment reserve *(note 8)*	**3,088,214**	3,077,680
Deficit	**(22,175,332)**	(21,860,537)
	14,887,023	2,502,860
Total liabilities and shareholders' equity	**16,665,547**	2,981,785

-See Accompanying Notes-

Nature of operations and going concern *(note 1)*

Approved on behalf of the Board on July 29, 2019:

"Stephen Stine"
Director

"Fred Tejada"
Director

MEGUMAGOLD CORP
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
EXPRESSED IN CANADIAN DOLLARS

	March 31, 2019 $	March 31, 2018 $
EXPENSES		
Professional fees	**21,135**	73,183
General and administrative *(notes 9 and 11)*	**224,070**	73,462
Regulatory, transfer agent and filing fees	**32,726**	50,052
Management, consulting and director's fees *(note 11)*	**382,992**	497,690
Stock based compensation *(note 8)*	**-**	405,392
Foreign exchange loss (gain)	**4,310**	(3,660)
Interest income	**(35,643)**	-
	629,590	1,096,119
OTHER ITEMS		
Impairment *(note 4)*	**171,399**	1,491,677
Gain on disposal of subsidiary *(note 6)*	**(111,055)**	-
Flow-through liability reversal (*note 12*)	**(375,139)**	-
Net loss and comprehensive loss for the year	**(314,795)**	(2,587,796)
Basic and diluted loss per share	**(0.003)**	(0.11)
Weighted average number of shares outstanding	**89,952,811**	23,307,057

-See Accompanying Notes-

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

	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 and comprehensive loss for the year	-	-	-	-	(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 (*note 8*)	-	-	50,000		-	50,000
Shares issued for asset acquisition (*notes 4 and 8*)	187,500	35,625	-	-	-	35,625
Share issuance costs	-	(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
Net loss and comprehensive loss for the year	-	-	-	-	(314,795)	(314,795)
Private placement (*note 8*)	21,967,200	5,581,910	(50,000)	-	-	5,531,910
Flow through liability (*note 8*)	-	(1,118,740)	-	-	-	(1,118,740)
Shares issued for asset acquisition (*notes 4 and 8)*	34,240,000	8,560,000	-	-	-	8,560,000
Share issuance costs (*note 8*)	705,835	(284,746)	-	10,534	-	(274,212)
Balance – March 31, 2019	96,530,640	33,974,141	-	3,088,214	(22,175,332)	14,887,023

-See Accompanying Notes-

MEGUMAGOLD CORP
CONSOLIDATED STATEMENTS OF CASH FLOWS
EXPRESSED IN CANADIAN DOLLARS

	March 31, 2019 $	March 31, 2018 $
Cash flows provided by (used in) for operating activities		
Net loss and comprehensive loss for the year	**(314,795)**	(2,587,796)
Adjustments for items not involving cash:		
Gain on disposal of subsidiary	**(111,055)**	-
Stock based compensation	**-**	405,392
Impairment of exploration and evaluation assets	**171,398**	1,491,677
Flow-through liability reversal	**(375,139)**	-
Foreign exchange	**277**	(2,201)
	(629,314)	(692,928)
Changes in non-cash working capital items:		
Increase in other receivable	**(164,290)**	(1,083)
Increase in prepaid expenses	**163,150**	(199,098)
Increase in accounts payable and accrued liabilities	**403,090**	56,670
Net cash used in operating activities	**(227,364)**	(836,439)
Investing activities		
Exploration and evaluation assets	**(3,481,472)**	(55,483)
Proceeds from disposal of subsidiary	**13,600**	-
Net cash used in investing activities	**(3,467,872)**	(55,483)
Financing activities		
Proceeds from issuance of common shares	**5,581,910**	3,205,000
Subscriptions received in advance	**-**	50,000
Share issuance costs	**(274,126)**	(17,308)
Net cash provided by financing activities	**5,307,784**	3,237,392
Change in cash and cash equivalents	**1,612,548**	2,345,470
Cash and cash equivalents, beginning	**2,681,156**	335,686
Cash and cash equivalents, ending	**4,293,704**	2,681,156
Cash	1,658,011	-
Term deposits	2,635,693	2,681,156
	4,293,704	**2,681,156**

-See Accompanying Notes-

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. At March 31, 2019, the Company had a deficit of $22,175,332 (2018 - $21,860,532) and working capital of $2,761,649 (2018 – 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. These factors indicate that the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern.

