

VR RESOURCES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended December 31, 2018
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

NOTICE TO READER

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

The condensed consolidated interim financial statements of the Company for the quarter ended December 31, 2018 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these unaudited condensed consolidated interim financial statements in accordance with the standards established by the CPA Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

VR RESOURCES LTD.
CONDENSED CONSOLIDATED INTERM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by management)
(Expressed in Canadian Dollars)
AS AT DECEMBER 31, 2018

	December 31, 2018	March 31, 2018
ASSETS		
Current		
Cash and cash equivalents (Note 3)	\$ 1,657,916	\$ 3,085,933
Receivables (Note 4)	17,244	17,582
Prepaid expenses	13,258	11,731
	<u>1,688,418</u>	<u>3,115,246</u>
Equipment (Note 5)	7,159	6,074
Exploration and evaluation assets (Note 6)	<u>5,339,027</u>	<u>3,354,614</u>
	<u>\$ 7,034,604</u>	<u>\$ 6,475,934</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities (Note 7)	\$ 231,694	\$ 56,932
Shareholders' equity		
Share capital (Note 8)	11,496,906	10,679,559
Reserves (Note 8)	1,342,496	929,167
Deficit	(6,575,161)	(5,502,660)
Accumulated other comprehensive income	538,669	312,936
	<u>6,802,910</u>	<u>6,419,002</u>
	<u>\$ 7,034,604</u>	<u>\$ 6,475,934</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 14)

**On behalf of the Board
on February 19, 2019**

“Michael Gunning”

Director

“Craig Lindsay”

Director

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

VR RESOURCES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE NINE-MONTH PERIODS ENDED DECEMBER 31**

(Unaudited – Prepared by management)

(Expressed in Canadian Dollars)

	Three Months Ended Dec. 31, 2018	Three Months Ended Dec. 31, 2017	Nine Months Ended Dec. 31, 2018	Nine Months Ended Dec. 31, 2017
EXPENSES				
Consulting fees (Note 10)	\$ 21,287	\$ 16,608	\$ 63,910	\$ 44,119
Depreciation (Note 5)	559	418	1,677	1,254
Foreign exchange (gain) loss	(52,793)	(16,363)	(90,354)	24,515
Investor relations and promotion	58,502	37,103	165,698	104,223
Impairment of exploration and evaluation assets (Note 6(f))	60,232	-	67,913	7,682
Office	8,391	5,856	27,081	20,356
Professional fees	11,300	43,689	58,302	81,474
Property investigation	-	-	-	-
Rent	10,855	5,100	32,222	15,300
Salaries (Note 10)	93,321	116,345	286,555	282,229
Share-based payments (Note 8,10)	6,345	-	442,397	116,933
Regulatory and transfer agent	2,258	5,521	17,746	36,664
Travel	5,841	4,036	18,122	14,744
	(226,098)	(218,313)	(1,091,269)	(749,493)
Interest income	6,280	3,723	18,768	13,044
Net Loss for the period	(219,818)	(214,590)	(1,072,502)	(736,449)
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent years:				
Translation adjustment	220,091	(12,407)	225,733	(100,291)
Loss and comprehensive loss for the period	\$ 273	\$ (226,997)	\$ (846,768)	\$ (836,740)
Loss per common share				
-Basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding				
-Basic and diluted	47,323,953	35,955,222	47,078,269	35,632,680

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

VR RESOURCES LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED DECEMBER 30**

(Unaudited – Prepared by management)

(Expressed in Canadian Dollars)

	2018	2017
OPERATING ACTIVITIES		
Loss for the period	\$ (1,072,501)	\$ (736,449)
Items not affecting cash:		
Share-based payments	442,397	116,933
Depreciation	1,677	1,254
Impairment of exploration and evaluation assets	60,232	-
Changes in non-cash working capital items:		
Receivables	338	32,524
Prepaid expenses	(1,527)	9,277
Accounts payable and accrued liabilities	31,583	(213,120)
Deferred listing costs	-	-
Net cash used in operating activities	<u>(537,801)</u>	<u>(789,581)</u>
FINANCING ACTIVITIES		
Proceeds from the issuance of shares, net of share issue cost	<u>733,278</u>	-
Net cash provided by financing activities	<u>733,278</u>	-
INVESTING ACTIVITIES		
Exploration and evaluation assets	(1,602,732)	(1,951,522)
Equipment	<u>(2,762)</u>	<u>(4,344)</u>
Net cash used in investing activities	<u>(1,623,494)</u>	<u>(1,955,866)</u>
Change in cash during the period	(1,428,017)	(2,745,447)
Cash, beginning of period	3,085,933	4,157,167
Cash, end of period	\$ 1,657,916	\$ 1,411,720
Cash paid during the period for:		
Income taxes	\$ -	\$ -
Interest	\$ -	\$ -

