MegumaGold Corp.

(Formerly Coronet Metals Inc.)

Condensed Interim Consolidated Financial Statements (unaudited)

For the Nine-Months Ended December 31, 2018 and 2017

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the MegumaGold Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

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

AS AT	December 31, 2018 $	March 31, 2018 $
Assets		
Current assets		
Cash	**5,023,127**	2,681,156
Other receivable	**224,981**	16,393
Prepaid expenses	**96,810**	228,936
	5,344,918	2,926,485
Non-current assets		
Exploration and evaluation assets *(note 4)*	**11,286,412**	55,300
Total assets	**16,631,330**	2,981,785
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities *(notes 6 and 9)*	**650,514**	478,925
Total liabilities	**650,514**	478,925
Shareholders' Equity		
Share capital *(note 7)*	**35,092,881**	21,235,717
Subscriptions received in advance	**-**	50,000
Share-based payment reserve *(note 7)*	**3,088,214**	3,077,680
Deficit	**(22,200,279)**	(21,860,537)
	15,980,816	2,502,860
Total liabilities and shareholders' equity	**16,631,330**	2,981,785

-See Accompanying Notes-

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

Approved on behalf of the Board on February 28, 2019:

"Stephen Stine" — Director

"Fred Tejada" — Director

MEGUMAGOLD CORP. (FORMERLY CORONET METALS INC.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
UNAUDITED - EXPRESSED IN CANADIAN DOLLARS

	Three months ended		Nine months ended	
	December 31, 2018 $	December 31, 2017 $	**December 31, 2018 $**	December 31, 2017 $
EXPENSES				
Professional fees	**2,102**	4,801	**2,394**	13,222
Mineral property claim *(note 4)*	**-**	-	**24,307**	-
General and administrative *(note 8)*	**65,412**	28,377	**129,320**	46,910
Regulatory, transfer agent and filing fees	**11,560**	27,603	**29,526**	40,358
Management, consulting and director's fees *(note 10)*	**108,825**	417,000	**287,401**	465,000
Foreign exchange loss (gain)	**2,132**	1,140	**2,805**	(6,931)
	(190,031)	(478,921)	**(475,753)**	(558,559)
OTHER ITEMS				
Gain on disposal of subsidiary *(note 5)*	**136,011**	-	**136,011**	-
Net loss and comprehensive loss for the period	**(54,020)**	(478,921)	**(339,742)**	(558,559)
Basic and diluted loss per share	**(0.00)**	(0.15)	**(0.00)**	(0.10)
Weighted average number of shares outstanding	**96,530,637**	21,595,999	**87,800,065**	15,238,731

-See Accompanying Notes-

UNAUDITED - EXPRESSED IN CANADIAN DOLLARS

	Share capital #	Share capital $	Subscriptions received in advance $	Share-based payment reserve $	Deficit $	Total equity $
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	-	-	-	-	(339,742)	(339,742)
Private placement (*note 7*)	21,967,200	5,581,910	(50,000)	-	-	5,531,910
Share issuance costs – common shares	705,835	141,167				141,167
Shares issued for exploration and evaluation asset acquisition (*note 5*)	34,240,000	8,560,000	-	-	-	8,560,000
Share issuance costs – cash (*note 7*)	-	(425,913)	-	10,534	-	(415,379)
Balance – December 31, 2018	**96,530,640**	**35,092,881**	**-**	**3,088,214**	**(22,200,279)**	**15,980,816**
Balance – March 31, 2017	16,405,102	18,083,875	-	2,608,238	(19,272,741)	1,419,372
Net loss and comprehensive loss	-	-	-	-	(558,560)	(558,560)
Private placement	12,000,000	1,080,000	-	-	-	1,080,000
Shares issued to for asset acquisition	187,500	30,000	-	-	-	30,000
Share issuance costs	-	(157,533)	-	64,050	-	(93,483)
Balance – December 31, 2017	16,405,102	18,083,875	-	2,608,238	(19,831,301)	1,877,329