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.

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"). 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 29, 2019.

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.

2. Basis of presentation (Continued)

Significant Subsidiaries (Consolidated) – Ownership

	Country of Incorporation	March 31, 2019	March 31, 2018
1156219 B.C. Ltd.	Canada	100%	0%
1156222 B.C Ltd.	Canada	100%	0%
1161097 B.C. Ltd.	Canada	100%	0%
White Caps Gold Mining Company Inc. ("WCGM")	United States	0%	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 all its subsidiaries.

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%

3. Significant accounting policies (continued)

3.3. Exploration and evaluation assets

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 Exploration and evaluation expenditures are capitalized. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Government tax credits received are recorded as a reduction to the cumulative costs incurred and capitalized on the related property.

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.

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

The Company adopted all of the requirements of IFRS 9 Financial Instruments on April 1, 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments in a single, forward-looking "expected loss" impairment model.

The following is the Company's new accounting policy for financial instruments under IFRS 9:

3. Significant accounting policies (continued)

3.5 Financial instruments (continued)

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI") or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at April 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	Original Classification IAS 39	New Classification IFRS 9
Cash	FVTPL	FVTPL
Other receivables	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost

The adoption of IFRS 9 resulted in no impact to the opening accumulated deficit nor to the opening balance of accumulated comprehensive income on April 1, 2018.

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of loss and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in Other Comprehensive Income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. Significant accounting policies (continued)

3.5 Financial instruments (continued)

(iii) Impairment of financial assets at amortized cost

The Company recognized a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statements of net income (loss), as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

(iv) Derecognition

Financial assets
The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the statements of net income (loss). However, gains and losses on derecognition of financial assets classified as FVTOCI remain within accumulated other comprehensive income (loss).

Financial liabilities
The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of net loss and comprehensive loss.

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. Significant accounting policies (continued)

3.7. Stock-based compensation

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 corresponding amount is recorded to the share-based payment reserve. 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.

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.

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.

3. Significant accounting policies (continued)

3.11. Income taxes (continue)

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.

iii) Flow-through shares:

The Company has adopted a policy whereby proceeds from flow-through issuance are allocated between the offering of shares and the sale of tax benefits based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized for this difference and is extinguished by crediting settlement of flow-through share premium on renunciation to the tax authorities when the Company has made the required expenditures.

3.12. 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.

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. Significant accounting policies (continued)

3.13. 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.

3.14. 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, 2019 and 2018, the Company's mineral properties are located in Canada.

3.15. Related party transactions

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

3.16. IFRS 15 Revenue from Contracts with Customers

The Company adopted IFRS 15 – Revenue from contracts with customers on April 1, 2018, in accordance with the transitional provisions of the standard. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the goods or services. The standard replaces IAS 18 Revenue and IAS 11 Construction contracts and related interpretations.

Since the Company has no revenues from contracts with customers, there was no material impact on the Company's financial statements upon adoption of this standard.

3.17. Accounting standards issued but not effective

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 - Leases which replaces IAS 17 - Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company has determined that adoption of IFRS 16 will have no material impact on the financial statements.

Other accounting pronouncements with future effective dates are either not applicable or are not expected to have a material impact on the Company's financial statements.

EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

4. Exploration and evaluation assets

	Meguma Project $	Cariboo Project $	Tay-LP Gold Project $	White Caps Gold Project $	Total $
Balance, March 31, 2017	-	-	-	1,462,994	1,462,994
Acquisition costs	-	-	48,500	-	48,500
Exploration expenditures (note 5)	-	-	6,800	28,683	35,483
Impairment	-	-	-	(1,491,677)	(1,491,677)
Balance, March 31, 2018	**-**	**-**	**55,300**	**-**	**55,300**
Acquisition costs	4,533,335	4,400,000		-	8,933,335
Exploration expenditures (note 5)	3,192,039	-	116,099		3,308,138
Impairment			(171,399)	-	(171,399)
Balance, March 31, 2019	**7,725,374**	**4,400,000**	**-**	**-**	**12,125,374**

Meguma Project

On May 30, 2018, the Company closed the acquisition of 1156222 B.C. Ltd. ("115") by way of a three-corner amalgamation with 1156219 B.C. Ltd, a wholly owned subsidiary of the Company. Under the terms of the definitive acquisition agreement (the "115 Agreement"), the Company acquired 100% of 115 and assumed all of its assets and underlying agreements, including mineral claims in Nova Scotia. The Company issued 15.5 million shares at a fair value of $3,875,000 to the shareholders of 115 to satisfy the terms of the 115 Agreement (Note 8). The Company also issued 1.24 million shares in finder's shares at a fair value of $310,000. The Company paid $5,766 in legal fees in connection with the acquisition and agreed to pay $200,000 as a finder's fee, which have been capitalized as acquisition costs.

During the year ended March 31, 2019, the Company acquired additional mineral licenses and options for the Meguma project:

Acquisition of Additional Mineral Licenses:

On July 12, 2018, the Company purchased 100% interest in mineral licenses by way of a purchase and sale agreement ("Goldboro Agreement"). Under the terms of the Goldboro Agreement, the Company acquired mineral licenses in Nova Scotia. As consideration, the Company paid $890 in cash. The mineral licenses in the Goldboro Agreement are subject to a two percent royalty on gross revenue.

On August 10, 2018, the Company entered into an asset purchase and sale agreement. Under the terms of the Meguma District Asset Purchase and Sale Agreement ("Meguma District Agreement"), the Company acquired 100% interest in mineral licenses in Nova Scotia. As consideration, the Company paid $24,490 of cash. The mineral licenses in the Meguma District Agreement are subject to a two percent royalty on gross revenue.

On August 14, 2018, the Company entered into an asset purchase and sale agreement. Under the terms of the SW Meguma Asset Purchase and Sale Agreement (SW Meguma Agreement), the Company acquired 100% interest in mineral licenses in Nova Scotia. As consideration, the Company paid $42,490 in cash. The mineral licenses in the SW Meguma Agreement are subject to a two percent royalty on gross revenue.

4. Exploration and evaluation assets (Continued)

Acquisition of Additional Mineral Licenses (Continued)

On October 14, 2018, the Company enterd into an asset purchase and sale agreement. Under the terms of the Central Meguma Asset Purchase and Sale Agreement ("Central Meguma Agreement"), the Company acquired 100% interest of mineral licences in Nova Scotia. As consideration, the Company paid $2,200 in cash. The mineral licenses in the Central Meguma Agreement are subject to a two percent royalty on gross revenue.

Option Agreements:

On August 10, 2018, the Company entered into an Option Agreement ("Higgins Brook Property") to explore and develop licenses located in Nova Scotia. The Company obtained an option to earn 100% interest subject to a 2% Net Smelter Royalty ("NSR") . The Company has the option to reduce the NSR royalty to 1% with a payment of $1,000,000.

To earn 100% interest, the Company is committed to make the following payments and expenditures:

- Cash payment of $30,000 within 10 business days of signing the Higgins Brook Property Option Agreement; (paid)
- Cash payment of $30,000 on or before the 12-month anniversary (paid);
- Cash payment of $40,000 on or before the 18-month anniversary; and,
- Cash payment of $100,000 on or before the 24-month anniversary.

On August 10, 2018, the Company entered into an Option Agreement ("Killag Property") to explore and develop three licenses located in Nova Scotia. The Company obtained an option to earn 100% interest subject to a 2% NSR royalty. The Company has the option to reduce the NSR royalty to 1% with a payment of $1,000,000.