Supplemental disclosure with respect to cash flows (Note 9)

VR RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Amount	Reserves	Deficit	Comprehensive Income	Total
Balance as at March 31, 2017	35,405,222	\$ 8,485,349	\$ 836,620	\$ (4,536,699)	\$ 325,686	\$ 5,110,956
Share-based payments	-	-	116,933	-	-	116,933
Property acquisition	550,000	181,000	-	-	-	181,000
Translation adjustment	-	-	-	-	(100,291)	(100,291)
Loss and comprehensive loss	-	-	-	(736,449)	-	(736,449)
Balance as at December 31, 2017	35,955,225	8,666,349	953,553	(5,273,148)	225,395	4,572,149
Private placement	8,030,000	2,007,500	-	-	-	2,007,500
Share issue cost - Private placement	-	(29,176)	-	-	-	(29,176)
Options exercised	300,000	31,000	-	-	-	31,000
Finder's fees - cash	-	(20,500)	-	-	-	(20,500)
Reclassification of reserves on exercise of options	-	24,386	(24,386)	-	-	-
Translation adjustment	-	-	-	-	87,541	87,541
Loss and comprehensive loss	-	-	-	(229,512)	-	(229,512)
Balance as at March 31, 2018	44,285,222	10,679,559	929,167	(5,502,660)	312,936	6,419,002
Private placement	2,595,925	700,900	-	-	-	700,900
Share issue cost - Private placement	-	(30,454)	-	-	-	(30,454)
Options exercised	250,000	44,500	-	-	-	44,500
Warrants exercised	61,110	18,333	-	-	-	18,333
Property acquisition	200,000	55,000	-	-	-	55,000
Reclassification of reserves on exercise of options	-	29,068	(29,068)	-	-	-
Share-based payments	-	-	442,397	-	-	442,397
Translation adjustment	-	-	-	-	225,733	225,733
Loss and comprehensive loss	-	-	-	(1,072,501)	-	(1,072,501)
Balance as at December 31, 2018	47,392,257	\$ 11,496,906	\$ 1,342,496	\$ (6,575,161)	\$ 538,669	\$ 6,802,910

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

VR RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

VR Resources Ltd., formally Roll-Up Capital Corp. (“Roll-Up” the “Company”) was incorporated on May 7, 2015, by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta) and continued in British Columbia. The Company’s head office address is at 700 West Pender Street, Suite 1750, Vancouver, BC, V6C 1G8. The Company’s registered and records office address is at 550 Burrard Street, Suite 2300, Vancouver, BC, V6E 2B5. To date, the Company has not earned operating revenue.

As at December 31, 2018, the Company has a working capital of \$1,456,724 and an accumulated deficit of \$6,575,161. The Company expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern. The Company’s ability to continue its operations and to realize its assets at their carrying values is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

The Company is in the process of exploring its own mineral exploration properties and evaluating new properties for potential acquisition. The Company has not yet determined whether its properties contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These condensed consolidated interim financial statements have been prepared based on accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal courses of business rather than through a process of forced liquidation. These condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset and amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended March 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB. In the opinion of management, all adjustments considered necessary for fair presentation of the Company’s financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended December 31, 2018 are not necessarily indicative of the results that may be expected for the year ending March 31, 2019.

This is the first set of consolidated financial statements where the Company has applied IFRS 9, which was adopted effective April 1, 2018. Except as described below, these condensed consolidated interim financial statements follow the same accounting policies and methods of application as the annual consolidated financial statements for the year ended March 31, 2018. The changes in accounting policies are also expected to be reflected in the Company’s consolidated financial statements for the year ended March 31, 2019.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for financial instruments classified as fair value through profit and loss, which are stated at their fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting and are presented in Canadian dollars.

These condensed consolidated interim financial statements of the Company include the balances of its subsidiaries, Renntiger Resources Ltd. and Renntiger USA Ltd., which are wholly owned subsidiaries.

VR RESOURCES LTD.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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(Unaudited - Expressed in Canadian Dollars)

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

The Company consolidates its subsidiaries on the basis that it controls the subsidiaries through its ability to govern its financial and operating policies.