-See Accompanying Notes-

UNAUDITED - EXPRESSED IN CANADIAN DOLLARS

	December 31, 2018	December 31, 2017
	$	$
Cash flows provided by (used in) for operating activities		
Net loss and comprehensive loss for the period	**(339,742)**	(558,560)
Adjustments for items not involving cash:		
Gain on disposal of subsidiary	**(136,011)**	-
Foreign exchange	**277**	(4,097)
	(475,476)	(562,657)
Changes in non-cash working capital items:		
Increase in other receivable	**(219,701)**	(212,422)
Increase in prepaid expenses	**(37,650)**	(162)
Increase (decrease) in accounts payable and accrued liabilities	**(238,352)**	1,006,522
Net cash provided by (used in) operating activities	**(971,179)**	231,281
Investing activities		
Acquisition of exploration and evaluation assets	**(371,136)**	(17,725)
Proceeds from disposal of subsidiary	**13,600**	-
Exploration and evaluation expenditures	**(1,637,012)**	(29,027)
Net cash used in investing activities	**(1,994,548)**	(46,751)
Financing activities		
Proceeds from issuance of common shares	**5,581,910**	1,080,000
Share issuance costs	**(274,212)**	(93,481)
Net cash provided by financing activities	**5,307,698**	986,519
Change in cash	**2,341,971**	1,171,048
Cash, beginning	**2,681,156**	335,686
Cash, ending	**5,023,127**	1,506,734

Supplemental disclosure with respect to cash flows *(note 13)*

-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 condensed interim 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 condensed interim 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 December 31, 2018, the Company had a deficit of $22,200,279 and working capital of $4,694,404. 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 condensed interim consolidated statements of financial position.

2. Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in accordance with IAS 34 – Interim Financial Reporting. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2018. These financial statements have been prepared following the same accounting policies as the Company's audited financial statements for the year ended March 31, 2018.

The Board of Directors approved these condensed interim consolidated financial statements on February 28, 2019.

Basis of measurement

These condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information. In addition, these condensed interim 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.

2. Basis of presentation (Continued)

Basis of consolidation

These condensed interim 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 condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Significant Subsidiaries (Consolidated) – Ownership

	Country of Incorporation	December 31, 2018	March 31, 2018
1156219 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 condensed interim 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 condensed interim consolidated financial statements are presented in Canadian dollars, which is the Functional Currency of the Company and its subsidiaries.

3. Significant Accounting Policies

In preparing these condensed consolidated interim financial statements, the significant accounting policies and the significant judgments made by management in applying the Company’s significant accounting policies and key sources of estimation uncertainty were the same as those that applied to the Company’s audited consolidated financial statements for the year ended March 31, 2018, with exception to the new accounting standards adopted by the Company discussed below.

The preparation of condensed consolidated interim financial statements requires that the Company’s management make judgments and estimates of effects of uncertain future events on the carrying amounts of the Company’s assets and liabilities at the end of the reporting period. Actual future outcomes could differ from present estimates and judgments, potentially having material future effects on the Company’s condensed interim financial statements. Estimates are reviewed on an ongoing basis and are based on historical experience and other facts and circumstances. Revisions to estimates and the resulting effects on the carrying amounts of the Company’s assets and liabilities are accounted for prospectively.

<u>Several amendments to existing accounting standards became effective January 1, 2018 and were first adopted by the Company in the nine-month period ended December 31, 2018.</u>

IFRS 15 Revenue from Contracts with Customers
IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers. As the Company does not have any revenue from customers, this change had no impact on the financial statements.

IFRS 9 Financial Instruments
A finalized version of *IFRS 9 Financial Instruments* replaces *IAS 39 Financial Instruments: Recognition and Measurement*. The standard contains requirements for classification and measurement of financial assets and liabilities; impairment of financial assets; hedge accounting; and derecognition of financial assets and liabilities carried forward from *IAS 39*. This change had no impact on the financial statements.