To earn 100% interest, the Company is committed to make the following payments and expenditures:

- Cash payment of $7,500 within 10 business days of signing the Killag Property Option Agreement; (paid)
- Cash payment of $30,000 on or before the 12-month anniversary;
- Cash payment of $30,000 on or before the 18-month anniversary; and,
- Cash payment of $100,000 on or before the 24-month anniversary.

On September 11, 2018, the Company entered into an option agreement ("NS Option Agreement") to explore and develop licenses located in Nova Scotia. The Company obtained an option to earn 100% interest subject to a 2% NSR. The Company has the option to reduce the NSR royalty to 1% with a payment of $1,000,000.

To earn 100% interest, the Company is committed to make the following payments and expenditures:

- Cash payment of $5,000 within 14 business days of signing the NS Option Agreement; (paid)
- Cash payment of $15,000 on or before the 12-month anniversary;
- Cash payment of $20,000 on or before the 18-month anniversary; and,
- Cash payment of $100,000 on or before the 24-month anniversary.

4. Exploration and evaluation assets (Continued)

Cariboo Project

On May 16, 2018, the Company closed the acquisition of 1161097 B.C. Ltd. ("116") by way of a three-corner amalgamation with 1156219 B.C. Ltd, a wholly owned subsidiary of the Company. 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;
- 100% ownership of the Lac La Hache Gold Project; and
- 100% ownership of the Pinto Gold Project.

The Company issued 17.5 million shares at a fair value of $4,375,000 and paid a total of $25,000 to the shareholders of 116 to satisfy the terms of the 116 Agreement.

Tay-LP Gold Property Mineral Option

On November 6, 2017, the Company obtained an option to earn a 100% interest subject to a 2% NSR royalty. Pursuant to the Mineral Property Option Agreement (the "Option Agreement"), the Company has the right to explore and develop the Tay-LP Gold Property ("Tay-LP") located in the Yukon.

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:

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 (paid);
(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% NSR upon completion of all terms to acquire 100% of the property, with a $20,000 pre-production Royalty payable on or before December 30th of each year.

As at March 31, 2019, the Company terminated its option in Tay-LP and the Company recorded impairment of $171,399

EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

4. Exploration and evaluation assets (Continued)

Plenty Zone South Option

On March 19, 2019, the Company entered into an Option Agreement ("Plenty Zone South" Property) to explore and develop licenses in Nova Scotia. The Company obtained an option to earn 100% interest subject to a 2% NSR. The Company has the option to reduce the NSR to 1% with a payment of $1,000,000. The drilling date ("Drilling Date") is the date the Company commences drilling activity.
To earn 100% interest, the Company is committed to make the following payments and expenditures:

(i) Cash payment of $10,000 on the date that is six months after the Drilling Date;
(ii) Cash payment of $20,000 on the 12-month anniversary of the Drilling Date;
(iii) Cash payment of $30,000 on the 18-month anniversary of the Drilling Date; and,
(iv) Cash payment of $100,000 on the 24- month anniversary date of the Drilling Date.

White Caps Gold Project

On October 31, 2012, the Company acquired a 100% interest in WCGM, which holds the White Caps Gold Project in the Manhattan Mining District of south-central Nevada "The Project".

On April 19, 2017 the Company entered into a Joint Venture agreement with Mineworkx Technologies Inc. ("Mineworx"), 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, WCMC, the Company controls the historic tails and mine dumps. During the year ended March 31, 2018, the Joint Venture agreement was mutually terminated and the Company disposed of the WCMC subsidiary to an arm's length party (Note 6).