New standards and interpretations not yet adopted

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards (“IAS”) Board or International Financial Reporting Standards Interpretation Committee (“IFRIC”) that are mandatory for future accounting periods. The following have not yet been adopted by the Company and are being evaluated to determine their impact.

- IFRS 16 *Leases*: New standard to establish principles for recognition, measurement, presentation, and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019.

IFRS 9: Financial Instruments

The Company has initially adopted IFRS 9, from April 1, 2018. The effect of initially applying these standards did not have a material impact on the Company’s financial statements. Several other new standards are also effective from April 1, 2018, but they also did not have a material impact on the Company’s financial statements.

IFRS 9 sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. There was no material impact to the Company’s consolidated financial statements because of transitioning to IFRS 9.

The details of the new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below.

(i) Classification and measurement of financial assets and liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets held to maturity, loans and receivables, and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Company’s accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

A financial asset is classified as measured at: amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. The Company’s financial assets include cash and cash equivalents which is classified as FVTPL, and receivables which are classified at amortized cost.

(ii) Impairment of financial assets

An ‘expected credit loss’ (ECL) model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. The Company’s financial assets measured at amortized cost and subject to the ECL model include receivables.

The adoption of the ECL impairment model had no impact on the carrying amount of the Company’s

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

receivables on the transition date given they are substantially all current and there has been minimal historical customer default.

These condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the annual financial statements for the year ended March 31, 2018. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the nine-month period ended December 31, 2018 are not necessarily indicative of the results that may be expected for the year ending March 31, 2019.

3. CASH AND CASH EQUIVALENTS

The Company's cash and cash equivalents consist of the following:

	December 31, 2018	March 31, 2018
Cash	\$ 275,587	\$ 3,085,933
Cash equivalents	1,382,100	-
Total	\$ 1,657,687	\$ 3,085,933

4. RECEIVABLES

Receivables consist of GST and interest receivable. The Company does not have any significant balances that are past due. All receivables are current, and the Company does not have any allowance for doubtful accounts. Due to their short-term maturities, the fair value of receivables approximates their carrying value.

5. EQUIPMENT

	Computer Equipment
Cost:	
Balance at March 31, 2018	\$ 8,257
Additions	2,762
Balance at December 31, 2018	\$ 11,019
Accumulated Depreciation:	
Balance at March 31, 2018	\$ 2,183
Depreciation	1,677
Balance at December 31, 2018	\$ 3,860
Net Book Value:	
Balance at March 31, 2018	\$ 6,074
Balance at December 31, 2018	\$ 7,159

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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6. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties are in good standing. All properties are registered to the Company's 100% owned subsidiary in Nevada, USA, Renntiger Resources USA Ltd.

a) Yellow Peak – Nevada, USA

Yellow Peak is a 100% owned copper-molybdenum-silver property. During the year end March 31, 2016, the Company determined that the carrying value of its interest in the Yellow Peak property was impaired because no additional expenditures, at this time, are planned for the property. During the period ended December 31, 2018 the Company incurred an impairment expense of \$7,681(2017 – \$7,682) on the property.

b) Bonita – Nevada, USA

The Company acquired the Bonita copper-gold property in Humboldt County, Nevada, USA, through staking. Upon initiation of a diamond drill program within the area of interest (completed during the year ended March 31, 2018), the Company met its obligation to issue an additional 450,000 common shares to the original finder, which were issued with a fair value of \$148,500. The Company has a 100% interest in the claims, free and clear of any interests or royalties.

Since that time, the Company has staked directly additional claims at Bonita, owned 100% free and clear of any interests or royalties. The property currently consists of one contiguous block of 381 claims covering 3,186 ha (7,872 acres), an area of approximately 5 x 6 kilometres.

c) Big Ten Project – Nevada, USA**Danbo Property**

The Company owns a 100% interest in certain unpatented mining claims, known as the Danbo gold-silver property, located in Nye County, Nevada, USA. The property consists of one contiguous block of 21 claims covering 176 hectares (434 acres), and is subject to a 3% net smelter returns royalty.

Amsel Property

The Company entered into an option to purchase agreement in 2018 to earn a 100% interest in the Amsel property located in Nye County, Nevada, USA. The property consists of one contiguous block of 6 claims covering 50 hectares (124 acres).