UNAUDITED - EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

3. Significant Accounting Policies (continued)

New Standards and Interpretations Not Yet Adopted

The Company will be required to adopt the following standards and amendments issued by the IASB, as described below.

Applicable to the Company's annual period beginning on January 1, 2019:

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases.

The Company has not early-adopted this standard and is currently assessing the impact that the standard will have on the condensed consolidated interim financial statements.

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	-	-	6,800	28,683	35,483
Impairment	-	-	-	(1,491,677)	(1,491,677)
Balance, March 31, 2018	**-**	**-**	**55,300**	**-**	**55,300**
Acquisition costs	4,501,136	4,400,000	30,000	-	8,931,136
Mining rights	271,302	-	-	-	271,302
Assaying	21,782	-	-	-	21,782
Supplies	89,089	-	-	-	89,089
Drilling	222,088	-	-	-	222,088
Geological consultants	1,044,400	-	-	-	1,044,400
Geological surveying	541,300	-	110,015	-	651,315
Balance, December 31, 2018	**6,691,097**	**4,400,000**	**195,315**	**-**	**11,286,412**

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 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 at a fair value of $3,875,000 to the shareholders of 115 to satisfy the terms of the 115 Agreement. The Company also issued 1.24 million shares at a fair value of $310,000 and paid CAD$200,000 to an arm's length finder in connection with the transactions contemplated in the 115 Agreement. The Company paid $5,766 in legal fees in connection with the acquisition, which have been capitalized as acquisition costs.

4. Exploration and evaluation assets (Continued)

During the period ended December 31, 2018, 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 of four mineral licenses from an arm's length party by way of a purchase and sale agreement ("Goldboro Agreement"). Under the terms of the Goldboro Agreement, the Company acquired four mineral licenses covering 1,440.91 hectares of land in Nova Scotia.

As consideration, the Company paid $890 of 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 with an arm's length party. Under the terms of the Meguma District Asset Purchase and Sale Agreement ("Meguma District Agreement"), the Company acquired 100% interest of 39,649.31 hectares of land 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 with arm's length party. Under the terms of the SW Meguma Asset Purchase and Sale Agreement (SW Meguma Agreement), the Company acquired 100% interest of 68,791.31 hectares of land in Nova Scotia.

As consideration, the Company paid $42,490 of cash. The mineral licenses in the SW 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") with an arm's length party to explore and develop five 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 $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;
- 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.

4. Exploration and evaluation assets (Continued)

Meguma Project – Option Agreements (Continued)

On August 10, 2018, the Company entered into an Option Agreement ("Killag Property") with an arm's length party 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") with an arm's length party 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 $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.

Cariboo Gold 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 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 at a fair value of $4,375,000 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.

4. Exploration and evaluation assets (Continued)

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 approximately 47 kilometers southwest of Ross River, Yukon Territory and consists of 413 claims covering approximately 7,880 hectares.

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% 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.

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. ("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, "White Caps Mining Company" ("WCMC"), the Company controls the historic tails and mine dumps. During the period ended December 31, 2018, the Joint Venture agreement was mutually terminated and the Company disposed of the WCMC subsidiary to an arm's length party (Note 5).

The Company incurred $24,307 on property costs to maintain the claims in good standing.

UNAUDITED - EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

5. Disposal of subsidiary

During the period ended December 31, 2018, 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 (USD $10,000) from the acquirer and, as a result, the Company recognized a $136,011 gain on disposal of WCMC.

6. Accounts payable and accrued liabilities

	December 31, 2018 $	March 31, 2018 $
Accounts payable	**514,300**	158,049
Accrued liabilities *(Note 10)*	**136,214**	320,876
	650,514	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.

7. Share capital and reserves

Authorized share capital

Unlimited common shares without nominal or par value.