5. Exploration and evaluation activity

The following table provides a breakdown of exploration and evaluation activity during the year ended March 31, 2019. All of the below was fully impaired during the year (note 4):

	Meguma Project $	Tay-LP Gold Project $	Total $
Mining rights	286,089	5,757	291,846
Assaying	75,737	-	75,737
Supplies	161,053	59,285	220,338
Drilling	626,061	-	626,061
Geological consultants	1,501,797	51,057	1,552,854
Geological surveying	541,302	-	541,302
As at March 31, 2019	**3,192,039**	**116,099**	**3,308,138**

6. Disposal of subsidiary

During the year ended March 31, 2019, the Company disposed of its wholly-owned subsidiary, WCMC, to an arm's length party. On the date of disposition, WCMC had net liabilities of $122,411. The Company received $13,600 (US$10,000) from the acquirer and, as a result, the Company recognized a $111,055 gain on disposal of WCMC.

EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

7. Accounts payable and accrued liabilities

	March 31, 2019 $	March 31, 2018 $
Accounts payable	666,804	158,049
Accrued liabilities *(Note 11)*	368,119	320,876
	1,034,923	478,925

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.

Issued share capital

As at March 31, 2019, the Company had 96,530,640 (2018: 39,617,602) issued common shares.

During the year ended March 31, 2019, the Company completed the following share issuances:

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. A finder's fee of $15,391 cash was paid and 76,950 broker warrants were issued with a fair value of $10,534 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. The fair value of the broker warrants was estimated using the Black-Scholes Option Pricing Model using the following assumptions: dividend yield - 0%, risk-free rate – 1.93%, volatility – 143%, forfeiture rate – 0% and expected life – 2 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 and legal fees of $258,821 cash were paid and 705,835 common shares were issued with a total fair value of $211,751 in connection with the second and final tranche closing of the Offering. The Company recorded $1,118,740 as a flow through liability (note 12).

The Company issued 17,500,000 million common shares pursuant to the acquisition of 116 by way of a three-corner amalgamation at a fair value of $0.25 per share for a total fair value of $4,375,000 (note 4).

The Company issued 15,500,000 common shares pursuant to the acquisition of 115 by way of a three-corner amalgamation at a fair value of $0.25 per share for a total fair value of $3,875,000 (note 4). The Company issued 1,240,000 million shares as finder's fees with a total fair value $310,000 (note 4).

During the year ended March 31, 2018, the Company completed the following share issuances:

The Company issued 150,000 common shares pursuant to its Tay-LP mineral property acquisition option agreement at a fair value of $0.16 per share for a total fair value of $28,500 (note 4).

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 $0.16 per share for a total fair value if $7,125 (note 4).

EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

8. Share capital and reserves (Continued)

Issued share capital (Continued)

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 with a fair value of $80,000 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 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.

Warrants

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

	Number of Warrants #	Weighted average exercise price $
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**
Issued	10,159,450	0.50
Balance, March 31, 2019	**23,331,006**	**0.31**

The remaining contractual life for the warrants outstanding was 0.81 years.

Expiry Date	Exercise Price $	Number of Warrants #
September 19, 2019	0.35	1,616,000
November 23, 2019	0.13	11,555,556
April 19, 2020	0.50	10,159,450
		23,331,006

Options

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.

EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

8. Share capital and reserves (continued)

Options (continued)

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

	Number of options	Weighted average exercise price
Balance - March 31, 2017	249,500	$ 0.01
Issued	2,500,000	0.165
Balance - March 31, 2018 and March 31, 2019	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.

The expiry and exercise prices of stock options outstanding and exercisable as at March 31, 2019 is as follows:

Expiry Date	Exercise Price $	Number of options outstanding and exercisable #
June 7, 2020	0.10	249,500
March 9, 2023	0.165	2,500,000
		2,749,500

The weighted average life of outstanding options is 3.44 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:

For the period ended	**March 31, 2019 $**	March 31, 2018 $
Office expenses	35,200	43,390
Travel and promotion	169,761	24,357
Insurance	8,329	7,650
Other administrative expenses	10,780	(1,935)
	224,070	73,462

10. Financial instruments and risks

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

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 hierarchy are:

Level 1: Quoted prices in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

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 receivables. 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. The Company believes that its current cash holdings is adequate 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, 2019, the Company had a cash balance of $4,493,704 (March 31, 2018 - $2,681,156) to settle current liabilities of $1,778,524 (March 31, 2018 - $478,925).