To acquire the Amsel property, which is 5 km's along trend from the Company's Danbo property, the Company will pay US\$60,000 and issue 100,000 common shares as follows:

- 50,000 common shares on closing (issued, fair value of \$19,750);
- US\$10,000 on closing (paid);
- 50,000 common shares on the first business day following commencement of a drill program on the property; and
- US\$50,000 on the first business day following commencement of a drill program on the property.

The property is subject to a 2% net smelter returns royalty and the Company has the right to buy down up to one-half of the royalty for US\$500,000 per half a percent.

Clipper Property

The Clipper property comprises 17 claims covering 328 acres (132 ha), located approximately 4 km southeast along trend from the Danbo property.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Unaudited - Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

d) Big Creek – Nevada, USA

The Big Creek property located in Humboldt County, Nevada, USA, and owned 100% by the Company was allowed to lapse during the period end in December 31, 2018. As a result, the Company wrote off cumulative costs incurred to date on the Big Creek property of \$60,232 as an impairment cost.

e) Junction Project – Nevada, USA

The Company entered into an option to purchase agreement to earn a 100% interest in the Junction copper-silver-gold property located in Humboldt County, Nevada, USA, in September 2017. To acquire the Junction property the Company paid \$12,835 (US\$10,000), and will issue 100,000 common shares as follows:

- 50,000 common shares on closing (issued) with a fair value of \$16,250; and
- 50,000 common shares if the Company completes a first-pass drill program on the property (issued, fair value of \$9,750) by March 2019, with the option to return the property to the vendor prior to such date, with no obligation to issue the common shares.

Should the Company exercise its option to drill the property and makes the share issuance to own the property outright, it will be obliged to:

- Issue 250,000 common shares to the vendor, if and when the Company completes and files a NI 43-101 report containing a mineral resource estimate within the property.

The property is subject to a 3% net smelter returns royalty and the Company has the right to buy down up to one-half of the royalty for US\$500,000 per half a percent.

The Company entered into an option to purchase agreement to earn a 100% interest in the Wedding Ring property located in Humboldt County, Nevada, USA. To acquire the Wedding Ring property, which is an extension of claims adjacent to the Junction claims, the Company paid US\$6,000, and will issue 100,000 common shares as follows:

- 50,000 common shares on closing (issued, fair value of \$14,500); and
- 50,000 common shares due within 5 business days of the Company commencing a drill program on the property (issued, fair value of \$11,000).

The property is subject to a 3% net smelter returns royalty and the Company has the right to buy down 1.5% of the royalty for US\$1,500,000.

In addition to the above, the Company has staked directly numerous additional claims at Junction. The property currently consists of three contiguous blocks along a 6 kilometre trend totaling 149 claims covering 1,227 ha (3,034 acres).

f) New Boston – Nevada, USA

The Company entered into an option to purchase agreement to earn a 100% interest in the New Boston copper-molybdenum property located in Mineral County, Nevada, USA, in September 2017. To acquire the New Boston property the Company paid \$12,835 (US\$10,000) during the year ended March 31, 2018 and will issue 100,000 common shares as follows:

- 50,000 common shares on closing (issued, year ended March 31, 2018 with a fair value of \$16,250); and

VR RESOURCES LTD.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

DECEMBER 31, 2018

(Unaudited - Expressed in Canadian Dollars)

6. EXPLORATION AND EVALUATION ASSETS (cont'd...)

- 50,000 common shares if the Company completes a first-pass drill program on the property by March 2019, with the option to return the property to the vendor prior to such date, with no obligation to issue the common shares.

The property is subject to a 2% net smelter returns royalty, and the Company has the right to buy down up to one-half of the royalty for US\$500,000 per half a percent.

	Big Creek	Bonita	Danbo	Junction	New Boston	Total
Acquisition costs						
Balance, March 31, 2018	\$ 23,446	\$ 1,247,359	\$ 6,131	\$ 84,087	\$ 76,576	\$ 1,437,599
Land administration	-	-	13,507	9,206	-	22,713
Staking fees	-	126,149	7,626	49,933	-	183,708
Shares issued	-	-	19,750	35,250	-	55,000
Translation adjustment	1,360	32,790	1,292	6,556	3,500	45,498
Impairment	(24,806)	-	-	-	-	(24,806)
	(23,446)	158,939	42,175	100,945	3,500	282,113
Balance, December 31, 2018	\$ -	\$ 1,406,298	\$ 48,306	\$ 185,032	\$ 80,076	\$ 1,719,712
Deferred exploration costs						
Balance, March 31, 2018	\$ 33,484	\$ 1,810,756	\$ 25,390	\$ 47,385	\$ -	\$ 1,917,015
Drilling	-	676,039	-	308,726	-	984,765
Field	-	46,008	12,778	22,384	-	81,170
Geological	-	39,586	20,524	26,320	-	86,430
Geophysical	-	16,525	95,632	186,220	-	298,377
Geochemistry	-	33,336	6,207	17,184	-	56,727
Permitting	-	50,023	-	-	-	50,023
Translation adjustment	1,942	143,226	7,462	27,604	-	180,234
Impairment	(35,426)	-	-	-	-	(35,426)
	(33,484)	1,004,743	142,603	588,438	-	1,702,300
Balance, December 31, 2018	\$ -	\$ 2,815,499	\$ 167,993	\$ 635,823	\$ -	\$ 3,619,315
Balance, December 31, 2018	\$ -	\$ 4,221,797	\$ 216,299	\$ 820,855	\$ 80,076	\$ 5,339,027