Issuance of shares and warrants

Common Shares Issued

During the period ended December 31, 2018, 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. 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 $15,391 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.

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 $141,168 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.

The Company issued 17.5 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).

UNAUDITED - EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

7. Share capital and reserves (continued)

The Company issued 15.5 million 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 $4,185,000 (note 4). The Company issued 1.24 million shares as finder's fees with a total fair value $310,000.

During the period ended December 31, 2017, 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 $24,000.

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 $6,000.

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.

During the period ended December 31, 2017, the Company received $900,000 in share subscription toward a private placement closed subsequent to the period.

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, December 31, 2018	**23,331,006**	**0.31**

UNAUDITED - EXPRESSED IN CANADIAN DOLLARS EXCEPT WHERE OTHERWISE INDICATED

7. Share capital and reserves (continued)

Warrants (continued)

The remaining contractual life for the warrants outstanding was 1.00 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

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
Balance - March 31, 2017	249,500	$ 0.01
Issued	2,500,000	0.165
Balance - March 31, 2018 and December 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.

The expiry and exercise prices of stock options outstanding and exercisable as at December 31, 2018 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 3.94 years.

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7. Share capital and reserves (continued)

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.

8. Expenses by nature

General and administrative expenses by nature consist of the following:

For the period ended	**December 31, 2018**	December 31, 2017
	$	$
Office expenses	**29,800**	26,996
Travel and promotion	**85,473**	11,758
Insurance	**6,000**	6,000
Other administrative expenses	**8,047**	2,156
	129,320	46,910

9. 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:

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. The Company feels 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 December 31, 2018, the Company had a cash balance of $5,023,127 (March 31, 2018 - $2,681,156) to settle current liabilities of $650,514 (March 31, 2018 - $478,925). The Company has assessed liquidity risk as low.

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9. Financial instruments and risks (continued)

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 December 31, 2018 to interest rate risk through its financial instruments.

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 period ended December 31, 2018, 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.

10. 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:

Period ended	**December 31, 2018** **$**	December 31, 2017 $
Consulting fees accrued or paid to a company controlled by the President	**50,000**	64,000
Consulting fees accrued or paid to a company jointly controlled by the CFO	**12,000**	-
Consulting fees accrued or paid to a company jointly controlled by the CEO	**63,641**	-
Rent fees accrued or paid to a company jointly controlled by the President	**31,000**	-
	274,323	48,000

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10. Related party transactions (Continued)

b) As at December 31, 2018, total amounts payable to directors and companies owned thereby in accrued liabilities were $116,637 (March 31, 2018 - $165,138) (note 6).

c) During the period ended December 31, 2018, the Company capitalized $54,551 (2017 - $nil) of consulting fees rendered by a company controlled by the CEO to its exploration and evaluation assets.

11. 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:

For the period ending	**December 31, 2018** **$**	December 31, 2017 $
Loss		
Canada	**311,667**	607,045
United States	**28,075**	(48,485)
Total loss	**339,742**	558,560

	December 31, 2018 **$**	March 31, 2018 $
Total assets		
Canada	**16,631,330**	2,970,716
United States	**-**	11,069
Total assets	**16,631,330**	2,981,785

12. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue 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 9.

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.

13. Supplemental disclosures with respect to cash flows

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

- The issuance of 76,950 broker warrants with a fair value of $10,534 as a finder's fee related to a private placement.
- The issuance of 705,835 common shares with a fair value of $141,168 as a finder's fee related to a private placement.
- The issuance of 33 million common shares with a fair value of $8,560,000 towards property acquisition (note 4).
- On completion of the acquisition of 116, the Company reclassified prepaid expenditures of $169,776 related to mineral property claims.
- Included in accrued liabilities are $493,188 of geological surveying and consulting fees.

There were no significant non-cash investing and financing activities for the periods ended December 31, 2017.