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, 2019 to interest rate risk through its financial instruments.

EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

10. Financial instruments and risks (continued)

Market risk (continued)

b) Foreign currency risk

Foreign currency risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because they are denominated in currencies that differ from the respective functional currency. During the year ended March 31, 2019, the Company sold its subsidiary in the United States and the Company does not have any financial instruments denominated in a foreign currency. Foreign currency risk is assessed as low.

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:

year ended	**March 31, 2019** **$**	March 31, 2018 $
Consulting fees accrued or paid to a company controlled by the President	88,000	90,000
Consulting fees accrued or paid to a company controlled by the CFO	45,000	-
Consulting fees accrued or paid to a company controlled by the former CFO	7,300	
Consulting fees accrued or paid to a company controlled by the CEO	104,351	-
Exploration and evaluation expenditures paid to a company controlled by the CEO	90,145	
Rent fees accrued or paid to a company jointly controlled by the President	24,000	34,600
	358,796	124,600

b) As at March 31, 2019, total amounts payable to directors and companies owned thereby in accounts payable and accrued liabilities were $191,619 (March 31, 2018 - $165,138) (note 7).

Balance due to related parties are interests free, due to demand and unsecured.

EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

12. Flow-through liability

For the purposes of calculation any premium related to the issuance of the flow-through shares, the Company compared the market price of its shares to the subscription price of flow-through shares to determine if there was a premium paid on the flow-through shares (Note 8). As a result, the Company's flow-through liability on issuance of flow through shares in connection with private placements is as follows:

	March 31, 2019 **$**	March 31, 2018 $
Balance, beginning of the year	-	-
Additions (Note 8)	1,118,740	-
Reversal	(375,139)	-
Balance, end of the year	743,601	-

13. Income taxes

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

	March 31, 2019 **$**	March 31, 2018 $
Loss before income taxes	(314,795)	(2,587,796)
Corporate tax rate	27%	26%
Expected tax recovery at statutory tax rates	(84,995)	(673,000)
Non-deductible items and other items	1,307,548	72,000
Effect of reversal of deferred tax of WCGM	(1,416,075)	-
Change in valuation allowance	193,520	601,000
	-	-

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

	March 31, 2019 **$**	March 31, 2018 $
Resource pool	-	1,221,000
Property and equipment	232	130,000
Share issuance costs	62,616	24,000
Capital losses available for future period	954,400	919,000
Non-capital losses available for future period	1,762,485	1,607,000
	2,779,733	3,901,000
Valuation allowance	(2,779,733)	(3,901,000)
Net deferred tax assets	-	-

The non-capital losses expire from 2027 through 2039. The capital losses have no expiry.

14. 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. The Company is not subject to restrictions.

15. Subsequent events

On April 9, 2019, the Company entered into an Option Agreement ("Ecum Secum" Property) to explore and develop licenses in Nova Scotia. The Company obtained an option to earn 100% interest subject to a 3% NSR. The Company has the option to acquire 100% of the NSR for an aggregate of $3,000,000, whereby the Company has the right to acquire 100% of the NSR in 1/3 increments for $1,000,000. The drilling date ("Drilling Date") is the date the Company commences drilling activity.

To earn 100% interest, the Company is committed to make the following payments and expenditures:

(v) Cash payment of $15,000 on the date that is six months after the Drilling Date;
(vi) Cash payment of $45,000 on the 12-month anniversary of the Drilling Date;
(vii) Cash payment of $90,000 on the 18-month anniversary of the Drilling Date; and,
(viii) Cash payment of $150,000 on the 24 month anniversary date of the Drilling Date.

On June 13, 2019, the Company issued 200,000 options to an arm's length consultant with an exercise price of $0.16 and expires in five years from the date of grant. 50% of the options vested immediately and the remainder vest six months from the date of grant.