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2018	March 31, 2018
Trade Payables	\$ 197,697	\$ 28,986
Accrued Liabilities	34,000	27,946
	\$ 231,697	\$ 56,932

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8. SHARE CAPITAL AND RESERVES

Authorized – Unlimited common shares without par value

The Company completed a private placement of 2,595,925 units at a price of \$0.27 per share for gross proceeds of \$700,900, less a \$30,455 cash finder's fee, totalling net proceeds of \$674,700. Each unit consists of one common share and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each warrant will entitle the holder thereof to purchase one common share of the Company at an exercise price of \$0.40 to April 13, 2020.

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, at its discretion, and in accordance with the TSX-V requirements, grant to directors, officers, employees and technical consultants to the Company, non-transferable stock options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed a rolling 10% of the Company's issued and outstanding common shares at the time the options are granted. Vesting of stock options is at the discretion of the Board of Directors. Stock options are exercisable for a maximum of 10 years, and the exercise price of the stock options is set in accordance with the policies of the TSX-V.

As at December 31, 2018, the Company had stock options outstanding enabling the holder to acquire common shares as follows:

Number of Shares	Exercise Price	Expiry Date	Weighted Average Life Remaining
105,000	\$0.30	March 21, 2027	8.23
1,790,000	\$0.30	March 21, 2027	8.23
250,000	\$0.30	May 16, 2027	8.41
300,000	\$0.30	August 28, 2027	8.67
1,450,000	\$0.30	April 13, 2028	9.29
200,000	\$0.35	July 6, 2028	9.52
40,000	\$0.25	October 2, 2028	9.76
<u>4,135,000</u>			<u>8.72</u>

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
As at March 31, 2017	2,600,000	\$ 0.27
Granted	550,000	0.30
Exercised	(300,000)	0.10
Cancelled	(155,000)	0.30
As at March 31, 2018	2,695,000	\$ 0.29
Granted	1,690,000	0.30
Exercised	(250,000)	0.21
As at December 31, 2018	4,135,000	\$ 0.30

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(Unaudited - Expressed in Canadian Dollars)

Number of options currently exercisable	4,135,000	\$	0.30
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During the period ended December 31, 2018, the Company recognized share-based payments expense of \$442,397 (2017 - \$116,933), regarding the vesting of stock options granted.

The following weighted average assumptions were used for the Black-Scholes option pricing model valuation of stock options granted:

	December 31, 2018		March 31, 2018
Risk-free interest rate	2.24%		1.87%
Expected life of options	10.0		10.0
Annualized volatility	100%		100%
Dividend rate	0%		0%
Weighted average fair value per option granted	\$ 0.31	\$	0.30

Warrants

The following common share purchase warrants entitle the holders thereof to purchase one common share for each warrant. Warrants transactions are as follows:

	Number of Warrants		Weighted Average Exercise Price
As at March 31, 2017	8,374,516	\$	0.56
Agents' warrants expired	(83,333)	\$	0.30
Warrants issued in private placement	4,015,000	\$	0.40
As at March 31, 2018	12,306,183	\$	0.51
Agents' warrants exercised	(61,110)	\$	0.30
Warrants issued in private placement	1,297,963	\$	0.40
As at December 31, 2018	13,543,036	\$	0.50

The weighted average remaining contractual life of warrants outstanding at December 31, 2018, was 0.62 (March 31, 2018 – 1.30) years.

Warrants outstanding are as follows:

Number of Warrants	Exercise Price	Expiry Date
872,224	\$ 0.30	March 19, 2019
7,357,849	\$ 0.60	March 21, 2019
4,015,000	\$0.40	March 16, 2020
1,297,963	\$0.40	April 13, 2020
13,543,036		

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the period ended December 31, 2018, consisted of the following:

- Issued 200,000 common shares with a fair value of \$55,000 for the acquisition of exploration and evaluation assets; and

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Unaudited - Expressed in Canadian Dollars)

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS (cont'd...)

- Accrued \$157,935 (March 31, 2018 - \$11,937) of exploration and evaluation assets in accounts payable and accrued liabilities.

Significant non-cash investing or financing transactions during the period ended December 31, 2017, consisted of the following:

- Issued 550,000 common shares with a fair value of \$181,000 for the acquisition of mineral properties.
- Accrued \$20,516 (March 31, 2017 - \$1,717) of exploration and evaluation assets in accounts payable and accrued liabilities.

10. RELATED PARTY TRANSACTIONS

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers. Key management personnel compensation for the periods ended December 31, were:

	2018	2017
Short-term benefits paid or accrued:		
Consulting fees	\$ 27,000	\$ 27,000
Salaries	144,000	144,000
	<u>171,000</u>	<u>171,000</u>
Share-based payments:		
Share-based payments	<u>272,979</u>	<u>-</u>
Total remuneration	\$ 443,979	\$ 171,000

The Company has an arrangement with Balmoral Resources Ltd. ("Balmoral"), a Company with a common director, to provide office space and corporate compliance support. During the period ended December 31, 2018 the Company paid to Balmoral \$35,996 (2017 - \$32,418) for office rent and other general and administrative expenses. As at December 31, 2018, the Company owed \$4,425 (2017 - \$9,939) to this company.

11. SEGMENTED INFORMATION

The Company operates in one reportable segment being the acquisition and evaluation of mineral exploration properties. Geographical information of the Company's non-current assets is as follows:

	December 31, 2018	March 31, 2018
Equipment - Canada	\$ 7,159	\$ 6,074
Exploration and evaluation assets - USA	<u>\$ 5,399,259</u>	<u>\$ 3,354,614</u>

12. CAPITAL MANAGEMENT

The Company defines capital that it manages as shareholders' equity.

The Company manages its capital structure and adjusts it, based on the funds available to the Company, in order to support the acquisition, exploration and development of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company has historically relied on the equity financing to fund its activities. The Company will continue to assess new

12. CAPITAL MANAGEMENT (cont'd...)

properties and seek to acquire an interest in additional properties if it feels there is sufficient economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital restrictions. There were no changes to the Company's approach to capital management during the period.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data

The fair value of cash and cash equivalents is measured at Level 1 of the fair value hierarchy. The carrying value of receivables, and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

Financial risk factors

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

Credit risk

Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents and receivables. Management believes that the credit risk concentration with respect to receivables is remote as they are due from the Government of Canada. The Company's cash and cash equivalents and is deposited in accounts held at a large financial institution in Canada. As such, the Company believes the credit risk with cash and cash equivalents is remote. Receivables comprise input tax receivables due from the Government of Canada. The Company considers the credit risk of receivables to be low.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of December 31, 2018, the Company had a cash balance of \$1,657,916 to settle current liabilities of \$231,694. All the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company intends to raise additional equity financing in the coming fiscal year to meet its obligations.

Interest rate risk

The Company has cash and cash equivalents balances and no interest-bearing debt. The Company's cash is held in accounts with floating interest rates. The Company is significantly exposed to interest rate risk.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd)

Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to assets and liabilities that are denominated in USD. Amounts exposed to foreign currency risk include cash and cash equivalents of US\$633,025 as of December 31, 2018 (Note 3). A 10% fluctuation in the USD against the CAD would result in an approximate \$63,000 change in profit or loss for the period.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's profit or loss and the ability to obtain financing, 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 profit or loss and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. Fluctuations in value may be significant.

14. SUBSEQUENT EVENTS

1. On January 10, 2019, 400,000 stock options expired, in accordance with the Company's Stock Option Plan.
2. On February 5, 2019, the Company announced, in a news release, the acquisition by staking of 17 new claims referred to as the Clipper Property and located some 5 km's to the southeast of the Company's Danbo property, along the trend of gold-bearing quartz veins that crop out on both properties. .
3. On February 13, 2019, the Company announced, in a news release, the acquisition by staking of 36 new claims referred to as the Rattlesnake Property and adjoining the south and western boundary of the Danbo property, and covering surface showings and historic workings of copper.